



BUILDING AMERICA®

305894

ENTERED
Office of Proceedings
December 30, 2022
Part of
Public Record

December 30, 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

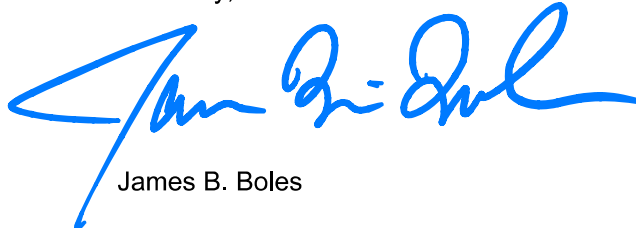
The Honorable Karen Hedlund
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

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 December 30, 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 30, 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.

This Service Progress Report measurement period concluded on December 23, 2022. Our Car Velocity, First Mile/Last Mile, and Bulk TPC performance have been significantly impacted by the variability and weather events described in the Conclusions section of our December 16 report. The impacts of the extreme weather challenges discussed in this report will be more fully reflected in the January 13, 2022, Service Progress Report.

Extreme cold temperatures and blizzard conditions impacted a broad swath of our network beginning on December 21. Temperatures on December 22-23 were as much as 20 to 40 degrees below normal causing a significant increase in broken rail and locomotive failure variability events. These extreme conditions were present across 20 of the 23 states in which we operate, with the largest impact extending from Idaho and Wyoming down through the central states all the way to the gulf coast of Louisiana and Texas.

To understand the impact of the extreme weather, we compared the number of broken rail events and locomotive failures for the seven days ending December 23 to the average number of events for the same time period in the prior three years. The comparison reveals the impact of the current extreme weather: broken rail events and locomotive failures significantly increased, by 99% and 29% respectively. These broken rail events and locomotive failures create variability in operations by stopping the flow of trains and causing an imbalance in resources. This is reflected in our December 28, 2022, EP 724 Trains Held reporting, which shows the number of trains held increasing to 151 per day, up from 100 per day or less in the prior three weeks.

Variability leads directly to a need for incremental locomotives and crews to get the stopped trains to destination. The impact of this variability to our crew base is reflected in our December 28, 2022, EP 770 recrew data reporting. For the week ending December 23, the number of recreds required on our system increased by 28% week-over-week. Almost 80% of this increase was on the Great Lakes, Great Plains, Rocky Mountain, and Mid America service units. Roughly half of the increase took place on either the Great Lakes or Great Plains service unit. The demand to recrew trains on both the Great Lakes and Great Plains Service Units increased by over 115%, or 55 to 60 additional crews per day, per service unit, compared to the average over the prior three weeks.

The current extreme weather events impacted our metrics for the seven days ending December 23 and will continue to impact our metrics in the coming weeks as the backlog of delayed trains and cars is reduced. 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. As a result of the events described above, the demand for our resources has increased. We are diligently working to deploy our resources to expedite recovery of the network.

1. Crew Initiatives and Availability¹

Year to date, Union Pacific has graduated 1,224 employees, including 1,001 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 478 employees. During this reporting period,³ 0 trainees entered training, 18 trainees dropped out, and 60 trainees completed training.

This reporting period begins to reflect the Crew Availability impact of the Christmas holiday. On average for the week ending December 23, 2022, 81.6% 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 for this period, 8.5% of Union Pacific's workforce were on vacation/personal leave, 2.5% were on FMLA, 2.9% took time off for illness, and 4.5% were unavailable to work for other reasons.⁴

Union Pacific currently has 225 borrow-outs across the system, up 7 since our last report, as we continue to actively 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. Our borrow-out strategy is in place to deal with projected demands and cannot offset the total impact of significant unanticipated events.

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 currently being tendered. Some of these units were added in the event the network was impacted by a significant variability event. In the wake of the extreme weather events discussed above, Union Pacific is continuing to deploy additional locomotives to expedite our ability to return the network back to a normal state. We successfully completed our expanded 2022 locomotive modernization program. We will be modernizing an additional 50% more locomotives in 2023 vs. 2022 in our efforts to further improve the reliability, fuel efficiency, and emissions performance of Union Pacific's locomotive fleet.

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 December 10, 2022, to December 23, 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.

Despite the current impacts we are seeing to our network, train velocity on the network has improved by 8% since mid-April. As the network continues to recover, we anticipate improved train velocity will 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 initiative is even more critical during the holiday season, due to reduced customer demand. We also continue to monitor demand within the broader economy. Regarding private car inventory, we have temporarily paused our pipeline inventory management embargoes, while we implement enhancements to our program. We are continuing our CIMS for serving area inventory management with a near term roll-out of added customer visibility to the key serving area and industry metrics.

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

1. Car Velocity: Since mid-April, car velocity improved by 2% to 181 miles per day on the Union Pacific network – impacted by the variability events described above.
2. Operating Inventory: Union Pacific decreased operating inventory by 9% to 183,367 cars on the network – impacted by reduced carloads.
3. Cars per Carload: Cars per carload realized a 3% increase since mid-April to 9.2.
4. First Mile-Last Mile (“FMLM”): FMLM was down two points at 88% compared to the mid-April metric.
5. Trip Plan Compliance (“TPC”)
 - i. TPC Bulk: TPC Bulk improved by four points versus our April benchmark to 70%.
 - ii. TPC Manifest: TPC Manifest improved by ten points versus our April benchmark to 69% and is within our stated goal for the 21st time in the last 24 weeks.
 - iii. TPC Intermodal: TPC Intermodal improved by eleven points to 84% versus the April benchmark and has been at or above our stated goal for five of the last six weeks.

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

B. Conclusion

Our network was significantly impacted by the variability over the past ten days. We will continue to be impacted in the coming week as we work to reduce the backlog of trains that remained on the network as of December 23. The network also realized an elevated number of holds associated with the Christmas holiday; a development not completely reflected in the numbers captured in this report. All of these delays have slowed the car flows across the network. Finally, we are preparing for a significant winter storm, a mixture of heavy rain and heavy snow, which is forecasted to hit the Sierra Nevada mountains in the coming days. Resources are being repositioned to manage through this weather event.

Our focus in the coming weeks is to recover the network in a sustainable manner. We remain confident that by executing our resource and inventory initiatives our performance will recover back to a glidepath that will allow us to hit our performance targets.

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%
12/23/2022	81.6%	8.5%	2.5%	2.9%	4.5%

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