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The Honorable Martin Oberman, Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Karen Hedlund, 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 Michelle Schultz
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 Hedlund and Board Members Fuchs, Primus, and Schultz:

Per the Surface Transportation Board's May 5, 2022 order, Union Pacific respectfully encloses its Service Progress Report for January 13, 2023. 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

Service Progress Report

January 13, 2023

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 January 6, 2023. As communicated in the December 30th report, there was a backlog of trains associated with Winter Storm Elliot and Christmas holiday crew holds. The impact of this backlog was reflected in our EP724 and EP770 metrics for the seven-days ending December 30. The number of trains held per day for the seven-day period ending December 30 was 231, including 95 for Crew and 96 for Other. As a result, our Car Velocity and TPC numbers dropped to their lowest levels since we began reporting in April 2022.

As most of the train and car backlog was reduced during the seven-days ending December 30, the network has continued to recover over the course of the seven-days ending January 6, 2023. Since our filing for the seven-day period ending December 23, Operating Inventory has decreased by approximately 11% as carloads decreased over the holidays, car velocity has rebounded to near 200 mpd, and Intermodal and Bulk TPC are both back within their stated goal ranges.

Our permit weather embargo for recent severe weather events and arctic temperatures impacting operations across Iowa, Minnesota, and Wisconsin remains in effect. Although incremental progress has been made in reducing congestion and increasing velocity across the region, we are seeing longer than anticipated recovery due to the magnitude of the prior severe weather impacts along with weather that continued through last week and the residual impact on the area. As we continue the service recovery plan, we will continue the embargo for an estimated 14 days. Union Pacific will continue to carefully review and consider customer circumstances while issuing permits during this recovery period. And permits will continue to be issued, as needed, to protect critical supply chains.

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

In 2022, Union Pacific graduated 1,302 employees, including 1,079 since May 6, 2022.² The train, engine, and yard (“TE&Y”) training pipeline currently has 531 employees. During this reporting period,³ 163 trainees entered training, 24 trainees dropped out, and 86 trainees completed training.

For the week ending January 6, 2023, 84.4% 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 for this period, 6.0% of Union Pacific’s workforce were on vacation/personal leave, 2.0% were on FMLA, 2.9% took time off for illness, and 4.7% were unavailable to work for other reasons.⁴

Union Pacific currently has 212 borrow-outs across the system, down 13 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 approximately 4,200 units in our operable fleet heading into 2023, consistent with fourth quarter of 2022 fleet size. We anticipate that our fleet is adequately sized given our operating assumptions and the gross ton miles that we project we will need to transport in the first quarter of 2023. In our efforts to further improve the reliability, fuel efficiency, and emissions performance of Union Pacific’s locomotive fleet, we will continue our locomotive modernization program in 2023.

Despite the current impacts our network is experiencing, train velocity on the network has improved by 16% since mid-April 2022. As the network continues to recover, we anticipate improved train velocity will generate additional locomotive supply, with the same number of units, across Union Pacific’s network.

b) Freight Car Initiatives

This week, we rolled out a customer-facing technology enhancement for our “CIMS for the Serving Area” inventory management program, offering additional visibility of key inventory metrics and trends for each UP served facility. Union Pacific also continues to evaluate

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 24, 2022, to January 6, 2023.

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.

opportunities to match UP-controlled freight car supply with freight car needs as demand in the broader economy materializes.

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

1. Car Velocity: Since mid-April, car velocity improved by 12% to 199 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 19% to 163,784 cars on the network.
3. Cars per Carload: Cars per carload realized a 16% improvement since mid-April to 7.5.
4. First Mile-Last Mile ("FMLM"): FMLM was up one point at 91% compared to the mid-April metric.
5. Trip Plan Compliance ("TPC")
 - i. TPC Bulk: TPC Bulk improved by eleven points versus our April benchmark to 77% and is within our stated goal range.
 - ii. TPC Manifest: TPC Manifest improved by five points versus our April benchmark to 64%.
 - iii. TPC Intermodal: TPC Intermodal improved by seven points to 80% versus the April benchmark and has been at or above our stated goal for ten of the last eleven weeks.

B. Conclusion

This past week the network exhibited improved performance while recovering from Winter Storm Elliott and the delays associated with the Christmas and New Year's holidays. However, we still have elevated inventory on the Great Lakes service unit that we are working to reduce to normalized levels as carload volumes rebound following the holidays.

In addition, our routes across California continue to be impacted by a series of storms, which are dumping heavy rain and snow across the state. While these storms have not yet caused extended outages across our network for the routes in California, we are experiencing intermittent outages. Furthermore, some of our employees and contractors are being personally impacted by these storms. These disruptions in our employees' personal lives are having an impact on the availability of our workforce. To be as responsive as possible in the event we experience an outage, we continue to proactively reposition resources to manage through this series of events.

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

We continue to assess the network and adjust our resources to ensure sustainable network fluidity and to meet customer demand. We remain confident that, by executing our initiatives above, we are positioned to stay on a path 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%
1/6/2023	84.4%	6.0%	2.0%	2.9%	4.7%