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January 27, 2023

Via Electronic Filing

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

ENTERED
Office of Proceedings
January 27, 2023
Part of
Public Record

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 27, 2023. 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

January 27, 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 20, 2023. Since our last reporting, performance has continued to improve despite a five-day outage in Northern California on our Canyon subdivision and other variability events.

Operating Inventory dropped 7% when compared to the seven-day period ending December 23rd but has begun to increase as volumes have returned following the holidays. Even with the increase in Operating Inventory this past week, our metrics for the seven-day period ending January 20th are currently at or above the goal we established in our Interim Update filed on December 2, 2022.

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 57 employees, including 1,136 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 561 employees. During this reporting period,³ 111 trainees entered training, 32 trainees dropped out, and 49 trainees completed training.

For the week ending January 20, 2023, 82.6% 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, 7.0% of Union Pacific's workforce were on vacation/personal leave,

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 January 7, 2023, to January 20, 2023.

2.2% were on FMLA, 3.3% took time off for illness, and 4.9% were unavailable to work for other reasons.⁴

Union Pacific currently has 256 borrow-outs across the system, which is 44 more since our last report, as we continue to actively 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. 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 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.

Train velocity on the network has improved by 22% since mid-April 2022. For the second week in a row, train velocity is better than at any point in time since we began STB reporting in April 2022. With our current fleet size and train velocity we have enough power available to meet projected volumes. Any improvement from current train velocity levels will provide additional locomotive capability with the same number of units.

b) Freight Car Initiatives

Union Pacific also continues to evaluate 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 19% to 211 miles per day on the Union Pacific network and is above our stated goal.
2. Operating Inventory: Union Pacific decreased operating inventory by 15% to 171,406 cars on the network.
3. Cars per Carload: Cars per carload realized a 14% improvement since mid-April to 7.6 and is better than our stated goal.

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 is flat at 91% compared to the mid-April metric.
5. Trip Plan Compliance (“TPC”)
 - i. TPC Bulk: TPC Bulk improved by 18 points versus our April benchmark to 84% and has been at or above our stated goal range for five of the last seven weeks.
 - ii. TPC Manifest: TPC Manifest improved by 20 points versus our April benchmark to 79% and has been at or above our stated goal range for five of the last seven weeks.
 - iii. TPC Intermodal: TPC Intermodal improved by 16 points to 89% versus the April benchmark and has been at or above our stated goal range for 12 of the last 13 weeks.

B. Conclusion

The state of our network has improved significantly over the past few weeks, including overcoming variability events. On January 23, 2023, we experienced a significant outage on our route between El Paso, Texas and Dalhart, Texas. This route remains out of service as of January 27th. This event has resulted in trains being rerouted and elongated transit times, which impacts resource flows.

We will continue to advance our strategy of assessing the network and adjusting 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%
1/20/2023	82.6%	7.0%	2.2%	3.3%	4.9%