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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 1, 2023 order, Union Pacific respectfully encloses its Service Progress Report for June 2, 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

June 2, 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 May 26. Our stronger network performance realized since the beginning of April continued the past two weeks despite the multiple day outage on our Palestine subdivision (north of Houston, Texas). Car Velocity exceeded 200 miles per day for the seventh consecutive week. In addition, all three Trip Plan Compliance metrics and the First Mile / Last Mile metrics have been at or above the respective goals we provided in our December 2022 Interim Service update for the last six weeks. As reported in our EP 724 filing, the number of trains holding has been below 100 trains per day for nine consecutive weeks, including below 65 trains per day each of the past four 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 all critical resources, including the supply of both crew and locomotives, as well as the projected demand and current efficiency rates for each resource.

1. Crew Initiatives and Availability¹

Year to date, Union Pacific has graduated 768 employees, including 1,847 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 1,176 employees. During this reporting period,³ 227 trainees entered training, 56 trainees dropped out, and 109 trainees completed training. We are on pace to exceed our 2023 hiring target. As stated in our interim update, actual TE&Y hiring, training, and headcount for 2023 depend on attrition and volume needs.

For the week ending May 26, 83.1% 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, 7.5% of Union Pacific's workforce were on vacation/personal leave, 1.7%

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 May 13, 2023, to May 26, 2023.

were on FMLA, 2.4% took time off for illness, and 5.3% were unavailable to work for other reasons.

Union Pacific currently has 209 borrow-outs deployed across the system as we continue to actively reallocate resources 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 handle projected demand and to provide greater resiliency in our network when significant unanticipated events increase demand.

2. Locomotive Initiatives

Union Pacific's operable locomotive fleet is ~4,250 units, consistent with our forecasted demand for the second half of 2023.

Train velocity on the network has improved by 21% since mid-April 2022. We continue to evaluate our optimal fleet size given network fluidity, engine utilization, and current and projected network demand. As network performance has improved and gross ton mile demand remained relatively flat since the beginning of April 2023, we reduced our active high horsepower fleet by ~200 units. During this same period, the number of trains holding for power, as reported in our EP 724 filing, decreased by almost 50% and has been below 10 trains per day for six of the last seven weeks.

Finally, we continue to receive newly modernized locomotives and utilize them on the network. These modernizations double the reliability of each individual unit, which improves the overall productivity of the network.

3. Freight Car Initiatives

Union Pacific works diligently to match UP-controlled freight car supply with freight car demand. Union Pacific will continue to utilize its established processes going forward. We remain in a strong position with our car supply and service performance, enabling us to operate customers' desired demand.

a. Union Pacific's key performance indicators discussed below show improved network fluidity.⁴

1. Car Velocity: Since mid-April, car velocity improved by 14% to 202 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 13% to 175,222 cars on the network.
3. Cars per Carload: Cars per carload realized a 13% improvement since mid-April to 7.7.

⁴ The baseline date for comparison of these metrics is the week ending April 15, 2022.

4. First Mile-Last Mile (“FMLM”): FMLM is up 3 points to 93% compared to the mid-April metric and has been at or above our stated goal of 91% for 16 consecutive weeks.
5. Trip Plan Compliance (“TPC”)
 - i. TPC Bulk: TPC Bulk improved by 21 points versus our April benchmark to 87% and has been within or above our stated goal range for 21 of the past 25 weeks.
 - ii. TPC Manifest: TPC Manifest improved by 15 points versus our April benchmark to 74% and has been within or above our stated goal range for 21 of the last 25 weeks.
 - iii. TPC Intermodal: TPC Intermodal improved by 13 points versus the April benchmark to 86% and has been within or above our stated goal range for 18 of the last 25 weeks.

B. Conclusion

The network continues to perform well while overcoming episodes of variability. In the coming weeks, our crew availability is anticipated to decrease, as is typical this time of year, with employees taking vacation time throughout the summer. We are diligently working to ensure we have our crew resources positioned appropriately to continue to operate trains across the network without a significant increase in trains holding for crew.

We will continue to assess the network and adjust our resources to ensure sustainable network fluidity to meet customer demand.

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 for 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%
2/3/2023	82.9%	6.9%	2.4%	3.3%	4.5%
2/17/2023	82.9%	7.1%	2.2%	2.9%	4.9%

<u>Week Ended</u>	<u>Available</u>	<u>Vacation/PL</u>	<u>FMLA</u>	<u>Illness</u>	<u>Other</u>
3/3/2023	84.5%	6.7%	1.8%	2.1%	4.9%
3/17/2023	82.8%	7.9%	1.9%	2.5%	4.9%
3/31/2023	84.3%	7.1%	1.7%	2.3%	4.6%
4/14/2023	83.7%	7.4%	1.7%	2.3%	4.9%
4/28/2023	84.5%	6.8%	1.7%	2.3%	4.7%
5/12/2023	84.3%	6.8%	1.7%	2.2%	5.0%
5/26/2023	83.1%	7.5%	1.7%	2.4%	5.3%