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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 16, 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 16, 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 June 9. Since our last reporting, our network built on the performance improvements realized over the past two months. Car Velocity exceeded 200 miles per day for the ninth consecutive week. Additionally, all three Trip Plan Compliance metrics and the First Mile / Last Mile metrics have been at or above the respective goals, provided in our December 2022 Interim Service update, for at least the last eight weeks. As reported in our EP 724 filing, the number of trains holding has been below 100 trains per day for eleven consecutive weeks, including below 65 trains per day each of the past six 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 919 employees, including 1,998 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 1,112 employees. During this reporting period,³ 148 trainees entered training, 61 trainees dropped out, and 151 trainees completed training. As of May 31, 2023, our active TE&Y count was 13,459.⁴ This compares to the guidance we provided in our Interim Update Supplement, dated February 7, 2023, of 13,350 TE&Y employees for May 2023.

For the week ending June 9, 83.4% 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, 7.7% of Union Pacific's workforce were on vacation/personal leave, 1.6%

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 27, 2023, to June 9, 2023.

⁴ This employment information is contained in Union Pacific's June 15, 2023 filing, referenced on the Board's website as filing 306739.

were on FMLA, 2.1% took time off for illness, and 5.2% were unavailable to work for other reasons.

Union Pacific currently has 221 borrow-outs deployed across the system as we continue to actively reallocate resources to match crew supply to crew demand. These geographically flexible workforce resources are critical to our efforts to support the movement of freight across the network. 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 23% 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 over 200 units. During this same period, the number of trains holding for power, as reported in our EP 724 filing, has remained at or below 10 trains per day each of the last two 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 on customers' desired demand.

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

1. Car Velocity: Since mid-April, car velocity improved by 17% to 206 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 16% to 170,103 cars on the network.
3. Cars per Carload: Cars per carload realized a 14% improvement since mid-April to 7.6.

⁵ 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 18 consecutive weeks.
5. Trip Plan Compliance (“TPC”)
 - i. TPC Bulk: TPC Bulk improved by 22 points versus our April benchmark to 88% and has been within or above our stated goal range for 23 of the past 27 weeks, including above the stated goal for each of the last 9 weeks.
 - ii. TPC Manifest: TPC Manifest improved by 18 points versus our April benchmark to 77% and has been within or above our stated goal range for 23 of the last 27 weeks, including above the stated goal for each of the last 8 weeks.
 - iii. TPC Intermodal: TPC Intermodal improved by 18 points versus the April benchmark to 91% and has been within or above our stated goal range for 20 of the last 27 weeks, including above the stated goal for each of the last 10 weeks.

B. Conclusion

The network continues to perform well. 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%

<u>Week Ended</u>	<u>Available</u>	<u>Vacation/PL</u>	<u>FMLA</u>	<u>Illness</u>	<u>Other</u>
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%
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%
6/9/2023	83.4%	7.7%	1.6%	2.1%	5.2%