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June 30, 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

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 30, 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

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Docket No. EP 770 (Sub-No. 1)

Urgent Issues in Freight Rail Service—Railroad Reporting

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Union Pacific Railroad Company

Service Progress Report

June 30, 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 23. Since our last reporting, our network took a step back because of multiple variability events. First, we had multiple weather events over the last couple of weeks that impacted primarily Arkansas, Texas, and Louisiana. These events resulted in a loss of commercial power and downed power lines and trees across our rail tracks at multiple locations. The impact of weather events was exacerbated by a dip in crew availability over Father's Day/Juneteenth weekend with June 18 being the lowest availability day year-to-date. Finally, there were three derailments resulting in extended outages, disrupting network fluidity. As a result of these events, the total number of trains holding on the network went from 46 to 85. These additional holds resulted in Car Velocity dipping below 200 miles per day for the first time in 11 weeks. Additionally, all three Trip Plan Compliance metrics dropped between 5 to 7 points and the First Mile / Last Mile metric dropped below goal, provided in our December 2022 Interim Service update, for the first time in 20 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 Availability<sup>1</sup>

Year to date, Union Pacific has graduated 1,025 employees, including 2,104 since May 6, 2022.<sup>2</sup> The train, engine, and yard ("TE&Y") training pipeline currently has 967 employees. During this reporting period,<sup>3</sup> 11 trainees entered training, 50 trainees dropped out, and 106 trainees completed training.

For the week ending June 23, 83.2% 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

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<sup>1</sup> Union Pacific has defined each availability category in the Report Addendum.

<sup>2</sup> Union Pacific has highlighted the graduation rate since the publication of the Board's May 5, 2022, Decision on Railroad Reporting.

<sup>3</sup> These numbers cover the reporting period from June 10, 2023, to June 23, 2023.

average for this period, 8.3% of Union Pacific's workforce were on vacation/personal leave, 1.7% were on FMLA, 2.4% took time off for illness, and 4.4% were unavailable to work for other reasons.

Union Pacific currently has 172 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 16% since mid-April 2022. We continue to evaluate our optimal fleet size given network fluidity, engine utilization, and current and projected network demand. As a result of the events described in the first section, the number of trains holding for power increased from 7 to 16 between the week ending June 9 and the week ending June 23. To help offset the impact of variability described in the first section above, we temporarily deployed ~30 additional locomotives to facilitate our network recovery.

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.<sup>4</sup>*

1. Car Velocity: Since mid-April, car velocity improved by 12% to 198 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 13% to 175,396 cars on the network.
3. Cars per Carload: Cars per carload realized a 10% improvement since mid-April last year to 8.0.

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

4. First Mile-Last Mile (“FMLM”): FMLM is 90%, which is flat compared to our mid-April 2022 metric.
5. Trip Plan Compliance (“TPC”)
  - i. TPC Bulk: TPC Bulk improved by 19 points versus our April 2022 benchmark to 85% and has been within or above our stated goal range for 25 of the past 29 weeks, including above the stated goal for each of the last 11 weeks.
  - ii. TPC Manifest: TPC Manifest improved by 14 points versus our April 2022 benchmark to 73% and has been within or above our stated goal range for 25 of the last 29 weeks, including above the stated goal for each of the last 10 weeks.
  - iii. TPC Intermodal: TPC Intermodal improved by 12 points versus the April 2022 benchmark to 85% and has been within or above our stated goal range for 22 of the last 29 weeks, including above the stated goal for each of the last 12 weeks.

#### *B. Conclusion*

The network is recovering from the series of events described above. Crew availability has rebounded steadily since the elevated layoffs during the Father’s Day/Juneteenth weekend. This improved resource availability is playing a vital role in the network recovering from multiple disruptions. While the complete impact of these disruptions is not fully reflected in the metrics, we are encouraged by the progress we see with the decrease in the number of trains holding. This improvement will be pressured over the July 4 holiday as the number of crews available to operate trains will be significantly reduced as this holiday weekend historically experiences the second highest layoff rate behind the Christmas holiday.

### **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.

| <b><u>Week Ended</u></b> | <b><u>Available</u></b> | <b><u>Vacation/PL</u></b> | <b><u>FMLA</u></b> | <b><u>Illness</u></b> | <b><u>Other</u></b> |
|--------------------------|-------------------------|---------------------------|--------------------|-----------------------|---------------------|
| 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%         |
| 6/9/2023          | 83.4%            | 7.7%               | 1.6%        | 2.1%           | 5.2%         |
| 6/23/2023         | 83.2%            | 8.3%               | 1.7%        | 2.4%           | 4.4%         |