



BUILDING AMERICA®

306902

ENTERED
Office of Proceedings
July 28, 2023
Part of
Public Record

July 28, 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 July 28, 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

July 28, 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 July 21. Car Velocity improved by 2 miles per day and is above 200 miles per day for the second week in a row. First Mile/ Last Mile (91%) is at the goal we provided in our December 2022 update. Furthermore, all three Trip Plan Compliance ("TPC") metrics were above our December 2022 reported goal for this reporting period. These improvements showcase the network's resiliency.

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 1,290 employees, including 2,369 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 669 employees. During this reporting period,³ 33 trainees entered training, 27 trainees dropped out, and 106 trainees completed training.

For the week ending July 21, 83.6% 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, 8.6% of Union Pacific's workforce were on vacation/personal leave, 1.7% were on FMLA, 2.4% took time off for illness, and 3.7% were unavailable to work for other reasons.

Union Pacific currently has 165 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

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 July 15, 2023, to July 21, 2023.

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 18% since mid-April 2022. We continue to evaluate our optimal fleet size given network fluidity, engine utilization, and current and projected network demand.

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.⁴

1. Car Velocity: Since mid-April 2022, car velocity improved by 14% to 201 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 13% to 174,976 cars on the network.
3. Cars per Carload: Cars per carload realized an 11% improvement since mid-April last year to 7.9.
4. First Mile-Last Mile ("FMLM"): FMLM at 91% is 1 point better 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 29 of the past 33 weeks, including above the stated goal for each of the last 15 weeks.

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

- ii. TPC Manifest: TPC Manifest improved by 16 points versus our April 2022 benchmark to 75% and has been within or above our stated goal range for 29 of the last 33 weeks, including above the stated goal for 13 of the last 14 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 26 of the last 33 weeks, including above the stated goal for each of the last 16 weeks.

B. Conclusion

We are pleased with the steady performance improvement. We are confident the network is positioned to sustain our current service level moving forward. We will continue to assess the network and adjust our resources to ensure sustainable network fluidity and 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%
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%
7/7/2023	81.6%	10.5%	2.0%	2.7%	3.2%
7/21/2023	83.6%	8.6%	1.7%	2.4%	3.7%