

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Docket No. EP 772

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OVERSIGHT PERTAINING TO UNION PACIFIC RAILROAD COMPANY'S EMBARGOES

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**VERIFIED STATEMENT OF  
ERIC J. GEHRINGER**

My name is Eric J. Gehringer. I am Executive Vice President-Operations of Union Pacific Railroad Company. I am submitting this statement to expand on and clarify statements I made when I appeared before the Board at the hearing in this docket held on December 13, 2022.

At the hearing, in response to questions from the Chairman, I described Union Pacific's planning process for TE&Y workforce levels, and I referred to Union Pacific's long-range, annual, and month-to-month planning processes.

Every 12 to 18 months, Union Pacific's Marketing and Sales department develops a long-range forecast of the expected number of carloads and their paths across our network over the next three to five years. Union Pacific uses the carload forecasts to develop long-range financial and capital investment plans.

When I referred to Union Pacific's long-range planning process at the hearing, I had in mind our process for capital investment planning—which primarily involves investments in expanding line and terminal capacity and commercial facilities. In the long-range capital investment planning process, Union Pacific's main goal is to understand our growth opportunities and where to strategically invest in our infrastructure to take advantage of those opportunities. Union Pacific's Network Planning department uses the car flow information developed by the Marketing and Sales department to evaluate whether additional capital investment would be

required to handle the projected carloads, focusing on the potential need for additional line and terminal capacity, as well as the potential need to expand our existing commercial facilities (primarily intermodal and automotive facilities).

Before 2022, Union Pacific had not addressed TE&Y hiring or hiring in general as part of its long-range planning process. However, Union Pacific's 2022 long-range capital investment planning presentation included a page addressing the "TE&Y Hiring Outlook." The TE&Y hiring outlook was included in Union Pacific's 2022 long-range capital investment planning presentation to focus attention on TE&Y hiring needs because they were expected to differ from the recent pattern, which reflected a period of greatly reduced hiring needs. Union Pacific also addressed TE&Y hiring in its 2023 long-range capital investment planning presentation. That assessment includes our most recent three-year outlook.

Looking back on statements I made at the hearing, I realize I might have created the impression that Union Pacific addressed TE&Y hiring inside its long-range capital investment planning process before 2022.<sup>1</sup> I apologize for not recognizing the issue sooner. To address any confusion and remove any question, as attachments to this Statement, I am providing copies of the presentations created by Union Pacific employees in the ordinary course of business to present the results of the long-range capital investment planning processes completed since 2015—presentations created in 2016, 2017, 2018, 2020, 2021, 2022, and 2023.<sup>2</sup>

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<sup>1</sup> Specifically, I am referring to statements I made that appear at pages 284 through 286, page 306, and page 310 of the transcript from my appearance at the December 2022 hearing in this matter.

<sup>2</sup> Union Pacific previously produced the "TE&Y Hiring Outlook" from its 2022 long-range capital investment plan in this proceeding. The document was labeled "UP-CP 772-0376." Along with this Statement, Union Pacific is producing the full presentation document from 2022, as well as comparable documents from other years.

When new long-range carload forecasts are developed, Union Pacific's Operating department considers them as one input in thinking about future hiring needs. However, hiring plans can be executed on a shorter timeframe than the three-to-five-year period addressed in the long-range planning process, so there is little reason to plan based on such future projections. Union Pacific's hiring process, including its TE&Y hiring process, is focused on developing an annual plan. In the annual planning process, Union Pacific accounts for revisions to carload forecasts that were made after the development of the most recent long-range forecast—revisions that reflect, for example, changes in economic conditions and forecasts, and observed carload levels. Union Pacific uses these more refined carload forecasts, along with a wide variety of other information relevant to the hiring process—such as expected attrition, prior hiring shortfalls or excesses, assumptions about crew efficiencies, assumptions about train lengths—to develop an annual hiring plan. In developing the annual TE&Y hiring plan, Union Pacific creates monthly hiring projections for each “hub” (as designated in collective bargaining agreements) within each designated region of our network.

As attachments to this Statement, I am providing documents showing Union Pacific's annual TE&Y hiring plans for the years 2015 through 2023, as the plans existed when originally developed.<sup>3</sup>

Union Pacific's TE&Y hiring planning process does not end with the development of an annual plan. As I said above, the annual hiring plan contains *monthly hiring projections*. In making actual hiring decisions, Union Pacific reviews the hiring plan on a monthly cadence, using a cross-functional team (*i.e.*, Workforce Resources, Operating), to refine the plan and provide hub-specific

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<sup>3</sup> Union Pacific previously produced these documents in this proceeding, labeled UP-EP 772-0364 to UP-EP 772-0372.

hiring recommendations based on the most current carload, operating, and employment data available. For example, if employees in a hub retire in smaller numbers than expected, Union Pacific might need to reduce its hiring plan for the hub. If train-starts in a hub increase above expectations, or hiring needs were not met in an earlier month, or more employees than expected fail to complete training successfully, Union Pacific might increase its hiring plan in a later month.

As attachments to this Statement, I am providing copies of the documents used in these monthly reviews from 2015 through November 2023.<sup>4</sup> After January 2022, as Union Pacific worked to meet significant hiring needs in 2022, the monthly crew hiring review process was incorporated into a monthly service recovery review process. At that point, Union Pacific's attention was focused on increasing overall hiring and using the borrow-out process to shift available crews between hubs, rather than calibrating our hiring efforts on a hub-by-hub basis. For documents created after January 2022, we are providing only the portions reflecting the monthly hiring review cadence that I described in my testimony.

I sincerely hope this Statement resolves any confusion I inadvertently created regarding Union Pacific's long-range planning process and helps explain the interaction between Union Pacific's planning processes and our hiring process.

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<sup>4</sup> Union Pacific did not conduct monthly reviews in February and July of 2016, May of 2018, and May, June, July, September, and November of 2019. In 2020, Union Pacific conducted a monthly review only in January. No TE&Y employees were hired in 2020 because traffic volumes declined and Union Pacific was able to meet our needs to replace departing employees with furloughed employees.

### **VERIFICATION**

I declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge, belief, and information. Further, I certify that I am qualified and authorized to file this statement.

Executed on November 27, 2023.

/s/ Eric J. Gehringer