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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

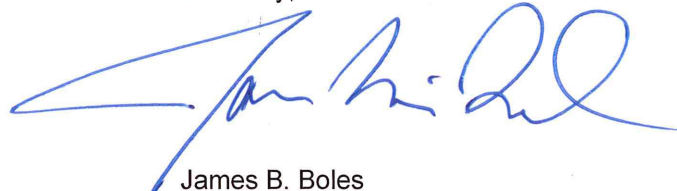
The Honorable Michelle Schultz
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

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 5, 2022 order, Union Pacific respectfully encloses its Service Progress Report for March 24, 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

March 24, 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 March 17. Over the past two weeks, the network was impacted by three significant events. First, a series of extreme weather events passed through California, resulting in several mainline interruptions (e.g., flooding, washouts, mud slides, rockslides, snow removal curfews). The weather made the impacted routes impassable for a period of time. Second, we had a weather-related service interruption near Rawlins, Wyoming that significantly limited our throughput on our primary east/west route for over four days. Finally, a mainline derailment north of Hutchinson, Kansas on our route between El Paso, Texas and Kansas City, Kansas stopped traffic for over two days. The impact of these simultaneous events resulted in our trains held, as reported in our EP724 filing, increasing by over 40 trains per day compared to our March 3 filing. While our resource availability was impacted by these events, the majority of the trains held were for reasons other than crews or locomotives.

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 the supply of both crew and locomotive resources, including the projected demand and current efficiency rates for each resource. As a result of the events described above, the demand for our resources increased. We are diligently working to deploy our resources to expedite recovery of the network.

1. Crew Initiatives and Availability¹

Year to date, Union Pacific has graduated 315 employees, including 1,394 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 821 employees. During this reporting period,³ 138 trainees entered training, 35 trainees dropped out, and 51 trainees completed training.

For the week ending March 17, 82.8% 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

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 March 4, 2023, to March 17, 2023.

average for this period, 7.9% of Union Pacific's workforce were on vacation/personal leave, 1.9% were on FMLA, 2.5% took time off for illness, and 4.9% were unavailable to work for other reasons.

Union Pacific currently has 239 borrow-outs 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 demands and provide greater resiliency in our network when significant unanticipated events increase demands.

a) Locomotive Initiatives

Union Pacific's operable locomotive fleet is ~4,200 units, consistent with the first two months of 2023.

Train velocity on the network has improved by 6% since mid-April 2022. Any improvement in current train velocity levels will add locomotive capacity using the same number of units.

b) Freight Car Initiatives

Union Pacific also continues to evaluate opportunities to match UP-controlled freight car supply with freight car needs as demand in the broader economy materializes.

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

1. Car Velocity: Since mid-April, car velocity improved by 4% to 183 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 8% to 185,589 cars on the network.
3. Cars per Carload: Cars per carload realized a 3% improvement since mid-April to 8.6.
4. First Mile-Last Mile ("FMLM"): FMLM is up one point at 91% compared to the mid-April metric.
5. Trip Plan Compliance ("TPC")
 - i. TPC Bulk: TPC Bulk improved by 18 points versus our April benchmark to 84% and has been within or above our stated goal range for 11 of the past 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 9 points versus our April benchmark to 68% and has been within or above our stated goal range for 12 of the last 15 weeks.
- iii. TPC Intermodal: TPC Intermodal is flat versus the April benchmark and has been within or above our stated goal range for 9 of the last 15 weeks.

B. Conclusion

At this time, all our mainline routes are in-service, and there are no significant weather events forecasted. However, we still have a number of trains and cars that were delayed by outages over the past week that have yet to reach their destination. As these trains and cars reach their destinations, they will be included in our metrics, resulting in a headwind to performance. As a result, our metrics will include traffic impacted by the events described above for the next week or two. This lagging effect will gradually dissipate as a headwind on network performance.

We are encouraged by the rebound from significant variability captured in this report. We continue to assess the network and adjust our resources to ensure sustainable network fluidity and to meet customer demand. We remain confident that, by executing our initiatives above, we are positioned to stay on a path that will allow us to meet our performance targets.

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 of 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%