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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 April 7, 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

April 7, 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 31. Over the past two weeks, the backlog of traffic due to multiple variability events from earlier in March has begun to subside. This is reflected in our EP 724 filing: the average daily number of trains holding for the week ending March 31 was at its lowest level since the middle of January 2023. This decrease included a 24% reduction in the number of trains holding for either a crew or locomotive. This corresponds with an approximate 7% improvement in Car Velocity versus our March 17 filing.

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. 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 335 employees, including 1,414 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 986 employees. During this reporting period,³ 222 trainees entered training, 37 trainees dropped out, and 20 trainees completed training.

For the week ending March 31, 84.3% 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, 7.1% of Union Pacific's workforce were on vacation/personal leave, 1.7% were on FMLA, 2.3% took time off for illness, and 4.6% were unavailable to work for other reasons.

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 18, 2023, to March 31, 2023.

Union Pacific currently has 265 borrow-outs deployed 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 demand and to provide greater resiliency in our network when significant unanticipated events increase demand.

a) Locomotive Initiatives

Union Pacific's operable locomotive fleet is ~4,250 units, consistent with our forecasted demand for the second quarter.

Train velocity on the network has improved by 13% since mid-April 2022. Any improvement in current train velocity levels will add locomotive capacity using the same number of units.

Finally, we are receiving newly modernized locomotives over the course of the month of March. To date, almost 15% of our anticipated deliveries have been received and are now in service. These modernizations double the reliability of each individual unit which improves the overall productivity of the network.

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 11% to 197 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 9% to 184,144 cars on the network.
3. Cars per Carload: Cars per carload realized a 6% improvement since mid-April to 8.3.
4. First Mile-Last Mile ("FMLM"): FMLM is up 3 points to 93% compared to the mid-April metric.

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

5. Trip Plan Compliance (“TPC”)

- i. TPC Bulk: TPC Bulk improved by 14 points versus our April benchmark to 80% and has been within or above our stated goal range for 13 of the past 17 weeks.
- ii. TPC Manifest: TPC Manifest improved by 8 points versus our April benchmark to 67% and has been within or above our stated goal range for 13 of the last 17 weeks.
- iii. TPC Intermodal: TPC Intermodal improved by 6 points versus the April benchmark to 79% and has been within or above our stated goal range for 10 of the last 17 weeks.

B. Conclusion

Over the past two weeks, most of the traffic associated with variability events from earlier in March has reached its destination and is reflected within our metrics. Currently, all our mainline routes are in-service. Even though a late season blizzard is forecasted to impact the Powder River Basin the week of April 2, we are encouraged by the improvement that our network realized for the week ending March 31.

We will 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%
3/31/2023	84.3%	7.1%	1.7%	2.3%	4.6%