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December 2, 2022

Cynthia Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington, DC 20423

Re: Docket No. EP 770 (Sub-No. 1), *Urgent Issues in Freight Rail Service—Railroad Reporting*

Dear Ms. Brown:

Enclosed for electronic filing please find CSX Transportation, Inc.'s interim update to its revised service recovery plan, in response to the Board's order served October 28, 2022 in the above-captioned proceeding.

Sincerely,

A handwritten signature in blue ink that reads "John P. Patelli". The signature is written in a cursive, flowing style.

John P. Patelli

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

URGENT ISSUES IN FREIGHT RAIL SERVICE—RAILROAD REPORTING

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

**INTERIM UPDATE
OF CSX TRANSPORTATION, INC.
IN RESPONSE TO THE OCTOBER 28, 2022 ORDER**

The Board’s October 28, 2022 order (the October 28 Order) extended the temporary reporting period in this proceeding for an additional six months, to May 5, 2023. The October 28 Order also directed CSX Transportation, Inc. (CSX) and three other Class I carriers (collectively, the Carriers) to provide interim updates to their revised service recovery plans submitted on June 23, 2022. The Board requested that the interim update include: targets CSX expects to meet by the end of the extended reporting period for each of its key performance indicators; any changes to CSX’s labor force targets (if applicable); and any changes CSX has made or intends to make to its service recovery plan (if applicable). The Board further requested that CSX provide additional information about the purpose of train profile data and profiled run times in the context of its unit train trip plan compliance (TPC) metric (STB metric 7(ii)).

Pursuant to the October 28 Order, CSX herein provides the requested interim updates to its service recovery plan.

I. Service Recovery Performance and Updated Targets

a. CSX’s Performance Against Initial Targets

The Board initiated this proceeding in April 2022 to address rail service challenges caused by labor shortages and to gather information about each Carrier’s planned service recovery efforts. To evaluate their progress towards service improvement, the Board’s May 6, 2022 order (the May 6 Order) and June 13, 2022 order (the June 13 Order) directed the Carriers to select key performance indicators and targets “that the carrier expect[ed] to hit at the end of the six-month reporting period.” May 6 Order, EP 770 (Sub-No. 1), slip op. at 4. In the October 28 Order, the Board noted generally that “the data suggests that the Four Carriers will not meet all of their six-month targets.” October 28 Order, EP 770 (Sub-No. 1), slip op. at 5. With respect to CSX specifically, the Board observed that “[w]hile CSXT has started to consistently exceed its velocity

and terminal dwell targets in recent weeks... CSXT has not yet met its target for [First Mile Last Mile].” Id. at 9.¹

CSX’s service recovery plan set targets for the end of the six-month reporting period, consistent with the Board’s direction in this proceeding. In setting those targets, CSX was both methodical and purposeful in selecting goals that would show actual progress towards network recovery. CSX also explained that its six-month targets were dependent on commensurate improvement in Active T&E headcount over the same period, and described the aggressive hiring and retention efforts CSX was undertaking to ensure a healthy pipeline of conductors. The success of those efforts has allowed CSX’s crew situation to normalize, which in turn has driven a consistent restoration of service since late summer. As a result, in all weekly reports and bi-weekly progress updates filed since October 26, 2022, CSX has met or exceeded each of its key service performance targets.

The steady improvement in these metrics, which corresponds with the steady improvement in CSX’s crew availability numbers, is reflective of the expectations set out in CSX’s revised service recovery plan. As CSX explained:

Each of CSX’s selected service performance indicators provide distinct information about the health of the overall network. Velocity and dwell are particularly indicative of network performance as a whole, i.e., both line of road and yard performance. More specifically, velocity is indicative of line of road fluidity—the higher the velocity, the more fluid the broader network is. Dwell is indicative of yard fluidity—the lower the dwell time, the less congested the yards are. FMLM is a customer-focused metric, which provides insight into local service performance. TPC encompasses all three of these metrics (velocity, dwell, and FMLM), provides a car-level understanding of network fluidity throughout the car’s journey from origin to destination, and is an indicator of reliability—i.e., it indicates whether CSX is delivering cars within 24 hours of when it said they would be delivered.

. . . CSX expects that as staffing becomes adequate and consistent, crew rotations and re crews will diminish, which will result in higher velocity. The increase in velocity and efficient crew starts will result in reduced dwell as congestion is removed from the yard network. The greater number of available crews will mean fewer missed assignments, leading to better FMLM performance and overall reduced transit time. The reduction in transit times and increase in scheduled spots and pulls fulfilled will result in better TPC performance as car-level fluidity returns to the network.

b. Updated Targets

Pursuant to the October 28 Order, CSX has selected updated targets it expects to meet by the end of the extended temporary reporting period for each of its key service performance

¹ CSX notes that on October 26, 2022, prior to the Board’s issuance of the October 28 Order, CSX filed its weekly performance data report in this docket. In that submission, CSX reported achieving its goal of 85% for Industry Spot and Pull (i.e. FMLM, STB Metric 5) for the week ending October 21.

indicators. In setting these targets, CSX took into account that (i) each key performance indicator has already made substantial progress since the beginning of the initial reporting period, making additional improvement more incremental in nature and (ii) the winter months are historically more challenging for service measurements.

<u>Key Performance Indicator</u>	<u>Initial Target</u>	<u>Updated Target</u>
STB Terminal Dwell	22 hours	21.3 hours
STB LOR Velocity	23.5 mph	24.2 mph
Industry Spot and Pull/FMLM (STB Metric 5)	85%	87%
Manifest TPC w/in 24 hrs (STB Metric 7(i))	80%	82%
Unit Train TPC w/in 24 hrs (STB Metric 7(ii))	90%	92% ²
Intermodal TPC w/in 24 hrs (STB Metric 7(iii))	95%	97%

CSX has explained that it views an Active T&E workforce level of 7000-7100 as a baseline to provide a strong service product and meet current customer demand. Given the hiring and training momentum described in Section III(a) below, CSX expects to meet these updated targets and continue to improve beyond the end of the extended reporting period.

II. Train Profile Data for Unit Train TPC w/in 24 Hours (STB Metric 7(ii))

In the May 6, 2022 Order, the Board ordered all Class I carriers to provide weekly performance reporting, including “[f]or the following types of unit trains (grain unit, coal unit, automotive unit, crude oil unit, and ethanol unit), the percentage of trains constructively or actually placed at destination within 24 hours of the original estimated time of arrival.” May 6 Order at 6.

In its explanation of methodology filed May 18, 2022, and its initial service recovery plan filed May 20, 2022, CSX explained that it does not schedule unit train service to destination in the same manner it does for manifest traffic and therefore does not have a corresponding TPC metric for unit trains. CSX further explained that customers for unit trains have access to a work plan which includes train profile information, as well as other detailed information about their transportation service. However, in order to be responsive to the Board’s order, CSX has reported

² As previously noted in CSX’s revised service recovery plan, although CSX has identified an aggregate TPC (unit train) target, and will track performance against that target in its bi-weekly service progress reports, CSX will also continue to report disaggregated data for each unit train type in its weekly performance report.

data reflecting the percentage of unit trains arriving within 24 hours of their profiled runtime to destination.

The October 28 Order expressed that CSX's approach "may not be consistent enough with the approach it is using for other types of traffic to allow the Board to have a full understanding of its unit train performance." October 28 Order at 9. Accordingly, the Board asked CSX to "provide more information about the purpose of train profile data in the normal course of business and the extent to which the profiled run times correspond to the ways in which intermodal and manifest traffic are measured."

Pursuant to the Board's request, CSX and Board staff recently participated in a discussion to explore this topic in detail. CSX explained that manifest and intermodal trains are generally scheduled to leave at the same time every day. As a result, external impacts on profiled run times (such as passenger service and other train schedules) tend to be more predictable, meaning the intermediate impacts in yards and terminals can be more easily identified as a cause of delay. Merchandise traffic tends to move under several different train profiles, including profiles for road, yard and local trains, as it makes its way across the network to destination. Those changes and the resulting impacts at each intermediate point are captured by CSX's internal trip plan compliance metric.

Unit trains, by contrast, do not leave at the same time each day. A schedule is not created until the train is loaded, billed, and released back to the railroad. Once that occurs, a train profile is assigned (along with a scheduled runtime for that profile) and the train operates. Unit train traffic moves along the same routes as the merchandise traffic, but does not get switched into different blocks at yards along the path of the train, meaning the train profile generally does not change during transit. Because unit trains generally proceed direct to destination without classification, CSX does not currently track trip plan compliance with the same granularity as manifest trains. The best surrogate CSX could devise to be responsive to the Board's request for a unit train TPC metric was to measure each unit train's performance against the scheduled runtime of that unit train profile.

III. Changes to Labor Force Targets or Service Recovery Plan

a. Labor Force Target Changes (if any)

In the June 13 Order, the Board requested that the Carriers provide labor force targets as part of their revised service recovery plans. CSX provided a year-end target of 7,000-7,100 active T&E employees.³ Extending over the next one to two years, CSX advised that it will continue to hire to support continued business growth, and expects an active T&E count in the range of 7,000-7,500 employees. For maintenance of way and structures, CSX advised that it expected to maintain labor force levels as reported in CSX's Form C filed June 15, 2022 (4,905 maintenance of way and structures employees), supplemented by hiring for attrition and business needs.

The October 28 Order noted that CSX had met its MOE labor force target but not its T&E and MOW targets when compared to the monthly employment data submitted in this docket. The

³ CSX's active T&E count excludes trainees.

Board stated that “absent any indication or explanation from CSXT on this record that it has changed its target, the Board is most concerned with CSXT’s ability to meet its targets for T&E employees.” October 28 Order at 11. Accordingly, the Board permitted CSX to update its labor force targets, “if necessary.” Id. at 19.

CSX appreciates the invitation to update its labor force targets, but does not believe that to be necessary at this time. The Board correctly noted that MOW and MOE numbers are affected by seasonality. With respect to T&E, CSX has focused its recovery efforts on maintaining a healthy pipeline of conductor candidates so as to continually train and prepare new hires. As a result, CSX currently has a robust pipeline of both trainees and potential hires. Although growth in its Active T&E numbers stalled slightly in September and October, CSX advised the Board in its October 7 and October 21 bi-weekly progress reports that this stall was expected to be transitory. As the conductors from CSX’s larger summer hiring classes have completed training and entered the active population, CSX has resumed upward progress in its Active T&E numbers. For the week ended November 25, the average daily Active T&E population was 6,918, which is well within reach of CSX’s 7,000-7,100 year-end goal.

In addition, in its monthly employment report filed November 15, 2022 (reflecting October 2022 employment data), CSX reported 263 T&E employees entering training—compared to 124 in April—and an average of 755 T&E in training, compared to 554 in April. This aggressive hiring has allowed CSX to proactively begin the training of existing employees, predominantly conductors, into locomotive engineers. It has also resulted in an increase in “extra-board” employees to nearly 2,000, compared to roughly 1,900 at the time of CSX’s revised service recovery plan. In light of the continued health of its hiring and training pipeline, CSX believes that its labor force targets remain appropriate.

b. Service Recovery Plan Changes (if any)

The October 28 Order also requested that the Carriers provide the Board with details about changes they have made or intend to make to their service recovery plans to achieve longer-term success, or to indicate their intention to make no changes.

CSX concluded its revised service recovery plan as follows: “CSX is committed to providing safe and reliable transportation to its customers. As part of that commitment, a major priority for CSX is increasing T&E employee hiring and retention. CSX expects its initiatives on these fronts to continue to be successful during the 6-month reporting period. As the crew situation normalizes, CSX expects that its service will be restored to pre-pandemic levels and continue to show progress thereafter.” Revised Service Recovery Plan at 12.

CSX has shown significant improvement in its key service performance targets, and its hiring and retention have laid the groundwork for continued improvement.⁴ Notably, CSX recently demonstrated its resiliency and network flexibility by overcoming the challenges presented by

⁴ CSX has every intention of continuing its hiring and retention momentum. See [CSX's Joe Hinrichs Visits White House in Support of Talent Pipeline Challenge - CSX.com](#) (“Since signing the White House Talent Pipeline Challenge Pledge in August, CSX has been meeting with White House officials and federal agencies to advance the initiative designed to strengthen the nation’s infrastructure and supply chains by training and hiring skilled, diverse workers.”)

Hurricanes Ian and Nicole, which did not significantly impact operations or cause cascading service issues. Given this resiliency, the current momentum in its hiring and training pipeline and the current positive trajectory of its service metrics, CSX plans to stay the course and does not intend to make any changes to its service recovery plans at this time.