



BUILDING AMERICA®

July 14, 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

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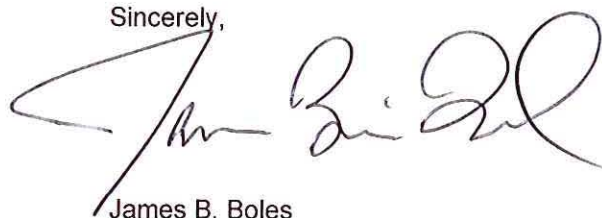
ENTERED
Office of Proceedings
July 14, 2023
Part of
Public Record

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 14, 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 14, 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 7. Since our last report, our network has been impacted by some significant variability events along with the July 4 holiday. These variability events resulted in extended outages for the directly impacted routes. There was a cascading impact to the ancillary routes, which have a direct connection to the impacted routes. Each one of these events disrupted the flow of cars and locomotives across the network.

The July holiday weekend resulted in additional trains holding for a crew above and beyond what we have recently realized. As reported in our EP 724 filing, we held 12 trains per day for a crew for the week ending July 7. This was three times higher than the prior week's report. However, this compares favorably to our reporting in 2022. For the week ending July 8, 2022, we reported holding 71 trains per day for a crew, which was a 92% increase compared to the week ending July 1, 2022. This improvement can be directly attributed to our hiring efforts over the past 12 months.

In addition to having more crews available, we deployed additional locomotives to mitigate most of the impact of the recent variability. We were able to reduce the number of trains holding daily for the week ending July 7 to 69 per day compared to 85 per day for the week ending June 23. We are confident that we will continue to see this number decrease.

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 1,184 employees, including 2,263 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 769 employees. During this

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.

reporting period,³ 0 trainees entered training, 39 trainees dropped out, and 159 trainees completed training.

For the week ending July 7, 81.6% 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, 10.5% of Union Pacific's workforce were on vacation/personal leave, 2.0% were on FMLA, 2.7% took time off for illness, and 3.2% were unavailable to work for other reasons.

Union Pacific currently has 145 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 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 17% since mid-April 2022. We continue to evaluate our optimal fleet size given network fluidity, engine utilization, and current and projected network demand. As a result of the variability events described in the first section of this Report, the number of trains holding for power was relatively constant at 14 trains per day for the week ending July 7 compared to our last report even though we temporarily deployed ~40 additional locomotives to support our network recovery.

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 use its established processes to maintain the supply-demand balance. 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, car velocity improved by 12% to 199 miles per day on the Union Pacific network.

³ These numbers cover the reporting period from June 24, 2023, to July 7, 2023.

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

2. Operating Inventory: Union Pacific decreased operating inventory by 12% to 176,723 cars on the network.
3. Cars per Carload: Cars per carload realized a 13% improvement since mid-April last year to 7.7.
4. First Mile-Last Mile ("FMLM"): FMLM is 90%, which is flat 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 27 of the past 31 weeks, including above the stated goal for each of the last 13 weeks.
 - ii. TPC Manifest: TPC Manifest improved by 10 points versus our April 2022 benchmark to 69% and has been within or above our stated goal range for 27 of the last 31 weeks, including above the stated goal for 11 of the last 12 weeks.
 - iii. TPC Intermodal: TPC Intermodal improved by 11 points versus the April 2022 benchmark to 84% and has been within or above our stated goal range for 24 of the last 31 weeks, including above the stated goal for each of the last 14 weeks.

B. Conclusion

While our metrics were relatively flat compared to our June 23 report, we are encouraged by the stability the network has displayed despite the variability and holiday impacts we have experienced over the past three weeks. Our improved resource availability – across the spectrum from locomotives to crews to freight cars – has played a vital role in providing this stability. We are confident the network is resourced for a sustained recovery. 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%