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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 October 28, 2022 decision, Union Pacific respectfully encloses its Service Progress Report for March 10, 2023. Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "James B. Boles".

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 10, 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 3rd. The metrics for the past two weeks were impacted by the series of winter storms discussed in the February 17th filing. Resource flows were impacted as trains were delayed by the storms that hit California, Wyoming, and to a lesser extent the Pacific Northwest. These train delays were predominantly caused by work windows to clear snow from the railroad right-of-way, variability associated with the cold temperatures and blizzard conditions, and highway closures that impacted our employees' ability to access their work locations.

Despite the challenges noted above, all our key performance indicators have remained relatively flat versus the 7-days ending February 17th. In addition, we continue to see the network gain additional fluidity with each passing day as resource flows return to a more normalized state.

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 264 employees, including 1,343 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 769 employees. During this reporting period,³ 219 trainees entered training, 46 trainees dropped out, and 96 trainees completed training.

For the week ending March 3rd, 84.5% 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 February 18, 2023, to March 3, 2023.

average for this period, 6.7% of Union Pacific's workforce were on vacation/personal leave, 1.8% were on FMLA, 2.1% took time off for illness, and 4.9% were unavailable to work for other reasons.

Union Pacific currently has 238 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 remains around 4,200 units, consistent with the first two months of 2023.

Train velocity on the network has improved by 9% since mid-April 2022. Any improvement from current train velocity levels will provide additional locomotive capability with 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 9% to 192 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 9% to 183,072 cars on the network.
3. Cars per Carload: Cars per carload realized a 10% improvement since mid-April to 7.9 as our carload rate has increased by ~1% compared to the mid-April baseline and increased by ~5% versus the week ending February 17th.
4. First Mile-Last Mile ("FMLM"): FMLM is up one point at 91% 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 15 points versus our April benchmark to 81% and has been at or above our stated goal range for 9 of the past 13 weeks.
- ii. TPC Manifest: TPC Manifest improved by 10 points versus our April benchmark to 69% and has been at or above our stated goal range for 10 of the last 13 weeks.
- iii. TPC Intermodal: TPC Intermodal improved by 2 points to 75% versus the April benchmark and has been at or above our stated goal range for 9 of the last 13 weeks.

B. Conclusion

As a result of being able to better align resources across the network over the past few months, we once again exhibited resiliency during the recent significant weather challenges. Now that the backlog of trains delayed for the events described above has been reduced to a more normalized level and assuming no significant unforeseen events, we anticipate that Car Velocity will begin to improve in the coming days and weeks.

One potential impediment to this progress is the next series of storms forecasted to hit California, northern Iowa, and Southern Minnesota. At this time, our route from Roseville, California to Sparks, Nevada is forecasted to receive more than 100 inches of snow over the next 10 days. This is in addition to 600+ inches of snow that has already accumulated this season. In addition, significant rainfall is forecasted at lower elevations, which will present flooding and mud slide risks on this route. We are currently prepositioning materials and resources in preparation for these storms.

We will continue to advance our strategy of assessing the network and adjusting 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 hit 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%