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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 ("CSXT") second interim update, in response to the Board's order served January 31, 2024 in the above-captioned proceeding.

Sincerely,

A handwritten signature in blue ink that reads "John P. Patelli".

John P. Patelli

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

URGENT ISSUES IN FREIGHT RAIL SERVICE—RAILROAD REPORTING

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

**SECOND INTERIM UPDATE
OF CSX TRANSPORTATION, INC.
IN RESPONSE TO THE JANUARY 31, 2024 ORDER**

The Board's January 31, 2024 order (the January 31 Order) extended the temporary reporting of monthly employment data in this docket until December 31, 2024.¹ The January 31 Order also directed CSX Transportation, Inc. (CSX) and three other Class I carriers (collectively, the Carriers) to provide a second interim update containing labor force targets for employees actually on the job in six months (July 1, 2024) and in one year (December 1, 2024), broken out by transportation (T&E), maintenance of way and structures (MOW), maintenance of equipment and stores (MOE), customer service employees, and all remaining personnel. The Board also requested detailed information about any updated plans to incentivize hiring and retention, including any specific policies or incentives aimed at maintaining an adequate labor supply.

Pursuant to the January 31 Order, CSX herein provides the requested second interim update.

I. Labor Force Targets

a. Prior Targets

In the Board's June 13, 2022 order in this docket (the June 13 Order), the Board directed the Carriers to provide labor force targets as part of their revised service recovery plans. In its revised service recovery plan filed June 23, 2022, CSX provided a 2022 year-end target of 7,000-7,100 active T&E employees.² Extending over the next one to two years, CSX advised that it would continue to hire to support business growth, and expected an active T&E count in the range of 7,000-7,500 employees. For MOW and MOE, CSX advised that it expected to maintain labor force levels as reported in CSX's Form C filed June 15, 2022 (4,905 MOW, 2,451 MOE), supplemented by hiring for attrition and business needs. CSX further advised that it expected to maintain its labor force levels of customer service (40) and other employees (3,129), supplemented by hiring for attrition and business needs.

The January 31 Order noted that CSX had met its T&E and MOE labor force targets but had not yet achieved its MOW target when compared to the November 2023 monthly employment data submitted in this docket. Jan. 31 Ord., EP 770 (Sub-No. 1), slip op. at 6. As the Board recognized

¹ Recognizing the improvement in Class I service performance levels since its initiation of this proceeding, the Board did not extend the service data reporting requirements in this docket.

² CSX's active T&E count excludes trainees.

in its October 28, 2022 order in this docket (October 28 Order), MOW numbers are particularly affected by seasonality. CSX notes that as of its January 2023 monthly employment data submission in this docket, CSX has met and exceeded its prior MOW target (5,183 MOW).

b. New Targets

Through the balance of 2024, CSX continues to expect an active T&E count in the range of 7,100-7,500 employees. As noted in its service recovery plan, CSX reviews each operational location weekly to identify areas where employee attrition is expected or where volume has been (or is expected to be) added or lost from the network, and revises its operating plan accordingly based on those factors. As a result, where precisely the T&E count ultimately falls within that 7,100-7,500 range will be the result of a continuous feedback process between CSX, its customers and multiple internal departments including Operations, Sales & Marketing, Human Resources and Finance.

With respect to MOW, CSX expects to maintain a labor force level between 4,800 and 5,200 employees through year-end. For MOE, CSX expects to maintain a labor force between 2,500 and 2,800 employees in 2024. As with T&E, CSX continuously monitors both MOE and MOW labor levels, particularly on a location-specific basis, and expects to supplement as needed for attrition and business needs.

In its service recovery plan, CSX described its efforts to strengthen both its customer service team and the resources it makes available to customers for resolution of service issues such as shipment delays. CSX reported an increase in cases during the height of the service challenges, but noted that its Customer Solutions team was familiar with shipper needs and appropriately staffed to address and resolve those issues. As a direct result of CSX's service improvement, calls to CSX's Customer Solutions team are down 40% from their apex. CSX has taken advantage of this decrease by proactively deploying its Customer Solutions team in innovative ways, such as customer monitoring pilot programs. The result has been a natural evolution of CSX's customer service function from issue resolution to a stronger focus on enhancing the shipper experience. Accordingly, CSX expects to continue to maintain its Customer Solutions labor force in the range of 35 to 40 employees.

For all other employees, CSX expects to maintain a labor force level between 3,300 and 3,600, supplemented by hiring for attrition and business needs.

II. Plans to Incentivize Hiring and Retention

In its service recovery plan, CSX noted that the labor shortage and the lessons learned from the pandemic compelled CSX to be more creative and determined in its approach to recruiting, staffing, and engaging employees. CSX's Human Resources team continues to employ creative hiring strategies while also partnering closely with Operations, Sales & Marketing, Finance and Crew Management to keep pace with attrition and fill critical supply points. Although current recruiting efforts are largely focused on specific locations of need, CSX continues to recruit network-wide and to build talent pipelines across personnel groups.

With respect to specific plans to incentivize hiring, CSX continues to reevaluate job requirements, offer referral bonuses, and maintain a strong multi-media recruitment presence. Human Resources also conducts on-site hiring sessions, which gives candidates an opportunity to visit our

facilities and yards. In addition, CSX proudly partners with military organizations and technical schools to expand its recruiting efforts.

With respect to retention of current employees, CSX remains engaged with its ONE CSX workforce to support work-life balance and total well-being. As part of this engagement, CSX offers training programs, safety improvements, financial planning assistance, child and dependent care support, mobile devices and other modernized work tools. CSX is continually soliciting feedback about its workplace culture in order to identify and implement initiatives to strengthen the overall employee experience.