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The Honorable Martin Oberman, Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

The Honorable Michelle Schultz, 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 Karen Hedlund
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 Schultz and Board Members Fuchs, Primus, and Hedlund:

Per the Surface Transportation Board's May 5, 2022 order, Union Pacific respectfully encloses its Service Progress Report for December 2 2022. 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

December 2, 2022

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, are leading to better service.

Results for our key performance indicators declined over the past week. The metrics were impacted by an elevated number of trains and cars holding for the Thanksgiving holiday as train schedules were modified to match our resources and customer demand. This is not uncommon for a major holiday. Our EP 724 trains held and Trip Plan Compliance metrics for this week were comparable to the results we reported for the week ending July 8 which included the impact of the July 4 holiday.

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.

1. Crew Initiatives and Availability¹

Year to date, Union Pacific has graduated 1,109 employees, including 886 since May 6, 2022.² The train, engine, and yard ("TE&Y") training pipeline currently has 418 employees. During this reporting period,³ zero trainees entered training, 26 trainees dropped out, and 78 trainees completed training.

For the week ending November 25, 2022, Union Pacific's data show that on average 81.3% of Union Pacific's total qualified TE&Y employees were available to work on a given day, down 4.1 points from our November 18 report and was lower than the same time period in 2021. This decrease in availability was driven by the Thanksgiving holiday. 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, 9.3% of Union Pacific's workforce were on vacation/personal leave, 2.4% were on FMLA, 2.9% took time off for illness, and 4.1% were unavailable to work for other reasons.⁴

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 November 12, 2022, to November 25, 2022.

⁴ To provide insight into Union Pacific's crew availability, Union Pacific is providing additional bi-weekly information since April 1, 2022, in the Addendum.

Union Pacific currently has 185 borrow-outs across the system, down 10 since our last report as we continue to actively work to reallocate resources across the network to match crew supply to crew demand. Nearly 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.

a) Locomotive Initiatives

Union Pacific has added almost 200 units to our operable fleet since the beginning of the year to handle the additional gross ton miles that are currently being tendered. Additionally, we have increased the number of locomotives we will modernize in 2022 by ~11%. Approximately 72% of the expanded program has already been completed. We will be modernizing additional locomotives in 2023 in our efforts to further improve the reliability, fuel efficiency, and emissions performance of Union Pacific's locomotive fleet.

Train velocity on the network has improved by 6% since mid-April. This improved velocity helps generate additional locomotive supply across Union Pacific's network.

b) Freight Car Initiatives

Union Pacific continues to evaluate opportunities to match UP-controlled freight car supply with freight car demand. This will become critical as we approach the holiday season and as we continue to monitor demand within the broader economy. In addition, we continue to work with our customers to help reduce the number of excess private cars on the network. As we shared with Surface Transportation Board Members in meetings over the last few weeks, Union Pacific has continued to work with customers to reduce excess inventory to relieve congestion resulting from elevated operating inventory.

A. Union Pacific's key performance indicators discussed below show improved network fluidity.⁵

1. Car Velocity: Since mid-April, car velocity improved by 5% to 186 miles per day on the Union Pacific network.
2. Operating Inventory: Union Pacific decreased operating inventory by 4% to 193,459 cars on the network.
3. Cars per Carload: Cars per carload realized a 1% decrease to 8.8 as carloads have decreased by ~5% since our last update.
4. First Mile-Last Mile ("FMLM"): FMLM decreased three points to 87% compared to the mid-April metric.

⁵ 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 five points to 71%.
- ii. TPC Manifest: TPC Manifest improved by five points to 64%.
- iii. TPC Intermodal: TPC Intermodal improved by five points to 78% versus the April benchmark and was within our stated goal range for the fifth straight week.

B. Conclusion

The metrics we reported this week and, to some extent, the metrics we will report for the week ending December 2 will be impacted by the Thanksgiving holiday. However, we will continue to assess the network and adjust our resources to ensure network fluidity and to meet customer demand. With the adjustments made to relocate crew resources, our initiatives to further reduce system-controlled and private inventory, and the opportunity to reset the network because of the Thanksgiving holiday, we anticipate our service performance will recover and eventually exceed the levels realized in early October.

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%

Union Pacific will continue to update its crew availability in its bi-weekly service progress reports.