

Surface Transportation Board
Washington, D.C. 20423-0001

March 16, 2018

Mr. Lance M. Fritz
Chairman, President and Chief Executive Officer
Union Pacific Corporation and Union Pacific Railroad Company
1400 Douglas Street
Omaha, NE 68179

Dear Mr. Fritz:

Thank you for meeting with us separately last week to update us on the challenges facing Union Pacific (UP) and its customers. We appreciated learning about UP's ongoing efforts to improve service on its network. Due to our increasing concerns regarding service across the rail network, we are writing to all Class I railroads to request each carrier's service outlook in the near term and for the remainder of 2018.

As you know, the Board closely monitors freight rail service across the nation's rail system. In recent weeks, the Board has become increasingly concerned about the overall state of rail service based on the weekly data collected by the Board pursuant to 49 C.F.R. pt. 1250. Although there are exceptions, most Class I railroads' data indicate that service is deteriorating. For several major railroads, system average train speed has declined noticeably, while system average terminal dwell time has climbed. For these same railroads, other key metrics – such as the average number of cars in revenue service that have not moved in 48 hours or more – are trending in an unfavorable direction. The Board's Rail Customer and Public Assistance program staff will begin holding weekly calls with these carriers.

The Board also recently received correspondence from two major rail shipper trade associations, the National Grain and Feed Association (NGFA) and the Alliance of Automobile Manufacturers (Auto Alliance). Although these associations represent very different industries, they voiced similar serious concerns about the reliability of the nation's freight railroad network. Both letters described significant degradation in rail service in recent months. These letters have been posted on the Board's website.

For the information of the Board and stakeholders, please provide the Board a written response regarding the outlook for rail operations across your network. In your response, please address the following issues related to the adequacy of your rail service:


- Locomotive availability: Please discuss your locomotive fleet, including the current number of road locomotives and whether that number is adequate to meet service demand, as well as available stored serviceable locomotives versus historical norms. Please also address locomotive acquisition plans for 2018.


- Employee resources: Please discuss whether your current train and engine employee headcount is adequate to meet service demand and your hiring plans for operating personnel in 2018, including recent train recrew rates versus historical norms. Also, please discuss the adequacy of managerial personnel in the field, and whether managerial resources are presently sufficient to execute operations.
- Local service performance: Please discuss your carrier's local service performance, including specific yards or locations where performance is trending below historical norms.
- Demand: Please discuss your expectations for service demand in 2018, ability to serve this demand, and whether internal projections for demand in 2018 have been accurate based on actual volumes year-to-date.
- Communication: Please describe initiatives to proactively communicate with shippers regarding service issues.
- Capacity constraints: Please identify any specific locations on your network currently experiencing sustained congestion due in whole or in part to capacity constraints and what actions are being taken to alleviate congestion, including re-routes and/or infrastructure enhancement.

In addition, please comment on the issues raised by NGFA and the Auto Alliance.

Thank you for your attention to this request. If you or your staff have any questions about our requests, please contact Lucille Marvin, Director of the Board's Office of Public Assistance, Governmental Affairs, and Compliance, at 202-245-0238.

Sincerely,


Ann Begeman
Acting Chairman


Deb Miller
Vice Chairman