

SURFACE TRANSPORTATION BOARD

DECISION

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

URGENT ISSUES IN FREIGHT RAIL SERVICE—RAILROAD REPORTING

Digest:¹ To help assess the durability of service recovery efforts, this decision extends the period for temporary reporting of employment data for all Class I carriers to December 31, 2024, and requires certain updated information from BNSF Railway Company, CSX Transportation, Inc., Norfolk Southern Railway Company, and Union Pacific Railroad Company. Given recent service improvements, this decision declines to extend the service performance data reporting previously required in this docket.

Decided: January 30, 2024

The Board has continued to closely monitor weekly rail service performance data submitted in this docket and pursuant to 49 C.F.R. part 1250.² Prior decisions in this docket have recognized the importance of rail network reliability and discussed reports from stakeholders regarding rail service problems. Service performance data from recent weeks³—including key performance indicators such as velocity, terminal dwell, first-mile/last-mile (FMLM) service (i.e., industry spot and pull (ISP)), operating inventory, and trip plan compliance (TPC)—show that service has improved since April 2022. As explained below, the four largest Class I carriers⁴ have improved their TPC for manifest traffic, a meaningful indicator of service reliability, by 17 to 29 percentage points since the first submission of service data in this docket in May 2022. Taken together, the Four Carriers are now meeting the majority of

¹ The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. See Pol’y Statement on Plain Language Digs. in Decisions, EP 696 (STB served Sept. 2, 2010).

² Rail service data collected pursuant to 49 C.F.R. part 1250 is available on the Board’s website at www.stb.gov/reports-data/rail-service-data/.

³ The Board has reviewed all data submitted in this docket, including data submitted since the week ending April 14, 2023 (the data period following the May 2, 2023 decision in this docket (May 2 Order)). Its discussion of data from “recent weeks” herein will focus on the period from October 28, 2023, to December 22, 2023.

⁴ BNSF Railway Company (BNSF), CSX Transportation, Inc. (CSXT), Norfolk Southern Railway Company (NSR), and Union Pacific Railroad Company (UP) (collectively, the Four Carriers).

their one-year service targets,⁵ covering a wide range of traffic categories and indicators. It is important to note that these one-year service targets were not intended to reflect long-term service goals but rather to reflect realistic service improvements achievable within a one-year period, knowing that it would take the Four Carriers some time to recover from insufficient workforce levels. Recognizing this improvement, the Board does not see the need at this time to extend the service data reporting previously required in this docket.⁶ The Board notes that the Four Carriers have also increased overall workforce levels since May 2022 and have met most of their labor force targets—again targets that were intended to be short-term realistic goals. However, to assess the durability of these recent service recovery efforts and for the reasons discussed further below, the Board will temporarily extend collection of certain employment data.

Background

The Board held a public hearing on April 26 and 27, 2022, in Washington, D.C., to discuss the serious rail service problems and recovery efforts. The Board heard firsthand from senior officials of the Four Carriers, as well as other Class I carriers, affected shippers, shipper organizations, labor organizations, and other interested parties. At that hearing, the Board heard testimony about several carriers' poor service metrics, the connection between poor service and crew shortages, and the impact of poor service on rail users whose businesses are central to the country's economic well-being.

As an immediate step toward addressing the significant service problems, the Board issued a decision in this docket on May 6, 2022 (May 6 Order), directing the Four Carriers to submit recovery plans and progress reports, participate in biweekly conference calls to further explain efforts to correct service deficiencies, and report (along with all Class I carriers) more comprehensive and customer-centric performance metrics and employment data for a six-month period.⁷ May 6 Ord., EP 770 (Sub-No. 1), slip op. at 4-5. The first week of required performance data submitted by the Four Carriers revealed extensive service delays and reliability problems. Additionally, the Four Carriers' service recovery plans did not meet the Board's expectations and, in some instances, did not comply with the May 6 Order. Therefore, on June 13, 2022, the Board issued a decision in this docket (June 13 Order) directing the Four Carriers to submit revised plans detailing how they intended to improve service on their respective freight rail networks. June 13 Ord., EP 770 (Sub-No. 1), slip op. at 5.

⁵ The Four Carriers submitted one-year service targets in their December 2022 Interim Updates.

⁶ The Board extended certain service and employment reporting requirements for the Four Carriers and the other Class I carriers through December 31, 2023. See Urgent Issues in Freight Rail Serv.—R.R. Reporting, EP 770 (Sub-No. 1) (STB served May 2, 2023).

⁷ Pursuant to 49 U.S.C. § 11145(a)(1), the Board may require rail carriers to file annual, periodic, and special reports with the Board “containing answers to questions asked by it” and, pursuant to 49 U.S.C. § 1321(b)(3), the Board may obtain from carriers “information the Board decides is necessary to carry out subtitle IV.”

To evaluate their progress towards service improvement, the Board directed the Four Carriers, in both the May 6 Order and the June 13 Order, to select key service performance indicators and targets (including, at a minimum, an indicator and target for FMLM service and TPC performance)⁸ that each carrier expected to meet at the end of the six-month reporting period for each indicator selected. May 6 Ord., EP 770 (Sub-No. 1), slip op. at 4-5; June 13 Ord., EP 770 (Sub-No. 1), slip op. at 4. The Board also directed the Four Carriers to include labor force targets for employees actually on the job (i.e., those employees who are not furloughed) at six months and one year (using the same timeframe starting point as their key service performance indicator targets), broken out by the categories of train and engine (T&E), maintenance of way and structures (MOW), maintenance of equipment and stores (MOE), customer service employees, and all remaining personnel. June 13 Ord., EP 770 (Sub-No. 1), slip op. at 7. Additionally, the June 13 Order directed the Four Carriers to include certain data about trainees in their monthly employment data and service recovery plans. Id. at 7-8.

In an October 28, 2022 decision in this docket (October 28 Order), the Board stated that data submitted by the Four Carriers through the week ending October 14, 2022, showed some signs of service improvement for indicators such as velocity, dwell, and TPC, and noted that all Four Carriers were meeting some of their six-month targets for service improvement. Oct. 28 Ord., EP 770 (Sub-No. 1), slip op. at 2, 5. But because the data suggested that the Four Carriers would not meet all of their six-month targets, and widespread service issues continued to affect the network, the Board found that it must continue to monitor the Four Carriers' service performance and hiring efforts. Id. at 17. The Board, therefore, directed the Four Carriers to continue to submit biweekly service progress reports and directed all Class I railroads to submit weekly performance data in this docket for an additional six-month period ending on May 5, 2023.⁹ Id. at 18. The Board also directed the Four Carriers to submit an interim update containing, among other things, one-year service targets for each of their key performance indicators. Id. at 19. Further, the Board required BNSF and UP to update their labor force targets and allowed CSXT and NSR to update their labor force targets if necessary. Id.

In the May 2 Order, the Board extended the temporary reporting period for all Class I carriers to December 31, 2023, while modifying some reporting requirements for CSXT.¹⁰

⁸ In the May 6 Order, the Board directed the Four Carriers to select an indicator and target for FMLM and TPC based on the requirements for the weekly performance data submitted in this docket for Items 5 (ISP) and 7 (percentage of cars placed at destination within 24 hours of the original ETA). May 6 Ord., EP 770 (Sub-No. 1), slip op. at 4-6. Although the Four Carriers call these indicators by different names in their service recovery plans (e.g., local service performance, on-time performance), their progress towards their FMLM and TPC targets has been compared to the weekly performance data submitted in this docket for Items 5 and 7.

⁹ In the October 28 Order, the Board stated that it would not require the Four Carriers to continue to participate in individual biweekly conference calls. Oct. 28 Ord., EP 770 (Sub-No. 1), slip op. at 18.

¹⁰ Pursuant to the May 2 Order, CSXT is not required to submit biweekly service progress reports or include trainee information in its monthly employment data. May 2 Ord., EP 770 (Sub-No. 1), slip op. at 7.

May 2 Ord., EP 770 (Sub-No. 1), slip op. at 6-7 (stating that CSXT had been meeting most of its targets for service improvement on a consistent basis). The Board noted that BNSF, NSR, and UP generally were not meeting their service performance targets on average. Id. at 6. The Board explained that while not all Class I carriers were experiencing service problems to the same degree and data showed some improvement for some performance indicators, problems with one carrier or in one area can quickly spread due to the interconnectivity of the rail network. Id. at 7. Thus, the Board determined that continuing applying certain reporting requirements to all Class I carriers would allow the Board to assess ongoing service issues across the entire rail network.¹¹ Id.

Recent Data

The most recent data submitted in this docket indicates that the Four Carriers' service performance levels have improved since the Board initiated this proceeding and required the Four Carriers to set targets and report on their service performance. As demonstrated in Table 1, the Four Carriers have all improved the timeliness of their manifest carload service, a key performance indicator, when comparing December 2023 data to May 2022 data.

Table 1 – Weekly Percentage of Manifest Service Rail Cars Placed Within 24 Hours of Original Arrival Estimate Data

Railroad	One-Year Target	Data for the Week Ending May 13, 2022¹²	Data for the Week Ending December 22, 2023¹³	Absolute Percentage Point Change Since 2022
BNSF	65%	54.1%	72.2%	18.1%
CSXT	82%	69.0%	91.0%	22.0%
NSR	82%	48.0%	77.2%	29.2%
UP	70%	63.0%	80.0%	17.0%

The following section compares the Four Carriers' one-year service targets to recent data submitted in this docket and pursuant to 49 C.F.R. part 1250. This section also compares the Four Carriers' employment targets to recent data submitted in this docket and pursuant to 49 C.F.R. part 1246.

¹¹ Following the May 2 Order, other stakeholders, including the U.S. Department of Transportation and the Federal Railroad Administration, have also filed submissions in this docket.

¹² This date signifies the Four Carriers' first data submission of weekly performance data filed in this docket. Performance data is submitted to the Board the Wednesday after the week ending date (e.g., data for the week ending May 13, 2022, was filed the following Wednesday, May 18, 2022).

¹³ This date signifies the Four Carriers' last data submission of weekly performance data filed in this docket.

BNSF. BNSF identified train velocity, terminal dwell, local service performance, average trains holding per day, and on time performance (OTP) as its key performance indicators. (BNSF Serv. Recovery Plan 4, 11.) At the end of the one-year reporting period, BNSF stated that it expects to achieve a velocity target of 26 miles per hour, a terminal dwell target of 25.5 hours, a local service performance target of 91%, and an average of 95 trains holding per day. (BNSF Interim Update 7.) For the OTP category, BNSF stated that its targets are 75% OTP for intermodal, 75% OTP for coal unit, 65% OTP for merchandise,¹⁴ 75% OTP for grain unit, 70% OTP for crude unit, 70% OTP for auto unit, and 50% OTP for ethanol unit. (Id.)

According to the weekly data for the period starting November 25, 2023, and ending December 22, 2023, BNSF met its one-year service targets for key performance indicators including dwell time, train velocity, and average trains holding per day. BNSF met or nearly met its local service metric during this period. With respect to OTP for these reporting weeks, BNSF met its targets for merchandise, intermodal, automotive unit, coal unit, and ethanol unit trains—but missed the targets for crude oil unit and grain unit trains. This shows improvement when compared to weekly data for the period starting October 28, 2023, and ending November 24, 2023.

For its labor force targets, BNSF stated in its December 2022 Interim Update that, in one year (May 6, 2023), it expects 14,905 T&E employees, 8,094 MOW employees, and 6,348 MOE employees in active service.¹⁵ (BNSF Interim Update 7.) When compared to the November 2023 monthly employment data in this docket for employees actively on the job, BNSF met its MOE and T&E targets but did not meet its MOW target. However, BNSF has previously met its MOW target.

CSXT. CSXT identified FMLM, velocity, dwell, and TPC as its key performance indicators. (CSXT Serv. Recovery Plan 1.) At the end of the one-year reporting period, CSXT stated that it expects to achieve a FMLM target of 87%, a velocity target of 24.2 miles per hour, and a terminal dwell target of 21.3 hours. (CSXT Interim Update 3.) CSXT stated that its TPC targets are 82% for manifest traffic, 92% for aggregate unit train traffic¹⁶ (including grain unit,

¹⁴ The terms “merchandise” and “manifest” refer to the same traffic.

¹⁵ BNSF has indicated to Board staff that it intended for its progress towards its labor force targets to be measured against the monthly employment data it submits in Form C pursuant to 49 C.F.R. part 1246. Data submitted under “Total Headcount” in Form C includes a broader group of employees (i.e., total employees on the payroll) than the “Count of Employees in Active Service” data in this docket. Although the Board will continue to monitor Form C data, this decision considers employment data submitted in this docket.

¹⁶ Because CSXT does not collect TPC data for unit trains in the normal course of business, CSXT stated that it will report train profile data to create a surrogate of expected performance levels. (CSXT Methodology 3, May 18, 2022.) According to CSXT, after a unit train is “loaded, billed, and released back to the railroad,” CSXT assigns a train profile and a scheduled runtime for that profile. (CSXT Interim Update 4.) Thus, the best surrogate it could devise for a unit train TPC metric “was to measure each unit train’s performance against the scheduled runtime of that unit train profile.” (Id.)

coal unit, automotive unit, crude oil unit, and ethanol unit), and 97% for intermodal traffic.¹⁷ (CSXT Interim Update 3.)

With one minor exception,¹⁸ CSXT has exceeded its velocity, terminal dwell, TPC, and FMLM targets in recent weeks. While CSXT has met or exceeded its target for some unit trains for many weeks during this period, CSXT has been below its target for ethanol and grain unit traffic.

For its labor force targets, CSXT stated that it expects to have 7,000 to 7,500 T&E employees over the next one to two years, 4,905 MOW employees in one year, and 2,451 MOE employees in one year. (CSXT Revised Serv. Recovery Plan 10-11.) Although CSXT has not yet achieved its MOW target, it has met its T&E and MOE targets when compared to the November 2023 monthly employment data submitted in this docket.

NSR. NSR identified system velocity, terminal dwell, local operating plan adherence, and on-time delivery as its key performance indicators. (NSR Serv. Recovery Plan 1.) At the end of the one-year reporting period, NSR stated that it expects to achieve a system velocity target of 22 miles per hour, a terminal dwell target of 21.5 hours, and a local operating plan adherence target of 78%. (NSR Interim Update 5.) For on-time delivery, NSR stated that its targets are 82% for merchandise traffic and 99% for intermodal traffic.¹⁹ (NSR Interim Update 5.)

NSR has not met its targets for terminal dwell, local operating plan adherence, and on-time delivery of merchandise traffic in recent weeks. NSR has exceeded its target for velocity for one reporting period and exceeded its target for on-time delivery of intermodal traffic for two reporting periods, but NSR has not met or exceeded these or other targets consistently. However, NSR showed improvement during the week ending on December 22, 2023, as NSR was within 0.5 miles per hour of its velocity target, 2 hours of its dwell time target, and 1.5 percentage points of its intermodal on-time delivery target.

For its one-year labor force targets, NSR projected to have 7,613 T&E employees, 4,166 MOW employees, and 2,472 MOE employees in active service. (NSR Interim Update 11.) Compared to the November 2023 monthly employment data submitted in this docket, NSR has met its one-year T&E and MOE targets, but NSR has not met its MOW target.

¹⁷ The Board notes that, unlike the other carriers, CSXT measures TPC for intermodal traffic by percentage of intermodal trains arriving within 24 hours of their scheduled final arrival time, rather than by measuring transit for the individual intermodal units, which may capture additional delays at terminals accrued during staging, loading, unloading, and stacking activities. (CSXT Methodology 3, May 18, 2022.)

¹⁸ The average dwell time for the week ending November 24, 2023, was 21.31 hours for CSXT, which is only slightly above the threshold of 21.3.

¹⁹ NSR has stated that it is unable to provide a target for unit trains because they are unscheduled and, because it does not track unit train performance by adherence to the original ETA, it does not have that metric available. (NSR Revised Serv. Recovery Plan 26.)

UP. UP identified car velocity,²⁰ operating inventory,²¹ cars per carload,²² FMLM, and TPC as its key performance indicators. (UP Serv. Recovery Plan 3.) UP provided targets and target ranges for its key performance indicators. At the end of the one-year reporting period, UP stated that it expects to achieve a car velocity target of 207 miles per day (range of 205-210), an operating inventory target of 190,000 cars (range of 185,000-195,000), a system average of cars per carload target of 7.9 (range of 7.7-8.1), and a FMLM target of 91% (range of 91%-100%). (UP Interim Update 4.) For TPC, UP stated that its targets are 70% for manifest traffic (range of 66%-73%), 80% for intermodal traffic (range of 76%-83%), and 81% for aggregate bulk traffic (range of 77%-85%). (Id.)

UP's biweekly progress reports filed from November 3, 2023, to December 29, 2023, indicate that UP has met its targets for operating inventory, cars per carload, and car velocity in recent weeks. Data also shows that, in recent weeks, UP has met its targets for FMLM and trip plan compliance for bulk, manifest, and intermodal traffic. However, for many of the weeks spanning October 28, 2023, to December 22, 2023, UP's on-time performance for crude oil unit trains has been below its TPC target for overall bulk traffic. To a lesser extent, ethanol unit trains have also been consistently below UP's TPC target for overall bulk traffic.

For its one-year labor force targets, UP stated that it expected to have 13,350 T&E employees, 8,000 MOW employees, and 4,975 MOE employees in active service. (UP Supp. Interim Update 1.) UP's November 2023 monthly employment data on employees in active service indicates that UP has met its T&E target. However, UP has fallen significantly short of its labor force targets for MOW and MOE.

Extension of Temporary Reporting Period

As described above, overall performance data shows improvement reflected in several key performance indicators, especially with regard to service. For the past several months, Board members have received numerous reports that the railroads expect to see an increase in traffic resulting from, among other things, forecasted improvements in economic conditions. Equally important, all of the Four Carriers have made public reports that they are committed to growing traffic on their networks and specifically to work to move substantial amounts of freight

²⁰ UP's car velocity indicator measures the average daily miles a car moves on the network. (UP Revised Serv. Recovery Plan 23.)

²¹ Operating inventory represents UP's active inventory minus cars placed at rail users' facilities. (UP Revised Serv. Recovery Plan 23.) UP intends to decrease its operating inventory because it contends that a surplus of operating inventory is a primary contributor to network congestion. (Id. at 24.)

²² Cars per carload represents the operating inventory required to generate one revenue carload and is calculated by dividing operating inventory by the average daily number of revenue carloads. (UP Revised Serv. Recovery Plan 24.) UP intends to decrease its cars per carload metric, which would signify that it is using fewer freight cars to move rail users' shipments across the network. (Id.)

from trucks to rail.²³ The Board is mindful that the service crisis that necessitated this proceeding was due in large part to a significant reduction in workforce levels by the Four Carriers, which left them unable to handle the last significant increase in traffic that came when the economy began to recover in late 2020. Noting that employment levels at the Four Carriers are still approximately 14,000 below pre-pandemic levels from September 2019,²⁴ that total employment levels at the Four Carriers have been essentially flat for the past six months, and that the data in this docket shows that UP has been reducing its workforce through furloughs in numbers greater than the other three carriers, the Board will continue to monitor whether the railroads will have a sufficient workforce to handle increased demand in a satisfactory manner. For these reasons, and particularly to assess the durability of the above documented service recovery efforts and the ability of the Four Carriers to meet an increase in service demand, continued monitoring of data pertaining to hiring efforts is warranted.

Accordingly, all Class I carriers will be directed to continue to submit monthly employment data in this docket, as described in Item 8 of the May 6 Order, beginning on February 15, 2024,²⁵ until December 31, 2024.²⁶ BNSF, NSR, and UP will be directed to continue to submit data about trainees in their monthly employment data. See June 13 Ord., EP 770 (Sub-No. 1), slip op. at 7-8. Additionally, BNSF, CSXT, NSR, and UP will be directed to provide a second interim update by February 29, 2024, containing labor force targets for employees actually on the job in the first six months of this year (by July 1, 2024) and in one year (by December 31, 2024), broken out by transportation (train and engine), maintenance of way and structures, maintenance of equipment and stores, customer service employees, and all remaining personnel. The Four Carriers must also provide detailed information about any updated plans to incentivize hiring and retention, to include identifying any specific policies and

²³ See, e.g., J.B. Hunt and BNSF Expand Intermodal Marketplace with Launch of Quantum, J.B. Hunt (Nov. 7, 2023), www.jbhunt.com/our-company/newsroom/2023/11/jb-hunt-bnsf-quantum; Joanna Marsh, CSX Continues to Target Truck-to-Rail Conversions, FreightWaves (July 21, 2023), www.freightwaves.com/news/csx-continues-to-target-truck-to-rail-conversions; Carolina Worrell, CN, NS Announce New Domestic Intermodal Service, Railway Age (Sept. 11, 2023), www.railwayage.com/freight/class-i/cn-ns-announce-new-domestic-intermodal-service/; Bill Stephens, The Trains Interview: Union Pacific CEO Jim Vena Talks Service, Growth, Competition, and Steam, Trains (Oct. 19, 2023), www.trains.com/trn/news-reviews/new-wire/the-trains-interview-union-pacific-ceo-jim-vena-talks-service-growth-competition-and-steam/.

²⁴ See Employment Data, STB, www.stb.gov/reports-data/economic-data/employment-data/.

²⁵ Carriers who have not submitted December 2023 employment data should include monthly employment data for both December 2023 and January 2024 in their February 15, 2024 submissions.

²⁶ Based on circumstances near the end of this reporting period, the Board may assess whether, and to what extent, continued collection is necessary. The Board may also consider whether it should undertake a rulemaking to make this or a similar collection permanent.

incentives they intend to use to maintain an adequate labor supply along with an explanation of how such measures will attract and retain personnel.²⁷

The Board will not require that all Class I railroads continue to submit weekly performance data in this docket or that BNSF, NSR, and UP continue to submit biweekly service progress reports.

It is ordered:

1. All Class I railroads shall continue to submit monthly employment data in this docket beginning February 15, 2024, until December 31, 2024, as described above.

2. BNSF, NSR, and UP shall continue to include trainee data in their monthly employment data.

3. BNSF, CSXT, NSR, and UP shall submit a second interim update as described above by February 29, 2024.

4. This decision is effective on its service date.

By the Board, Board Members Fuchs, Hedlund, Oberman, Primus, and Schultz.

²⁷ June 13 Ord., EP 770 (Sub-No. 1), slip op. at 7.