

BEFORE THE
SURFACE TRANSPORTATION BOARD

Docket No. EP 770 (Sub No. 1)

URGENT ISSUES IN FREIGHT RAIL SERVICE—RAILROAD REPORTING

SERVICE RECOVERY PLAN OF BNSF RAILWAY COMPANY

I. Introduction

BNSF Railway Company respectfully submits this response to the Board’s May 6, 2022 order in the above-referenced proceeding. In that order, the Board directed Class I railroads, including BNSF, to submit service recovery plans that discuss the specific actions that railroads are taking to improve service along with the key performance indicators (“KPIs”) by which railroads will evaluate their progress toward such improvements, plus information concerning railroads’ staffing levels and plans with respect to fuel conservation programs.

We acknowledge that our service has not met our customers’ expectations in recent months, and we are committed to doing the necessary work to restore our service and help our customers and the economy grow. As part of that commitment, we implemented a service recovery plan and in our customer communications have identified the specific actions we planned to take and our expectations around how those would drive our return to our historic service levels. As BNSF’s representatives explained to the Board during the hearing in this matter held on April 26-27, transparency with our customers is a core value for us at BNSF, and we welcome the opportunity to continue our open communication with the Board about our service recovery plan and the progress made against it in coming months, including through this initial report and attendant bi-weekly reporting.

II. Components of BNSF's Service Recovery Plan

As we discussed in our testimony and in prior customer communications, BNSF's recent service difficulties were caused by a number of factors, but principally due to a sharp increase in volumes in 2021 that was far in excess of what BNSF and our customers had forecasted. While BNSF includes a buffer in the resource planning processes that we described for the Board last month, the accelerated demand experienced beginning in 2021 outpaced our ability to quickly flex up resources to handle the volume surge. The congestion that resulted from this volume was magnified by an increase in car inventory as our customers brought additional cars online to attempt to mitigate the effects of our reduced fluidity as well as a series of external events throughout Fall 2021 and Winter 2021-22. Accordingly, our service recovery plan consists primarily of three lines of effort to address the root cause: bringing additional crews and locomotives online to match the resources to the volume; and reducing excess cars on our network to clear congestion and move our customers' freight.

A. Hiring and Training Efforts

As described in our testimony at the April hearing, BNSF moved quickly in the fourth quarter of 2021 and increased our hiring efforts, particularly in areas of our network where we have faced greater challenges to hire and retain operating employees. To support service recovery efforts and current volume forecasts, BNSF currently has an aggressive 2022 hiring plan to ensure we hire, train, and deploy enough employees across our network to meet our anticipated needs. Additionally, we have recalled all but 23 of our furloughed TY&E employees. Thus far in 2022, we have hired 402 TY&E employees, and 229 new hire TY&E employees have completed training. We currently have 209 TY&E employees who will complete their training in the next 90 days.

We have implemented a number of new programs to support our recruiting effort. For instance, we have increased the number of offers we make to candidates to compensate for a decreased acceptance rate and increased rate of attrition occurring during initial training—characteristics of the current tight labor market that we experienced over the past six-plus months. Additionally, we are offering a number of incentives to current employees and job candidates to locate in our high-need areas, such as sign-on bonuses, adjustments to total compensation, and enhanced relocation benefits. We are also offering payments and other incentives to current employees to take on shorter-term assignments in labor-challenged locations, including the Pacific Northwest. With respect to training, we are reducing our interval between training classes to get new hires into training and ultimately into the field sooner.

As we continue to pursue our hiring plan, we will continue to closely monitor current volume levels, forecasts shared from our customers, and broader economic measures. Our hiring plans are also affected by the levels of attrition we are experiencing in parts of our network, and we will continue to monitor those trends at a system-wide and regional level. We will consider all these elements over the coming year and adjust our hiring and training targets as necessary to ensure our crew resources stay aligned with our customers' needs.

B. Increasing Locomotive Availability

BNSF has increased our locomotive fleet to ensure sufficient motive power is on hand for the volume seeking to move. When we initialized our service recovery plan in March, we had already brought 250 locomotives out of storage to support our fleet resiliency over the winter. We announced our plan to bring an additional 100 locomotives online. We have since accomplished that goal, thus increasing our active locomotive fleet by 350 units since the start of winter. We surged resources to our locomotive shops to get these units ready for active service quickly, and

we will continue to use that flex capacity at our shops to minimize downtime for maintenance and repair to ensure our fleet remains at the right size for our volumes.

C. Temporary Reductions to Car Inventory

As we stated during our testimony, managing the active car inventory is one of the most impactful operational action we can take to reduce congestion and improve fluidity and service performance. Unproductive railcars online consume capacity in our yards and sidings and slows our velocity. By closely managing the number of unproductive cars across our network, we can improve fluidity and velocity, enabling us to make more loadings and deliver loads faster.

We are mindful that our efforts to take cars offline may have short-term capacity effects for our customers, and we are engaged closely with our customers to identify mutually beneficial opportunities to store unproductive cars and are providing incentives to customers who voluntarily take cars offline. It is our hope and our intent to realize the inventory reduction we need to recover our network without unilaterally imposing embargoes on shippers and facilities.

III. Key Performance Indicators

BNSF will track the effectiveness of our plan by monitoring the following KPIs, which are explained in greater detail below:

- Train velocity;
- Terminal dwell;
- Average trains holding;
- On Time Performance; and
- Local service compliance.

In addition to the two KPIs the Board indicated must be addressed in our plan, we believe the other KPIs are the appropriate metrics for inclusion in our plan as they are strong indicators of performance and have been central to our customer conversations over the last several months. In terms of setting six-month goals for each of these metrics, BNSF considered historic trends across various periods, including seasonality, variations in demand and other factors, and our targets for each of these KPIs reflect performance in those measures during times when we are providing service at levels our customers are more accustomed to from BNSF. A chart providing our baseline scores at the outset of our current service recovery plan, current performance, and target performance is attached as Exhibit A. BNSF will submit this chart bi-weekly with updated data as required by the Board's May 6 order.

A. Train Velocity

BNSF measures train velocity as the average speed calculated by dividing train-miles by total hours operated and is expressed in miles per hour, excluding yard and local trains, passenger trains, maintenance of way trains, and terminal time. Train velocity indicates the speed at which trains are traversing our network in line-haul service and reflects the effect of intermediate dwell events such as train meets and the expiration of crew hours of service. Further, train velocity provides insight into the fluidity of the unit train network, which is not as affected by terminal dwell as manifest traffic.

B. Terminal Dwell

Terminal dwell is the time a car spends at a terminal location expressed in hours, beginning with a customer release, received interchange, or train arrival event and ending with customer placement (actual or constructive), delivery or offer in interchange, or train departure event.

Terminal dwell indicates how long it takes cars to be processed through a terminal as it traverses our network and is a key factor in overall transit time for manifest traffic. Increasing our available train crews and locomotive power will help reduce terminal dwell by facilitating faster classification and train building within our terminals as well as shortening the time trains are held for departure. Additionally, by working with our customers to temporarily reduce our car inventory, we will get unproductive cars out of our yards, which will reduce the number of car handlings and allow volume to move through terminals quicker.

C. Average Trains Holding

Average trains holding is a daily same-time snapshot of trains held on our network, averaged each week. Trains holding can reflect our success in aligning crews and locomotives to volumes—although trains are also held for reasons unrelated to crew or power availability, which is discussed further with respect to trip plan compliance. We will drive improvements in this KPI through the implementation of our hiring plan and our ongoing effort to keep locomotives in service with a minimum of downtime. Additionally, reducing our active car inventory will drive improvements here by freeing up our resources for trains moving freight.

D. On Time Performance

Pursuant to the Board's order in this proceeding, BNSF has included On Time Performance ("OTP") as a KPI in our plan. Our OTP KPI will measure the percentage of individual units (i.e., cars in both manifest and unit service, intermodal units, and individual Vehicle Identification Numbers) that are constructively or actually placed at destination within 24 hours of the original

estimated time of arrival.¹ This will capture each category of traffic the Board has included in its OTP metric definition in the order; however, BNSF does not track arrival/placement at a train-level, even for unit trains. Accordingly, BNSF's reported metric will provide our system average performance tracked at an individual unit level.²

E. Local Service Performance

Local service performance is BNSF's formulation of the First Mile/Last Mile ("FMLM") measure the Board seeks in its order. Our local service performance metric is the aggregate of each of our customer's individual service metric, which measures our compliance with each customer's base service plan and takes into account the days of service the customer receives; the times by which a car must be ordered or released to make same-day service; and the processing time BNSF allots to complete its work with respect to a specific car. For purposes of the industry service metric, and by extension the local service performance metric, a "win" is a car pulled or spotted in accordance with the customer's base service plan and the metric measures the "wins" over the total number of cars pulled or spotted at the customer's facility, essentially similar to the Board's definition of the FMLM metric set forth in its order in this proceeding.³

Local service performance is an important measure of whether we are meeting our commitment to our customers, and BNSF already provides customers with their individual

¹ BNSF believes that reliance the Board's formulation of OTP is problematic given its reliance on an original estimated time of arrival. BNSF has consistently expressed concerns about the use of original ETA as a reference point for any service metric. *See, e.g.,* Comments of BNSF Railway Company, *Demurrage Billing Requirements*, Ex Parte No. 759, at 16–18.

² BNSF will provide bi-weekly reports regarding OTP separately for each category of traffic the Board enumerates in Item 7 of the list of new temporary service data reporting requirements; however, for purposes of our system recovery plan, BNSF will be tracking the aggregate system average.

³ For a more fulsome description of BNSF's industry service metric and local service performance metric, see BNSF's initial comment in *First-Mile/Last-Mile Service*, Ex Parte No. 767 (Dec. 17, 2021).

industry service metric and publishes our local service performance metric on a bi-weekly basis. The actions we've described that will improve terminal fluidity will help to drive improvements in this KPI as well.

IV. Fuel Conservation Efforts

In its decision in this proceeding, the Board stated:

[the Board] expects each carrier within its service recovery plan to report on any plans it has to lift current velocity restrictions, as well as any plans it has to increase the power on its through trains—and not to limit the use of that power—so that each such train has the capacity to travel at track speed. To the extent a carrier has no such plan to lift velocity restrictions or increase power, the Board expects the carrier to explain why.⁴

BNSF does not intend to systematically suspend our fuel conservation program as part of this service recovery plan. In providing service to our customers, BNSF strives to achieve an appropriate balance of velocity and sustainability, and there has proven to be little velocity value to suspending our fuel conservation program. The speed at which a train traverses the line of road between two terminals is rarely a substantial factor limiting the transit time of a customer's shipment. Further, BNSF evaluates the way it operates the network from a full system perspective; and running all trains a little faster along the road and bunching them up at terminals would do more harm to service performance than good and would also unnecessarily mitigate the positive environmental outcomes created by our fuel efficiency programs. While BNSF has previously and will occasionally on a prospective basis suspend aspects of our fuel conservation program where a specific need to do so arises, a systematic suspension of our program would not improve our service performance, and thus we do not intend to suspend our program.

⁴ Decision, *Urgent Issues in Freight Rail Service*, Ex Parte No. 770 (sub nom 1), at 5 (May 6, 2022).

V. Conclusion

BNSF looks forward to restoring our service to the level that our customers need and expect. Through the weekly reporting called for in the Board's order as well as the bi-weekly consultations with OPAGAC, we will keep the Board fully informed of our progress in doing so. We hope this summation of our plan is useful to the Board's understanding of BNSF's service priorities and approach to resetting our network.

Respectfully submitted,



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EXHIBIT A

BNSF Service Recovery Plan

Key Performance Indicators



| | Baseline (March 4, 2022) | Current ¹ | Progress Against Baseline | Target |
|---------------------------|-----------------------------|----------------------|------------------------------|--------|
| Overall Velocity | 24.4 mph | 25.0 mph | +2.5% ↑ | 26 mph |
| Terminal Dwell | 28.8 hrs | 26.8 hrs | -6.9% ↓ | 26 hrs |
| Local Service Performance | 87.6% | 88.3% | +0.8pp ↑ | 90% |
| On Time Performance | 62.4% | 63.3% | +1.4pp ↑ | 70% |
| Average Trains Holding | 147.3 | 144.5 | -1.9% ↓ | 95 |

¹ The data in this column reflects the data BNSF reported on May 18, which reflects performance in the week of May 7-13.