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June 23, 2022

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Office of Proceedings
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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") revised service recovery plan, in response to the Board's order served June 13, 2022 (the "June 13 Order") in the above-captioned proceeding.

CSXT has supplemented its original submission with specific responses to each of the Board's requests in the June 13 Order. For the Board's convenience, below please find an outline of those requests (grouped by subject matter) along with a citation to the location of CSXT's response within its revised service recovery plan.

- Network/Service
 - The cause of network congestion and delays and the geographic locations where problems are most severe – **Section I(a)**
 - The specific and concrete actions the Carriers will take, over time, to mitigate and resolve these problems – **Section I(c); see also Section II(a)**
 - How the specific remedial actions will translate into enhanced performance for Carriers' key service metrics – **Section I(e)**
 - CSXT to provide a target for unit train arrival within 24 hours, or explain in greater detail why it is unable to do so – **Section I(d)(1)**
 - CSXT to provide more context for its selection of key performance metrics, a more detailed explanation for how it selected its targets, including for example, which historical data it used and why, and how it calculated adjustments for expected crew markups – **Section I(e)**



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- If labor is the issue, how labor shortages are causing service problems and how Carriers intend to obtain and deploy their resources to fix those problems – **Section I(b), (c)**
- Whether and how expectations or limitations built into current operating plans may be affecting recovery efforts and whether that requires reevaluation of a Carrier's current service design – **Section I(f)**
- Velocity and Power:
 - Whether utilizing additional power on through trains would allow Carriers to maintain velocity when power at existing levels breaks down – **Section I(g)**
 - Whether removing velocity restrictions, or otherwise adding power, would improve service and reduce congestion, and if not, why – **Section I(g)**
 - CSXT to address why removal of velocity restrictions and adding power will not assist restoration of previous velocity levels – **Section I(g)**
- Labor/Employment
 - How Carriers intend to remedy current labor shortage and avoid future labor shortage – **Section II**
 - Number of employees Carriers intend to hire – **Section II(b)**
 - Labor force targets for employees actually on the job (i.e. not furloughed) in 6 months and 1 year (using the same timeframe starting point as their key service performance indicator targets) broken out by: (i) T&E, (ii) MOW and structures, (iii) maintenance of equipment and stores, (iv) customer service employees, and (v) all other personnel – **Section II(b)**
 - Separately specify the total number of "extra-board" employees who are available to cover for regular employees - **Section II(b)**
 - CSXT to include the hiring projections previously provided as part of its revised service recovery plan – **Section II(b)**
 - Detailed information about plans, if any, to incentivize hiring and retention, including identifying policies and incentives Carriers intend to use to maintain an adequate labor supply along with an explanation of how those measures will attract and retain personnel – **Section II(a)**
 - Report data about trainees and employee absences, for each operating division to maximum extent practicable and systemwide – **Section II(c)**
 - How many trainees entered training
 - How many trainees dropped out of training
 - How many trainees completed training
 - How many trainees are currently in training



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- Additional context for their employment numbers, such as data on daily average number of employees not available for service, and if feasible the cause of such unavailability (vacation, COVID, unexcused absences etc.)
- Customer Service
 - Identify steps being taken to improve customer service, including the provision of timely responses to customer inquiries about delays in meeting expected ETAs and hiring of additional customer service representatives who are familiar with shipper needs and can resolve issues – **Section III**
- Service Metrics
 - 36 months of data, at a weekly level – **To be filed with the Board in a machine readable format on June 23, 2022; see also Section I(d).**

Sincerely,

A handwritten signature in blue ink that reads "John P. Patelli". The signature is written in a cursive, flowing style.

John P. Patelli

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

URGENT ISSUES IN FREIGHT RAIL SERVICE—RAILROAD REPORTING

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

**RESPONSE OF CSX TRANSPORTATION, INC.
TO THE JUNE 13, 2022 ORDER**

The Board’s May 6, 2022 order in this proceeding (the May 6 Order) directed CSX Transportation, Inc. (CSX) and three other Class I carriers to provide service recovery plans on May 20, 2022. The Board requested that the service recovery plans identify actions each carrier will take to improve service and the specific metrics by which each carrier will evaluate its progress toward such improvement over a 6-month period. The May 6 Order explained that the 6-month period of reporting will commence on June 3, 2022 in the form of bi-weekly service progress reports.

The Board’s June 13, 2022 order in this proceeding (the June 13 Order) directed CSX and three other Class I carriers to submit revised service recovery plans on June 23, 2022 containing additional information on their actions to improve service and additional employment-related data.

Pursuant to both the May 6 Order and the June 13 Order, CSX herein provides the requested information for its service recovery plan, which includes service performance indicators and specific responses on other matters requested by the Board.

I. Network and Service Concerns

The Board requested information regarding the specific actions each carrier will take to improve service, and noted that this was each carrier’s opportunity to explain, with specificity, the cause and location of network congestion and delays and the concrete actions the carriers would take, over time, to mitigate and resolve these problems.

a. Cause and Location of Network Congestion and Delays

CSX provided testimony at the Board’s two-day service hearing that “[t]here is no other reason why the company is not performing other than we do not have conductors on the train.”¹ As explained in its service recovery plan, “[a]s the crew situation normalizes, CSX expects that its service will be restored.”² While other day-to-day causes (such as weather-related or

¹ Hr’g Tr. 424:13-15, Apr. 26, 2022, Urgent Issues in Freight Rail Serv., EP 770 (“Hr’g Tr.”).

² CSX Service Recovery Plan at 6.

mechanical issues) do occasionally arise, the underlying cause of ongoing congestion and delay on the CSXT network is line of road and yard crew availability.

CSX identified the southern part of its network as the geographic location where service problems tended to be most significant due to crew shortages.³ In terms of CSX's 13 operating zones shared with the Board, the Southeast North, Central and West operating zones have endured the most challenges over the past three months. As noted in Section I(c) below, CSX has taken a number of actions to mitigate the effects of crew shortages within these operating zones.

b. How Labor Shortages Cause Service Problems

The Board requested information about how labor shortages are causing service problems. During periods of limited crew availability, CSX needs to rotate the limited source of crew supply to protect yard, local and road service. As a result, having employees in the right place to meet service demands is a specific problem.⁴ In particular, lack of crew availability can result in the railroad being unable to fill crew assignments to serve the customer when they expect to be served.⁵ In addition to missed assignments, delays caused by trains waiting for an available crew can create a vicious cycle, whereby already constrained crew capacity creates further inefficient crew starts (i.e., deadheads and recrews), which in turn reduces overall network velocity. As staffing becomes adequate and consistent, crew rotations will no longer be necessary and much of the extraneous demand for crews in the form of recrews and extra trains will disappear, which leads to additional available crews, which allows for the provision of more efficient service with higher velocity.

c. Specific and Concrete Actions Being Taken to Mitigate Problems

At the hearing, CSX emphasized its focus on increasing staffing levels, communicating with customers to understand and address individualized service concerns, and focusing on filling individual crew assignments.⁶ CSX also provided specific and concrete actions being taken to address crew staffing.⁷

It is with full recognition of the cyclical effects of crew shortages that CSX has focused its recovery efforts on hiring and retention of conductors. Further, this aggressive hiring will allow CSX to proactively begin the training of existing employees, predominantly conductors, into locomotive engineers later this year. In addition to system-wide hiring, CSX is actively recruiting and hiring in specific locations where crew availability has been most problematic, and seeking to proactively address potential future trouble areas.⁸ CSX is providing customers with transparency into these hiring efforts via a pilot website which displays information about CSX

³ Hr'g Tr. at 443:16-17.

⁴ Id. at 443:2-17 ("Definitely having the employees in the right place still continues to be a problem").

⁵ Id. at 443:15-17.

⁶ Id. at 415-417.

⁷ Id. at 404:8-413:7; CSX Service Recovery Plan at 4-5.

⁸ Hr'g Tr. at 443:4-22.

hiring pools at localized levels, allowing customers to provide input in the event CSX's focus areas do not match customer needs or growth plans.⁹

To address short-term staffing needs while new hires complete training, CSX reached agreement with its unions to utilize voluntary six-month temporary transfers to challenged locations.¹⁰ Temporary transfers require both an employee willing to transfer and sourcing locations that are not already short staffed. T&E employees who fill these critical roles receive bonuses both for qualifying on the new territory and again at the end of the six-month transfer, as well as lodging or stipends to offset temporary housing expenses. CSX continues to utilize this tool whenever possible to reallocate resources where they are needed most. CSX's top locations receiving temporary transfers to date have been Manchester, GA; Cincinnati; New Orleans; and Savannah.

CSX also continues to work closely with its customers to address individualized service concerns in the face of localized crew availability challenges. In particular, CSX has recently temporarily re-routed traffic through locations experiencing less crew delay, in order to reduce congestion and improve cycle time. In one specific customer example, this includes routing traffic up the east coast, then west as opposed to its traditional routing through the Southeast operating zones currently experiencing larger delays. For other traffic, CSX has moved blocking to fluid yards, bypassing constrained yards to provide more direct routing to customers. CSX's Commercial, Operations, and Customer Service teams are continuously engaged with our customers to identify opportunities for more efficient routing in light of the current crew environment.

For additional information on specific actions relating to hiring and retention efforts, see section II(a) below.

d. Service Performance Indicators

The May 6 Order requested the reporting of service performance indicators that at a minimum include trip plan compliance (TPC) and first-mile/last-mile, as defined in metrics 5 and 7 of the Board's order. In its service recovery plan, CSX identified five service performance indicators (TPC (manifest), TPC (intermodal), first-mile/last-mile, velocity, and dwell). CSX also explained that it does not schedule unit train service to destination in the same manner it does for manifest traffic and did not have a corresponding TPC metric for unit trains. However, pursuant to the May 6 Order, CSX has provided data in its weekly reports for arrival of unit trains within 24 hours of their profiled runtime to destination. Accordingly, the June 13 Order asked CSX to provide a target for this metric, if possible, or explain in greater detail why it is unable to do so.

CSX is restating information for its performance indicators below. Per the Board's request, CSX has revised its original service performance indicators to include arrival of unit trains within 24 hours of their profiled runtime to destination (metric 7(ii)), and has provided a target for this metric. CSX will also provide a 36-month history for this metric, at a weekly level, in the

⁹ Id. at 410:12-20; 444:8-20.

¹⁰ Id. at 403:1-10; 411:12-19.

revised time series of key performance indicators to be filed concurrently with this revised service recovery plan.

1. TPC Metric 7 - Placement Within 24 Hours

CSX submitted an explanation of its methodology for the temporary service reporting on May 18, 2022, including how CSX derives data for TPC metrics 7(i) (manifest), 7(ii) (unit train) and 7(iii) (intermodal). For TPC, the Board's metric addresses manifest, unit trains and intermodal in the following manner:

- Metric 7(i): For rail cars moving in manifest service, the percentage of cars constructively or actually placed at destination within 24 hours of the original estimated time of arrival, with the expectation that carriers would use the estimated and actual times for actual placement for open-gate facilities and the estimated and actual times for constructive placement for closed-gate facilities. CSX explained in its methodology document that its reported data reflects CSX trip plan compliance measurement plus 24 hours for shipments scheduled to placement and arrival, and excludes shipments destined for interchange.
- Metric 7(ii): For the following types of unit trains (grain unit, coal unit, automotive unit, crude oil unit, and ethanol unit), the percentage of trains constructively or actually placed at destination within 24 hours of the original estimated time of arrival. CSX explained in its methodology document that its reported data reflects the percentage of unit trains arriving within 24 hours of their profiled runtime to destination.
- Metric 7(iii): For intermodal traffic, the percentage of trains that arrive at destination within 24 hours of the original estimated time of arrival. CSX explained in its methodology document that its reported data provides the percentage of intermodal trains arriving within 24 hours of their scheduled final arrival time.

System-wide TPC (manifest) for CSX pursuant to metric 7(i) was 70% for week 24 (the week ending June 17, 2022). As provided in its initial service recovery plan, at the end of the six-month reporting period, CSX expects that TPC (manifest) pursuant to metric 7(i) will be at or above 80%.

TPC (unit train) for the unit train types identified in metric 7(ii) was 90.8% in the aggregate for week 24 (the week ending June 17, 2022).¹¹ At the end of the six-month reporting period, CSX expects that aggregate TPC (unit train) pursuant to metric 7(ii) will remain at or above 90%.

TPC (intermodal) for CSX pursuant to metric 7(iii) was 97% for week 24 (the week ending June 17, 2022). As provided in its initial service recovery plan, at the end of the six-

¹¹ Although CSX has identified an aggregate TPC (unit train) target, and will track performance against that target in its bi-weekly service progress reports, CSX will also continue to report disaggregated data for each unit train type in its weekly performance report pursuant to the May 6 Order.

month reporting period, CSX expects that TPC (intermodal) pursuant to metric 7(iii) will remain above 95%.

2. First-Mile/Last-Mile (FMLM) Metric 5 – Industry Spot and Pull

CSX's methodology document explains how CSX derives data for FMLM metric 5, which asks for the percentage of scheduled spots and pulls that were fulfilled. CSX explained that it evaluates performance against its operating plan by measuring the percentage of customer place, pull, intra-plant, or interchange delivery work successfully completed within the planned work window. Because the Board's metric only requested information for spots and pulls, CSX explained that the reported data excludes intra-plant switches and cars planned to an interchange junction.

System-wide FMLM pursuant to metric 5 was 81% for week 24 (the week ending June 17, 2022). As provided in its initial service recovery plan, at the end of the six-month reporting period, CSX expects that this figure will be at or above 85%.

3. Velocity

In addition to the two required indicators above, CSX also selected the STB's velocity metric as a performance indicator. CSX's methodology document describing its approach to reporting pursuant to 49 C.F.R. pt. 1250 provides information regarding CSX's reporting of this metric.¹²

System-wide velocity was 20.6 miles per hour for week 24 (the week ending June 17, 2022). As provided in its initial service recovery plan, CSX expects that, at the end of the six-month reporting period, velocity will be at or above 23.5 miles per hour.

4. Dwell

CSX also selected the STB's dwell metric as a performance indicator. CSX's methodology document describing its approach to reporting pursuant to 49 C.F.R. pt. 1250 provides information regarding CSX's reporting of this metric.¹³

System-wide dwell was 25.8 hours for week 24 (the week ending June 17, 2022). As provided in its initial service recovery plan, at the end of the six-month reporting period, CSX expects terminal dwell to be at or below 22 hours.

e. Explanation of Selection of Metrics and Link to Remedial Actions

The June 13 Order asked the carriers to explain with precision how the specific remedial actions they intend to take will translate into enhanced performance on each of the service performance indicators, and also directed CSX to provide more context for why it selected its

¹² CSX's explanation of methodology is available on the Board's website, at https://www.stb.gov/wp-content/uploads/CSX_Methodology.pdf.

¹³ CSX's explanation of methodology is available on the Board's website, at https://www.stb.gov/wp-content/uploads/CSX_Methodology.pdf.

indicators. Each of CSX's selected service performance indicators provide distinct information about the health of the overall network. Velocity and dwell are particularly indicative of network performance as a whole, i.e., both line of road and yard performance. More specifically, velocity is indicative of line of road fluidity—the higher the velocity, the more fluid the broader network is. Dwell is indicative of yard fluidity—the lower the dwell time, the less congested the yards are. FMLM is a customer-focused metric, which provides insight into local service performance. TPC encompasses all three of these metrics (velocity, dwell, and FMLM), provides a car-level understanding of network fluidity throughout the car's journey from origin to destination, and is an indicator of reliability—i.e., it indicates whether CSX is delivering cars within 24 hours of when it said they would be delivered.

As noted above, CSX expects that as staffing becomes adequate and consistent, crew rotations and reworks will diminish, which will result in higher velocity. The increase in velocity and efficient crew starts will result in reduced dwell as congestion is removed from the yard network. The greater number of available crews will mean fewer missed assignments, leading to better FMLM performance and overall reduced transit time. The reduction in transit times and increase in scheduled spots and pulls fulfilled will result in better TPC performance as car-level fluidity returns to the network.

In order to determine targets for each of its key service indicators, CSX reviewed historical data for each metric during 2019, when CSX was providing service at a high level. This historical period was chosen because CSX is focused on returning to 2019 levels, and then improving even further from that baseline.¹⁴ This historical service data was then cross-referenced against staffing levels for the same period, taking volume into account. To determine an appropriate six-month target for purposes of service recovery, CSX compared the 2019 crew/service baseline to its expected crew levels over the reporting period, and projected an expected improvement in the various metrics given the expected improvement in crew availability (i.e., crew markups) over time.

f. Service Design

The Board's June 13 Order asked the carriers to address whether and how expectations or limitations built into current operating plans may be affecting recovery efforts and whether that requires reevaluation of a carrier's current service design. CSX's service design is not limited in this manner. To the contrary, CSX's operating plan, which emphasizes local service, network fluidity, constant monitoring and optimization of assets, and the reduction of unnecessary handling, is particularly well-suited for recovery from the current service challenges.¹⁵

CSX is constantly evaluating, implementing, and executing its operating plan in response to current challenges and changes in network conditions. For example, as described above, CSX works with customers to identify opportunities for temporary re-routes to avoid crew-challenged

¹⁴ Hr'g Tr. 424:4-7.

¹⁵ Id. at 442:6-14 (“I think we saw in the post PSR transition environment that CSX did better than some of the other railroads when it came to challenges with Florence and Michael... They tend to do a bit better even with reduced staffing levels... of course the issue before us today... is fairly a staffing issue.”)

areas, and adjusts its blocking plans to optimize car flows in line with traffic patterns. CSX has also consolidated train starts, eliminated unnecessary stops, extended sidings to add capacity, upgraded locomotives with distributed power capability, and strategically positioned locomotives throughout the network to respond to demand. CSX will continue to reevaluate its service design on a daily basis and implement changes where circumstances warrant and opportunities exist.

g. Velocity and Power

The May 6 Order stated that it expected CSX and the other three Class I carriers to report on any plans to lift current velocity restrictions, as well as any plans to increase the power on through trains so that each such train has the capacity to travel at track speed. In the June 13 Order, the Board directed the carriers to provide additional detail regarding whether utilizing additional power on through trains would allow them to maintain velocity when power at existing levels breaks down. The Board further directed CSX to explain why adding more power to through trains would not improve its performance, and to explain why removal of velocity restrictions and adding power will not assist the restoration of previous velocity levels.

With respect to velocity, CSX previously explained that it has no system-wide velocity restrictions in place, that localized velocity restrictions may be used where necessary for operational or safety reasons, and that its intention was to move at track speed whenever appropriate.¹⁶

CSX runs its trains and positions its resources in accordance with an operating plan that seeks to optimize overall network fluidity. Operating at the fastest possible speed between two points does not necessarily further this goal, and in fact can have a detrimental impact on the network as a whole. Accordingly, CSX does not believe that operating at something less than the fastest possible speed over line of road between terminals—especially when no crew is available at the destination terminal to take the train further—is appropriately characterized as a “velocity restriction.”¹⁷ Nor is the use of efficiency management technology such as Trip Optimizer, which is better analogized as cruise control in that it balances velocity and efficiency, along with providing other ancillary benefits such as reduced train separations.¹⁸

Moving at greater velocity between terminals, only to arrive at the terminal and have no available crew to take the train further, will not improve the performance of the network or improve overall transit time for the customer. As CSX explained at the hearing, “[W]e can do a great job getting it to one place, and all of a sudden it sits, and it’s got to wait three or four hours for a crew.”¹⁹ In fact, without available crews to take the assignment for the early-arriving train, this “hurry up and wait” approach would likely do additional harm to service by further congesting the terminal locations hardest hit by crew shortages.

¹⁶ CSX Service Recovery Plan at 5.

¹⁷ H’rg Tr. at 452:11-15 (“[G]etting there two hours fast, and rushing to get somewhere it's kind of like driving your vehicle and rushing to every red light and slamming the brakes on and waiting for the red light and then go again, slam your brakes on.”)

¹⁸ Id. at 447:13-18.

¹⁹ Id. at 448:5-7.

With respect to having sufficient power on the network, CSX has already placed more assets, including locomotives, on the network in order to handle current traffic levels. CSX noted at the hearing that it had more locomotives on the network than needed.²⁰ CSX's reduction in velocity between December of 2019 and May of 2022, as cited by the Board, is directly related to crew availability and its impact on network efficiency as described in Section I(b) above.

With respect to whether utilizing additional power on through trains would allow them to maintain velocity when power at existing levels breaks down, CSX currently has a historically low line of road locomotive failure rate. Year to date, engine failures account for only 1.25% of CSX's total train delays. In addition, CSX is proactively using real time locomotive data and diagnostics to perform more effective maintenance and identify issues before they cause a failure.²¹ In a low failure rate environment, the use of extra power when the horsepower is unnecessary to pull the freight would be an inefficient use of assets, would add length and significant tonnage to the consist, and would require additional resources to position and maintain the additional engine. It would also prevent the staging of that additional engine in strategic locations across the network to allow for ready deployment when and where that power is more likely to be needed.

II. Labor

The Board's May 6 Order requested the carriers to address their plans to remedy current labor shortages and avoid future labor shortages. CSX has faced hiring challenges over the past two years as a result of the pandemic and a tight labor market. The labor shortage and the lessons learned from the pandemic have compelled CSX to be more creative and determined in its approach to recruiting, staffing, and engaging employees. In addition, CSX would, if it experienced another sharp decline in demand, take these lessons into account when making decisions about furloughs of active employees.

In order to avoid future labor shortages, CSX believes it is important to maintain a healthy pipeline of candidates so as to continually train and prepare new hires. Maintaining a healthy hiring pipeline will allow CSX's "extra-board" to continue to perform the function it is intended to perform—to serve as a reserve complement of train crews who fill in when regularly scheduled crews are absent or unavailable, and when needed to respond to a sudden volume surge. CSX's efforts include a commitment to collaborate with labor organizations and implement other measures that help recruit, staff and engage our workforce. Among those measures, CSX continues to have a strong multimedia presence, maintain conductor trainee pay, offer voluntary sale of vacation, personal leave and personal entitlement days, attendance awards, wellbeing support, employee referrals, and non-punitive rules policies.

a. Plans to Incentivize Hiring and Retention

To meet its hiring goals, CSX has modified recruitment initiatives to expand the pipeline and access a broader pool of talent to fill conductor positions, and to retain applicants and

²⁰ Id. at 452:16-22 (“I have 150 to 200 more locomotives than we need out there on our system.”)

²¹ Year-to-date, CSX has seen a 25% reduction in average out-of-service failures per day as compared to 2021.

trainees. CSX has reevaluated the requirements for the conductor role by eliminating unnecessary prerequisites, and has expanded its presence across several types of media as part of its recruitment initiatives. CSX is encouraging current employees to recruit qualified people by offering a referral bonus.

Railroading is a rewarding but tough job, in the elements. For that reason, there is always a natural attrition rate amongst newly hired T&E employees as individuals determine whether this industry is right for them throughout the training process. Attrition is higher in this current environment because railroads are competing against companies who can offer an indoor job for similar or even better pay during the training period. To effectively compete with these other industries, CSX worked with SMART-TD to provide a 40% increase in pay for trainees. CSX also enhanced its applicant experience and its training experience. For example, the CSX training center now has expanded class sizes that accommodate 40 or more trainees per class and CSX has reduced the burden of expense reimbursement by providing trainees with gift cards. CSX has also created training videos that realistically depict a day in the life of a railroader.

With respect to retention of current employees, CSX is working to incentivize commitment through voluntary programs, such as opportunities to earn cash prizes and a truck giveaway for good attendance. As noted above, CSX also worked with labor to implement voluntary temporary transfers to challenged locations. To incentivize participation in this program, T&E employees receive bonuses both for qualifying on the new territory and again at the end of the six-month transfer, as well as lodging or stipends to offset temporary housing expenses.

In response to employee concerns, CSX has materially changed the way it performs operational testing to ensure safety and operating rule compliance. Specifically, over the past year CSX has introduced a non-punitive corrective action program focused on coaching and counseling rather than disciplinary action. These changes have been widely embraced by labor, CSX's front line management, and employees.

CSX is engaged with its T&E employees 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 continues to evaluate its employment offerings and resources that strengthen the overall employee experience.

b. Hiring and Labor Force Targets

In the June 13 Order, the Board requested that the carriers provide the number of employees they intend to hire and to specifically identify labor force targets for employees actually on the job (i.e., not furloughed) in six months and in one year, broken out into subcategories, and to include these projections as part of its revised service recovery plan. The June 13 Order also requested that the carriers separately specify the total number of people that will be on the "extra-board" of employees who are available to cover for regular employees.

After the hearing, CSX provided a year-end target of 7,000-7,100 active T&E employees.²² CSX views this workforce level as a baseline to provide a strong service product and meet current customer demand. Extending over the next one to two years, CSX will continue to hire to support continued business growth, and expects an active T&E count in the range of 7,000-7,500 employees.²³ 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 and hiring plans accordingly based on those factors. As a result, where precisely the T&E count ultimately falls within that 7,000-7,500 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.²⁴

Inclusive in CSX's current active T&E workforce are roughly 1,900 employees holding positions on extra boards. Under normal circumstances, extra board employees are called to fill unexpected vacancies (i.e. mark-offs) or to meet operational needs beyond what is supported by the assigned roster, such as a sudden spike in volume or a service disruption (e.g. a severe weather event). Given the normally irregular nature of the work, extra board employees are guaranteed a minimum level of income, and earn additional pay when called to work beyond that minimum threshold.

Currently, CSX is using its extra board employees to recover service and to fill a greater-than-usual number of vacancies created by employee mark-offs for various reasons, including COVID. As active T&E levels return to the baseline described above, CSX expects that the extra board will return to its normal function, with emphasis on protecting sudden changes in business and growth. Whether the total number of extra board employees will increase as the CSX workforce grows over the next year will depend on whether newly promoted employees are needed for immediate deployment in regular service, either to cover new or existing service assignments. In the event the workforce continues to grow and there is low business growth (i.e., no new assignments), CSX would expect the extra board to increase, which will provide further insulation against future labor shortages.

The June 13 Order also asked for labor force targets for maintenance of way and structures, maintenance of equipment and stores, customer service employees, and all remaining personnel. In CSX's most recent STB Form C, filed June 15, 2022, CSX reported 4,905 maintenance of way and structures employees and 2,451 maintenance of equipment and stores employees. CSX expects to maintain these labor force levels, supplemented by hiring for attrition and business needs.

²² CSX's active T&E count excludes trainees.

²³ There may be fluctuations in the active T&E count over time as some conductors receive engineer training. As noted above, during training, those employees will not show in CSX's active T&E count.

²⁴ The Board recognized that "circumstances can change substantially in a year and that such changes could affect or supersede" the labor targets. June 13 Order at 7 n.14. See also Hr'g Tr. at 442:3-6 ("I agree with your comment Mr. Chairman about [not providing a] precise number [of projected workforce] because operating plans change, and then what you need in terms of assets and employees change.")

CSX also currently employs 40 Customer Solutions employees, and 3,129 other employees. As noted in more detail in Section III below, CSX recently bolstered its customer service workforce. As strengthened by the depth of these recent additions, CSX expects to maintain these labor force levels, supplemented by hiring for attrition and business needs.

c. Data About Trainees and Employee Absences

The June 13 Order directed the carriers to report data about trainee and employee absences: regarding trainees, (i) how many trainees entered training; (ii) how many trainees dropped out of training; (iii) how many trainees completed training; and (iv) how many trainees are currently in training, for each operating division to the maximum extent practicable as well as systemwide.

Per the Board's request, below are the systemwide trainee data for April and May.²⁵ Concurrently with this service recovery plan, CSX is resubmitting its April and May employment data with this information included.

In April, CSX had: (i) 124 trainees enter training; (ii) 67 trainees drop out of training; (iii) 104 trainees complete training; and (iv) an average of 554 trainees in training. In May, CSX had (i) 117 trainees enter training; (ii) 46 trainees drop out of training; (iii) 98 trainees complete training; and (iv) an average of 505 trainees in training. As directed by the Board, CSX will provide these trainee numbers for June in the submission of its July monthly employment report.

The June 13 Order also directed the carriers to report the daily average number of employees not available for service, and if feasible, the cause for such unavailability (e.g., vacation, COVID-related, unexcused absences). Per the Board's request, for the week ending June 17, 2022, CSX had a daily average of 1,343 unavailable employees, with 790 on vacation/personal leave, 245 absent for FMLA, 45 absent for COVID, and 263 absent for other reasons.

III. Customer Service

The June 13 Order directed carriers to identify steps being taken to improve customer service, including provision of timely responses to customer inquiries about delays in meeting expected ETAs, and hiring of additional customer service representatives who are familiar with shipper needs and can resolve service issues.

CSX has been working for several years to strengthen both its customer service team and the resources it makes available to customers. In late 2021, CSX added 14 full time employees to its Customer Solutions team, an increase of nearly 40% at the time. This additional headcount has provided for faster resolution and higher quality of response to customer service cases.

With respect to expanded customer service tools, CSX is in year 4 of a planned 5-year modernization of ShipCSX. CSX recently updated its Shipment Problem Resolution tool, which provides a user-friendly interface for customers to view shipments and advise the Customer

²⁵ Due to system limitations, CSX is not able to report these figures on an operating division level, and has therefore limited its response to systemwide data.

Solutions team of service exceptions such as delayed shipments. The updated tool, which was released earlier this month, provides customers a more intuitive way to view and manage their service exception cases.

Between 1-877-ShipCSX, which provides telephonic access to the CSX Customer Solutions team, and the updated Shipment Problem Resolution tool, customers have multiple touchpoints for resolution of service issues such as shipment delays. The Customer Solutions team has the capability to screen share with customers and assist users in real time. Many such issues are resolved on the first touchpoint, with no escalation required. In other instances, Customer Solutions engages internal CSX partners for resolution of the issue. If necessary, Customer Solutions escalates the matter to the field or to senior management for resolution.

CSX has seen an increase in cases during the recent service challenges, and an accompanying increase in its time-to-resolution of escalated cases, largely as a result of the crew availability issues discussed in detail above. In particular, issues requiring field intervention are highly dependent on crew availability and in certain instances those challenges have resulted in delay to the satisfactory resolution of service exceptions. However, the Customer Solutions team is appropriately staffed, is familiar with shipper needs, and communicates frequent updates to the shipper up to and including confirmation that the issue has been resolved.

CSX also recently held its Spring 2022 Customer Engagement Forum on May 25th, with 58 customers participating from across the CSX portfolio. CSX executives provided a state of the railroad update and addressed customer questions on topics such as hiring, economic outlook, and how CSX is thinking about future technologies.

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CSX is committed to providing safe and reliable transportation to its customers. As part of that commitment, a major priority for CSX is increasing T&E employee hiring and retention. CSX expects its initiatives on these fronts to continue to be successful during the 6-month reporting period. As the crew situation normalizes, CSX expects that its service will be restored to pre-pandemic levels and continue to show progress thereafter.