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**Via Electronic Filing**

Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
395 E Street SW  
Washington, DC 20423

Re: *Urgent Issues in Freight Rail Service – Railroad Reporting*, STB Docket Ex Parte No. 770 (Sub-No. 1)

Dear Ms. Brown:

In accordance with the Surface Transportation Board's May 6, 2022, Decision in the above-referenced docket, Norfolk Southern Railway Company today is filing its Service Recovery Plan. The key service performance indicators identified herein will be updated on a bi-weekly basis for the next six months, beginning on June 3.

Sincerely,

/s/ Hanna M. Chouest

Hanna M. Chouest

Enclosure

**URGENT ISSUES IN FREIGHT RAIL SERVICE –  
RAILROAD REPORTING**

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

**SERVICE RECOVERY PLAN FOR  
NORFOLK SOUTHERN RAILWAY COMPANY**

**May 20, 2022**

Pursuant to the Surface Transportation Board’s (“STB” or “Board”) Order dated May 6, 2022, Norfolk Southern Railway Company (“Norfolk Southern”) has developed the following Service Recovery Plan, in accordance with the guidance established by the Board. Norfolk Southern understands the essential role we play in supporting our customers’ businesses and the national economy. Norfolk Southern’s mission is to provide an efficient, reliable transportation service, and we recognize that our current service levels do not meet the expectations of our customers, the Board, or ourselves. We are highly motivated to restore the level of our service and handle higher volumes. Recovering our service is Norfolk Southern’s highest priority.

Norfolk Southern has taken significant action to improve our service through aggressive hiring practices and, as we noted in our April testimony, recently announced the development of a new operating plan, TOP|SPG, which will contribute to enhanced efficiency and improved service for our customers. “SPG” stands for “Service, Productivity, and Growth,” which is the direct focus of Norfolk Southern: improving service for our customers, enhancing our productivity, and growing our business. Norfolk Southern is laser focused on these goals and is confident in its ability to improve service and deliver a customer-centric rail product.

In accordance with the Board’s order, Norfolk Southern has identified four (4) key service performance indicators to inform its service recovery:

1. System Velocity
2. Terminal Dwell
3. Local Operating Plan Adherence
4. On Time Delivery

Together, Norfolk Southern believes that these four key service performance indicators, as well as Norfolk Southern’s progress toward increasing its qualified Train and Engine (T&E) headcount, provide an accurate snapshot to the Board and to our customers of the overall health of the Norfolk Southern network and our progress toward service recovery. In particular, metrics regarding system velocity

and terminal dwell have been reported to the Board for a number of years in docket Ex Parte 724, Sub-No. 4. Norfolk Southern believes these publicly reported metrics provide meaningful information to the Board and the public regarding the overall health of the Norfolk Southern system. Below, Norfolk Southern provides additional detail regarding each of the four key service performance indicators and its T&E hiring progress.

In its Order, the Board has requested a target of where Norfolk Southern expects the metric to be in six months for each of the key service performance indicators. Any target offered for these four key service performance indicators will be informed by Norfolk Southern's progress in its hiring efforts, which Norfolk Southern describes in more detail below. Norfolk Southern's goal is to restore service to 2019 levels. It is uncertain whether Norfolk Southern will achieve that goal within six months. At the outset, Norfolk Southern notes that each of these key service performance indicators is impacted by a multitude of factors, which make any 'target' or 'forecast' speculative at best. These metrics are dependent on many factors outside of Norfolk Southern's control including, but not limited to: market demand, customer action, weather events, unanticipated track outages, and national health emergencies. With the implementation of TOP | SPG, Norfolk Southern expects that operations and train productivity will change and will impact the key service performance indicators and any targets reported herein.

## 1) SYSTEM VELOCITY

System Velocity—or train speed—is an indicator of the overall fluidity and health of the Norfolk Southern network. It represents average road train speed over the network. In general, a higher System Velocity indicates a faster, more fluid rail network. Weekly System Average Train Speed is a familiar metric to the Board and the public, as the Board already receives this on a weekly basis pursuant to the data submitted in the Docket No. Ex Parte 724 (Sub-No. 4).

System Velocity as reported in this Service Recovery Plan will be the same as the Weekly System Average Train Speed metric reported in Docket Ex Parte 724 (Sub-No. 4) for the respective reporting week. Accordingly, the same methodology will be used in both dockets.<sup>1</sup>

As it pertains to System Velocity, in its Order, the Board requested that the carriers “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...”. Order at 5. Norfolk Southern does not have a system-wide velocity restriction. The speed of a particular train is determined by a myriad of factors, which include track speed limits,

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<sup>1</sup> See Norfolk Southern Methodology, Docket No. EP 724 (Sub-No. 4) at 2, *available at* <https://www.stb.gov/reports-data/rail-service-data/> (“Data Methodologies”)

geography, train mix, track occupancy, and efficiency and energy management considerations, among others. Those factors similarly inform power usage on each train. Norfolk Southern does utilize energy efficiency management systems, which improve fuel efficiency and limit emissions caused by rail transportation. Where trains are not meeting expected schedules, Norfolk Southern has relaxed certain energy management tools and Norfolk Southern will continue to do so where appropriate and where it would have a positive impact on network fluidity.

For the week ending May 13, 2022, Norfolk Southern's weekly system average train speed was 17.34 MPH. Norfolk Southern's goal is to achieve a system average train speed in the range of 21.5 to 23.1 MPH, which would equate to average quarterly train speeds in 2019. It is uncertain whether Norfolk Southern will achieve that goal within six months.

## **2) TERMINAL DWELL**

Terminal Dwell, similar to System Velocity, is an overall network metric that provides a snapshot of the fluidity at Norfolk Southern terminals and indicates how long, on average, a car dwells at a terminal during transit. As our Chief Operating Officer, Cindy Sanborn, testified at the Service Hearing on April 26, 2022, traffic fluidity at rail terminals supports broader service improvement and productivity across the network. Improvements to fluidity at terminals has a ripple effect and produces a direct benefit to the network as a whole. Accordingly, it is a helpful metric for evaluating service recovery.

Like System Velocity, Terminal Dwell is also already reported to the Board in the Ex Parte 724 (Sub-No. 4) docket on a weekly basis for the average of the overall system and for the 10 largest terminals on the Norfolk Southern network. In accordance with the Board's order in this docket, Norfolk Southern will be including the next largest terminals—terminals 11–20—in its temporary weekly reporting using the same methodology used in the Ex Parte 724 (Sub-No. 4) docket, with the exception that it will pull the added terminals as required by the Board.<sup>2</sup>

Together, System Velocity and Terminal Dwell offer a snapshot of the overall health of the network and are used by Norfolk Southern personnel to evaluate our progress toward service recovery.

For the week ending May 13, 2022, Norfolk Southern's average system terminal dwell was 28.1 hours. Norfolk Southern's goal is to achieve an average system terminal dwell in the range of 18.1 to 22.4 hours, which would equate to the average quarterly system terminal dwell in 2019. It is uncertain whether Norfolk Southern will achieve that goal within six months.

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<sup>2</sup> *Id.*

### **3) LOCAL OPERATING PLAN ADHERENCE**

In its Order, the Board required that carriers include in their Service Recovery Plan an indicator and target for First Mile-Last Mile service. Norfolk Southern uses Local Operating Plan Adherence (“LOPA”) as a measure of its success in delivering cars to a customer’s local facility upon order from the local serving yard.

LOPA measures compliance of scheduled placements and pulls at a customer facility at a railcar-level, or stated differently, the percentage of time that Norfolk Southern successfully adheres to the Industrial Work Order (IWO) for a particular location. An IWO is populated based upon the orders placed by customers for service on that date. For each assigned crew, cars are scheduled to be pulled and placed systematically on an IWO, which is generated at the beginning of the respective crew’s on-duty time. For open gate customers, the IWO will include the specific cars requested for delivery on that date. For closed gate customers, all cars available for placement in the yard will populate on the IWO as having been ordered by the customer. The IWO also includes cars scheduled to be pulled from customer facilities—including loads and empties. A planned placement or pull is measured as compliant when the railcar is placed or pulled within 12 hours of the IWO creation.

LOPA failures can be both railroad-caused and non-railroad caused. The LOPA figure reported in this Service Recovery Plan will count both railroad-caused and non-railroad caused missed service as a failure which will count against the LOPA indicator.

For the week ending May 13, 2022, Norfolk Southern’s system average LOPA was 74%. Norfolk Southern’s goal is to achieve a system average LOPA in the range of 75.5% to 83.3%, which would equate to the system quarterly average LOPA in 2019. It is uncertain whether Norfolk Southern will achieve that goal within six months.

### **4) ON TIME DELIVERY**

In its Order, the Board required that carriers include in their Service Recovery Plan an indicator and target for Trip Plan Compliance, and more specifically the percentage of cars constructively or actually placed at destination within 24 hours of the original estimated time of arrival. Norfolk Southern recognizes that for many customers, an important indicator of rail service is whether they receive their freight when expected. Accordingly, Norfolk Southern measures its manifest service performance based upon its adherence to its scheduled train service.

For scheduled manifest train service, Norfolk Southern generates an Original Expected Time of Arrival (“Original ETA”) following the first car handling event on the Norfolk Southern network at a car level. The Original ETA is made available to customers via the AccessNS platform. Norfolk Southern uses the Original ETA to measure, among other things, whether the car arrives on time, early, or late, at the customer facility. The measure provided in this Service Recovery Plan will indicate the percentage of cars that are constructively or actually placed at destination within 24 hours of the Original ETA.<sup>3</sup>

For the week ending May 13, 2022, Norfolk Southern’s weekly percentage of manifest service rail cars placed within 24 hours of the Original ETA was 48%. Norfolk Southern’s goal is to achieve an average weekly on time delivery in the range of 74.9% to 87%, which would equate to the system quarterly average on time delivery in 2019. It is uncertain whether Norfolk Southern will achieve that goal within six months.

## **TRAIN & ENGINE HEADCOUNT**

Essential to our service recovery is having the right number of T&E employees at the right location at the right time to meet the demand. As was discussed at the April service hearings, the pandemic altered the labor market in profound and unexpected ways, not only in the transportation industry but in all sectors of the economy. Norfolk Southern did not experience a mass exodus systemwide. In fact, the overall turnover rate for qualified T&E employees has remained relatively steady over the past three years. However, Norfolk Southern experienced significantly higher turnover in certain key locations. That turnover, compounded by the challenge of hiring significant numbers quickly in an extremely tight labor market, has led to meaningful workforce shortfalls on critical portions of our network. The stress experienced in certain key areas created collateral impacts in other parts of the network which further strained our resources.

To forecast the staffing needs of the network, Norfolk Southern relies upon customer inputs and predictive analytics, recognizing that even a streamlined process for recruiting and training new conductors takes several months. Forecasting needs for T&E employees is particularly challenging since these employees cannot easily be deployed to different locations. Norfolk Southern’s T&E total workforce is fundamentally derived from a collection of 95 distinct groups of assignments within certain geographic boundaries which limits our flexibility in

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<sup>33</sup> Cars that arrive prior to the Original ETA are considered to be on time.

how to deploy our employees. Norfolk Southern's hiring goals include sufficient staffing to handle peak budgeted volume with adverse seasonable availability.

To onboard as many new Conductors as possible, as quickly as possible, Norfolk Southern added significant resources to our Talent Acquisition, Health Services, and Technical Training teams to handle the higher volumes of job applicants and conductor trainees. We have streamlined the hiring and onboarding process, reducing the number weeks from identifying candidates to the commencement of training. It takes trainees on average about 4 months to complete the rigorous training program, although it takes longer in some locations than others depending on the complexity of the territory. Employees who complete training can demonstrate that they are able to safely perform the work and qualify as Conductors.

Norfolk Southern has been starting new classes of Conductors every week this year and expects to continue at that rate through the first half of the year. To handle that volume, Norfolk Southern is training on two shifts at our technical training center in McDonough, GA. To support those efforts, we employed 35 additional full-time and contract trainers and are leveraging former conductors and engineers who are currently in other roles in the company. Over 20 of those employees volunteered to spend two weeks as "adjunct instructors" who can support the full-time staff—for example by coaching trainees on tasks such as properly mounting and dismounting equipment, throwing switches, lacing air hoses, and changing knuckles.

As of May 16, 2022, Norfolk Southern had 930 Conductor Trainees on our property and we expect our qualified T&E headcount to grow sequentially throughout the year.

In planning and forecasting for future labor needs, Norfolk Southern is taking into account evolving labor market conditions. Norfolk Southern recognizes that the pandemic has caused people to reconsider the role of work in their lives. The labor force participation rate has still not recovered and for those who are working, priorities around work/life balance have changed. They are placing more value on spending time with family and having a predictable work schedule is increasingly important.

Today, Conductors can have unpredictable schedules and may be required to spend many nights away from home. Norfolk Southern welcomes opportunities to think creatively about how careers at our company can make positions at the railroad more attractive, and in particular more predictable, in this competitive labor market.

In the meantime, initiatives with Norfolk Southern's current workforce include availability bonuses, retirement deferral incentives, and vacation buy backs. We have grown the ranks of our "go teams" and reprioritized their deployment to the areas of our network experiencing the most critical need. We have also offered

temporary transfer incentives to help address localized needs for months at a time, as well as permanent transfer incentives. These targeted, localized approaches give Norfolk Southern more flexibility to respond to strained segments of our network.

Norfolk Southern expects to continue to grow our ranks throughout the next six months and will continue to report to the Board our progress in that regard.