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Presentation by
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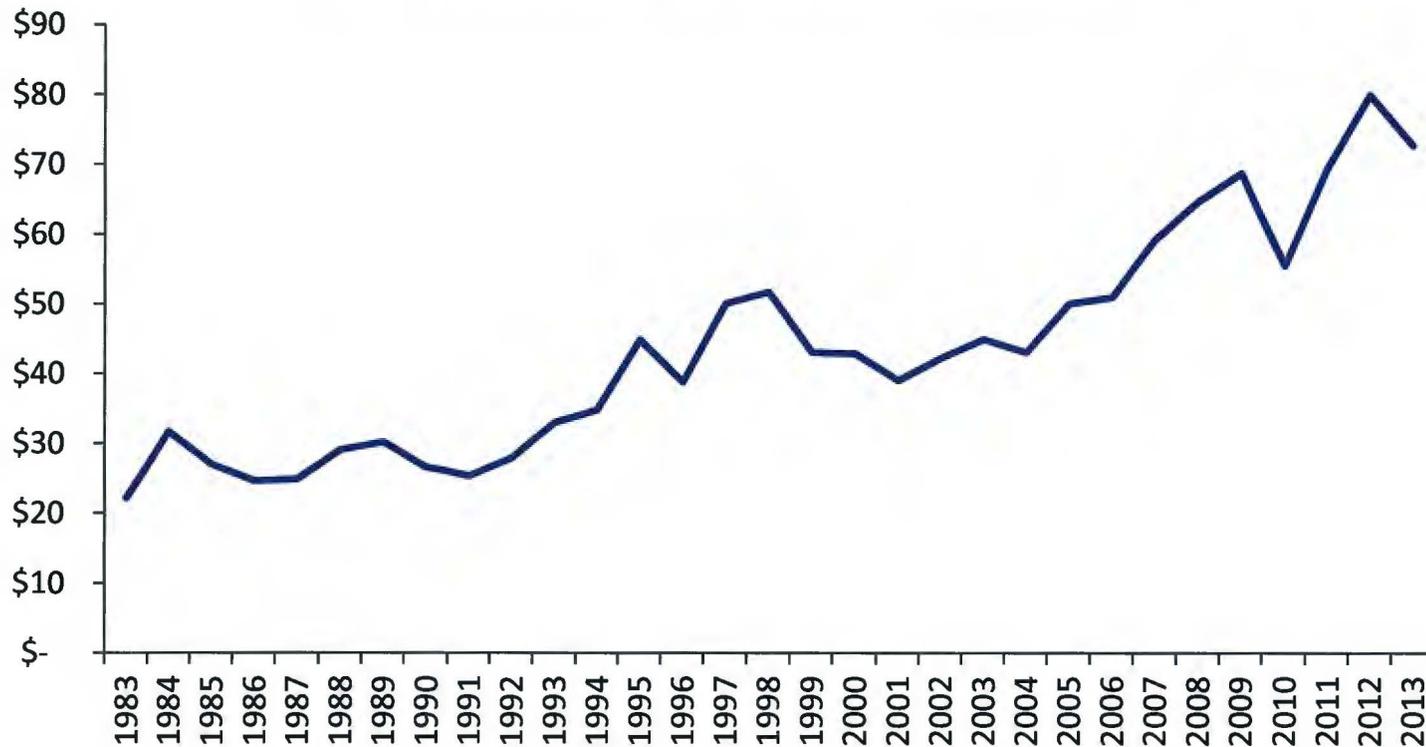
University of Chicago and Charles River Associates

On Behalf of
Union Pacific Railroad Company

STB Ex Parte No. 722
July 23, 2015

UP Must Invest More Intensively to Continue to Improve Service

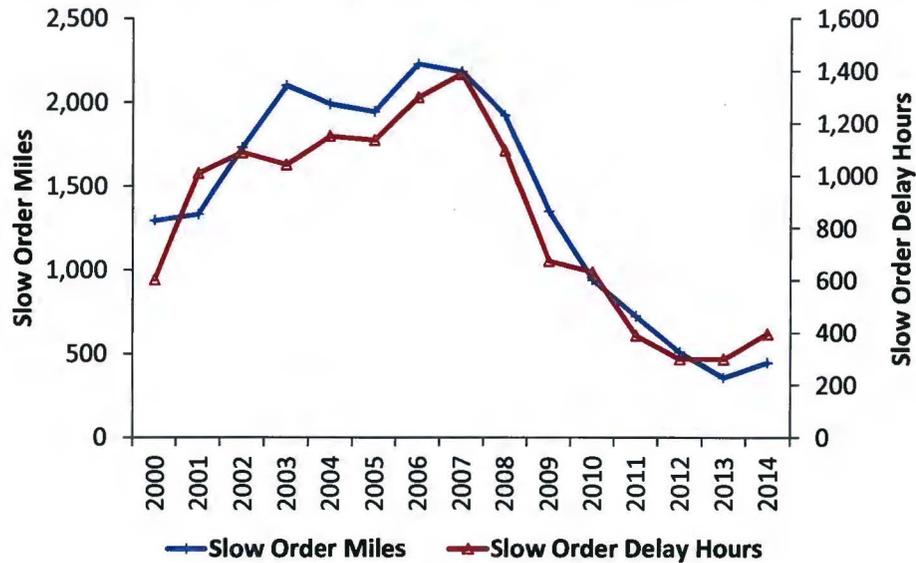
UP Capital Expenditures Per Track Mile Operated (2013 Constant Dollars in Thousands)



Source: Figure KMM-10. AAR Analysis of Class I Railroads and UP Annual Report R-1 data; U.S. Department of Commerce, Bureau of Economic Analysis (GDP implicit price deflator). Historical data include railroads that later merged with UP.

UP's Investments Have Improved Its Service Quality and Benefited Shippers

UP Slow Order Miles and Slow Order Delay Hours



Source: Figure KMM-13. UP.

UP Service Delivery Index and Customer Satisfaction Index



Source: Figure KMM-15. UP.

Rates on UP's Non-Exempt Traffic Have Not Increased Disproportionately Relative to Cost Changes

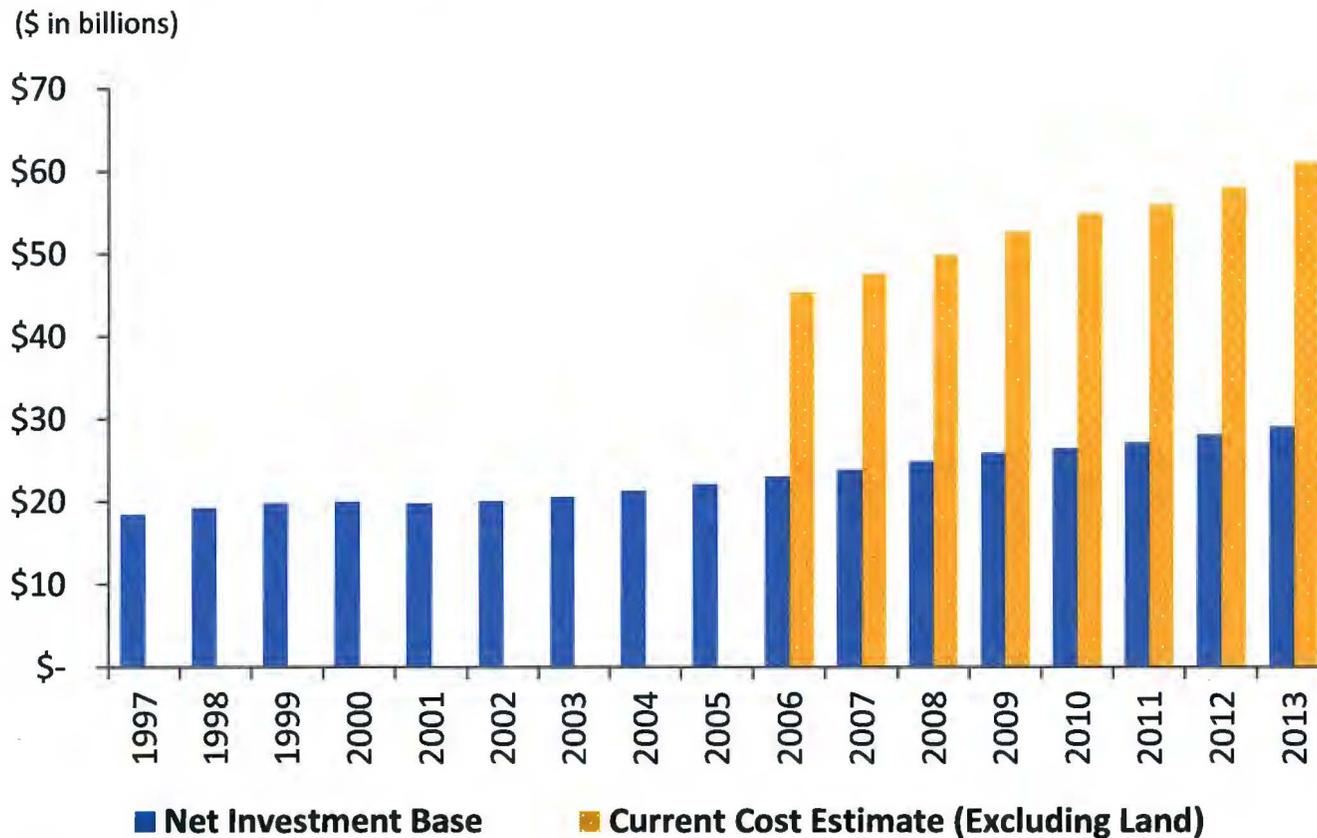
UP Contribution Margin Change From 2004 to 2012 by Type of Traffic

<u>Type of Traffic</u>	<u>2004</u>	<u>2012</u>	<u>Percentage Point Difference</u>
Non-Exempt	33%	41%	8%
Exempt	20%	32%	12%

Source: Figure KMM-18. STB waybill sample data for UP.

The STB Measure of UP's Net Investment Base Vastly Understates Replacement Costs

UP's Net Investment Base and Current Cost Estimate



Source: Figure KMM-11. UP.