



Surface Transportation Board
Washington, D.C. 20423-0001

May 27, 2021

Mr. Patrick J. Ottensmeyer
President and Chief Executive Officer
Kansas City Southern Railway Company
427 West 12th Street
Kansas City, MO 64105

Dear Mr. Ottensmeyer,

As the nation continues its recovery from the massive economic upheaval caused by the COVID-19 pandemic, the Surface Transportation Board (“STB” or “Board”) has been closely monitoring the resilience and reliability of the freight railroad network and its ability to meet the growing demand for reliable, safe, and efficient transportation service.

Although many shippers have reported that railroads are providing consistent and dependable service, the Board has also received concerning reports from a meaningful number of rail customers of subpar performance, including missed switches, railcars delayed at intermediate yards or interchanges, extended out-of-route movements, and prolonged dwell at origin for some unit train traffic. Additionally, we have been made aware of instances of significant congestion at various intermodal facilities, which has resulted in delayed train arrivals and disruptions to container availability. I recognize that these rail service challenges, at least to some extent, have been related to workforce reductions resulting from COVID-19 cases, quarantines, and furloughs based on the temporary decline in demand and the resultant adjustments made by railroads in nearly every facet of their businesses.

But I am also concerned by the extent to which these service issues may be related to or exacerbated by a broader trend of rail labor reductions that has been occurring over the past several years. As you know, a lack of personnel, including reserve personnel, makes it more difficult to scale-up operations to respond to increases in demand and to maintain reliable service in the face of unanticipated external events that disrupt ordinary operations or business expectations. Labor shortages can also delay or prolong the recovery period when such network disruptions inevitably occur.

It is important to note that the concerns raised by rail customers do not necessarily apply in equal force to each railroad or in every area of the country, but the interconnected nature of our rail system, and the immense importance of the rail industry to our economic recovery, necessitate outreach to each Class I railroad.

As stated in our letters to you last year, including our joint letter with the FRA, it is vital that freight railroads continue frequent, proactive communication with the Board and customers on

their ability to meet demands for service as the economy recovers from the pandemic. To that end, I am requesting an updated and detailed description of your preparedness to meet anticipated future demand, including (1) the availability of train crew, yard, and maintenance employees (active, reserve, and furloughed workers) and your plans and time frames for employees to return to work and any re-training, if necessary, and (2) the availability of equipment resources (active and short-term / long-term stored locomotives and rail cars).

As part of this update, I am specifically requesting that you also address whether you have any long-term plans, including your hiring plans for 2021 and 2022, to reverse any of the diminishing workforce levels which have resulted from your strategies in recent years. Also, please identify any regions of your network where you are experiencing or anticipating workforce challenges, and your plans to overcome these challenges.

Thank you for your attention to this request. If you or your staff have any questions, please contact me or Mr. Michael Higgins, Acting Director of the Board's Office of Public Assistance, Governmental Affairs, and Compliance, at 202-245-0238.

In closing, I wish to commend the rail industry for its active engagement with the STB and its stakeholders during the COVID-19 pandemic.

Sincerely,

A handwritten signature in cursive script that reads "Martin J. Oberman".

Martin J. Oberman
Chairman