

United States Senate

WASHINGTON, DC 20510

COMMITTEES:
APPROPRIATIONS
COMMERCE
HEALTH, EDUCATION,
LABOR, AND PENSIONS

May 15, 2024

Mr. Alan Shaw
President and Chief Executive Officer
Norfolk Southern
650 West Peachtree Street NE
Atlanta, GA 30308

Dear Mr. Shaw:

With over 3,300 miles of active train tracks across Wisconsin and 140,000 miles nationwide, reliable rail service is essential for businesses large and small to move their goods to market. Farmers, manufacturers, paper mills, energy producers and many other industries are dependent on efficient and cost-effective freight rail. In recent years, service levels from Class I railroads experienced severe disruptions and certain metrics, particularly staffing, have yet to return to pre-pandemic levels. Unfortunately, recent trends suggest much of the industry is reversing any progress that was made, leaving the system brittle and vulnerable to future service problems and safety incidents moving forward. I ask that you provide an update on your long-term staffing strategies to avoid the challenges of recent years.

Following the Surface Transportation Board (STB)'s Hearing on Urgent Issues in Freight Rail Service in April 2022, Class I railroads were required to submit documentation on rail service and employment for six months, as well as service recovery plans from the four largest railroads.¹ In January 2024, the STB extended the reporting requirements for employment data for those four railroads, citing significantly lower employment levels compared to pre-pandemic levels. As the STB noted in its decision, staffing shortages were often cited as a major reason for the exceptionally poor service levels in the April 2022 hearing. I am concerned that recent actions taken by Class I railroads could lead to future disruptions.

Concerningly, a concerted effort from a hedge fund is pressuring Norfolk Southern (NS) to conduct damaging and short-sighted furloughs at the railroad, rather than focus on safety by maintaining their workforce.² Then-STB Chairman Marty Oberman outlined his concerns about this proxy battle as well as the "disturbing current trends" seen in the largest four railroads in a recent speech to the Southeast Association of Rail Shippers.³ As he noted in this speech, since the concept of precision scheduled railroading (PSR), the Class I railroads have cut their staffing by around 30%, contributing heavily to the unacceptable service in 2022. Following those disruptions and the devastating derailment in East Palestine, OH, NS were finally taking some

¹ BNSF Railway Company (BNSF), CSX Transportation, Inc. (CSX), Norfolk Southern Railway Company (NS), and Union Pacific Railroad Company (UP)

² <https://www.wsj.com/business/logistics/railroad-workers-were-ready-to-strike-now-theyre-fighting-to-save-their-ceo-d4f6696a>

³ https://www.stb.gov/wp-content/uploads/02-29-24_Oberman_SEARS-speech.pdf

initial steps to course correct, only to be met with hedge funds demanding staffing to be slashed for short-term profits.

I continue to hear from Wisconsin businesses concerned about service levels from Class I railroads returning to the unacceptable levels documented in the STB's hearing in 2022. Given the impacts staffing shortages had in contributing to the service meltdown at that time, it is evident that a shrinking workforce will only compound service issues in the future, as well as increase the risk of derailments and accidents.

I ask that you provide Norfolk Southern's outlook for operations and staffing for the remainder of this year, including whether the railroad plans on conducting any furloughs. In your response, please address the following issues:

- Service: Please discuss whether your current train and engine employee headcount is adequate to meet current and projected service demand.
- Safety: Please discuss whether Norfolk Southern's current and projected staffing levels are sufficient to meet the highest level of safety for employees and communities where your railroads operate and what your specific hiring goals are for this year for each of the six employment categories reported to the STB.
- Capacity constraints: Please identify any specific locations on your network currently experiencing sustained congestion due in whole or in part to staff limitations and capacity constraints, and what actions are being taken to alleviate congestion, including re-routes and/or infrastructure enhancement.
- Number of train starts: Please provide the total number of trains operated on a monthly basis, as the FRA is currently proposing to require, to better understand the impact of changes in operations on safety and service.
- Communication: Please describe initiatives to proactively communicate with shippers regarding service issues, and potential alternative solutions that are available when normal service is disrupted.

Thank you for your attention to this request.

Sincerely,

A handwritten signature in blue ink that reads "Tammy Baldwin". The signature is written in a cursive, flowing style.

Tammy Baldwin
United States Senator