Testimony
of
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Committee on Transportation and Infrastructure
Select Panel on 21st Century Freight Transportation

Chairman Duncan, Ranking Member Nadler, and Members of the panel, my name is Scott Moore, and I am the Vice President of Public Affairs for Union Pacific Railroad. I appreciate the opportunity to testify today regarding our operations in California and to explain how we manage our traffic in the Los Angeles Basin.

Union Pacific Railroad operates in 23 states over just under 32,000 route miles. We have over 45,000 employees with a $4.3 billion payroll. Our capital spending plan in 2012 was $3.7 billion, and we will spend $3.6 billion on capital in 2013. In 2012, we installed nearly 4.1 million new ties and replaced 1,050 track miles of rail. We have also invested heavily in terminal facilities and new locomotives.

In California, we have 3,283 miles of track, making us the largest railroad in the state. We have an annual payroll of over $430 million with just under 5,000 employees, and in 2012, we had a capital spend of $376 million.

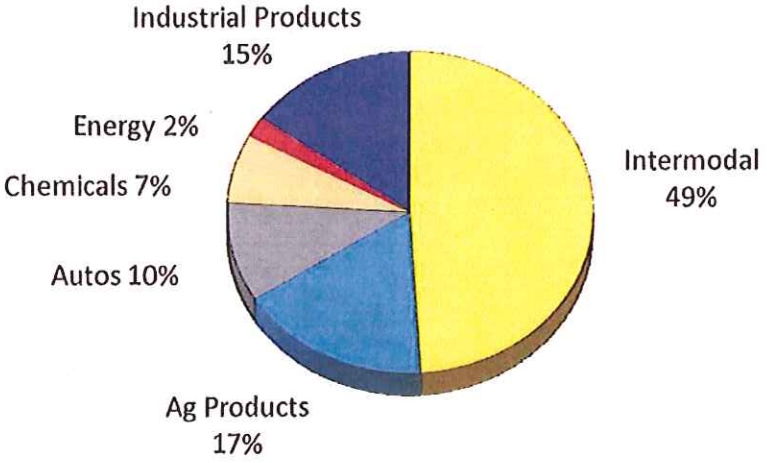
Union Pacific in California

2012 Fast Facts

Miles of Track	3,283
Annual Payroll	$430.7 M
In-State Purchases	$233.3 M
Capital Spending	$376.1 M
Employees	4,872
Community Giving	$1.4 M
Charitable Organizations	385

Our business in California is varied. However, our intermodal line makes up 49% of the business we carry into, out of, and within California.

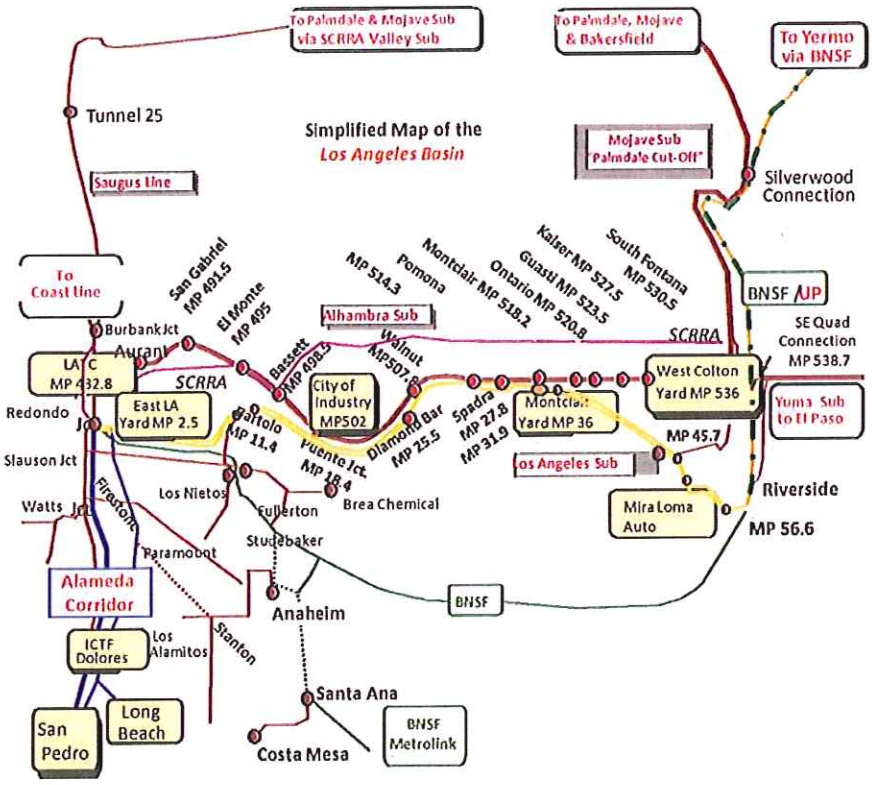
California Business Dimensions



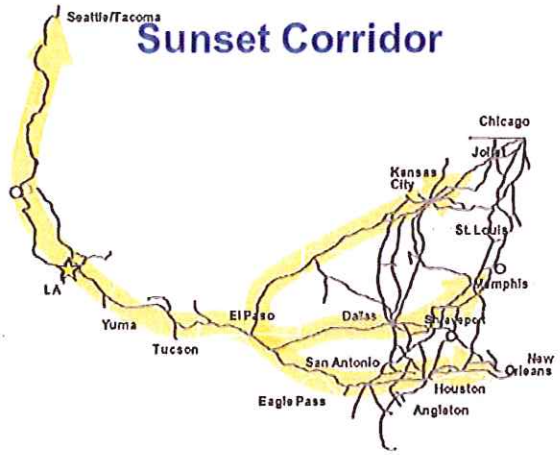
As you can see from the chart, most of the business we handle in California is intermodal. Our intermodal franchise includes two distinct segments – international and domestic. International

business consists of import and export container traffic that mainly pass through West Coast ports in primarily 20, 40, or 45 foot containers. Domestic business includes container and trailer traffic picked up and delivered within North America for intermodal marketing companies as well as truckload carriers. Domestic shipments primarily move in 53-foot containers. Less-than-truckload and package carriers with time-sensitive business requirements are also an important part of domestic shipments. At Union Pacific, 54% of our intermodal business is international and 46% is domestic.

Much of this traffic flows into and out of the Los Angeles Basin, and roughly half of all our employees in the state work in Southern California. Union Pacific operates 10 major intermodal facilities across our system, and 32 overall. We have four facilities in the LA Basin (ICTF, East LA, City of Industry, and LATC), two of which (ICTF and East LA) are our top producing intermodal yards. The four LA Basin facilities combined handle well over a million lifts a year. This compares to just over 4 million lifts at all other UP operated intermodal facilities. The only other geographic area that compares in terms of annul lifts is the Chicago area with just over 1.4 million lifts per year. To help orient you with our operations in the Basin, the following is a simplified map.



While we have a number of routes into and out of the Basin, our main corridor out of the LA Basin is what we call our Sunset Corridor. This line runs through Arizona and across New Mexico. Once in Texas, the line branches out, and from this point we have the ability to serve Chicago via Kansas City; Memphis via Dallas; and New Orleans via Sothern Texas. We have invested well over a billion dollars in this route over the past 10 years as we work to double track this line and increase terminal and branch line capacity. At the end of 2012, the project was over 70% complete.



Looking forward, we continue to expect large volumes to come into and out of the LA Basin. To handle this business, we have been working to modernize and expand our terminal facilities, not only in the Basin itself, but elsewhere to specifically support the activities there.

We are working to modernize and expand our ICTF facility in the Basin. By using advanced, mechanized technology, we would be able to improve our throughput, decrease our footprint, and reduce the level of noise and lighting at that facility. We made application for this project in 2007, and we are working our way through the environmental review process. Right now it is unclear when we will be able to modernize the terminal.

We have also made investments far from the Basin to support the traffic destined to and from Sothern California. Specifically, we are making a very large capital investment in a new terminal in Santa

Teresa, New Mexico. This new terminal is located on our Sunset Route, and it is scheduled to open in 2014.

Beyond our own investments in Southern California, public/private partnerships have also played an important role in the Basin. Outside of the CREATE project in Chicago, one of the country's premier public/private partnership is the Alameda Corridor. Multiple railroads and government agencies worked together and created a partnership to funnel traffic in a dedicated, submerged rail line from the ports to locations further inland. We continue to work not only with the Alameda Corridor Transportation Authority, but also the Alameda Corridor East Construction Authority, which was established to minimize the impact of the flow of goods further east outside the corridor. Most recently, we have partnered with BNSF Railway, local governments, the state, and the federal government to enhance the flow of goods by making improvements at what is known as Colton Crossing. Colton Crossing is a location where Union Pacific and BNSF must cross each other, and there are between 70 to 120 trains a day that need to get through this intersection. The cost of the project is $117.2 million with participation from all levels of government as well as both the UP and the BNSF. Eliminating rail gridlock at Colton Crossing, one of the busiest at-grade rail intersections in the country, will relieve road and rail congestion, reduce wait time and delays for motorists at area rail crossings, and improve air quality in Southern California.

In the future, the LA Basin will continue to be a critical point for goods movement. Even with the expansion of the Panama Canal, we expect traffic to continue to increase into and out of the LA Basin ports. The Basin is an important component of our system as well as the country's freight infrastructure network.

Again, I want to thank the Committee for asking me to testify, and I would be happy to answer any questions you may have.