Section 6 Notice to SMART-TD

For railroads, safety is a way of life and one of our guiding principles. Railroaders strive – day in and day out – to operate safely and make our systems even safer for our people, customers, and the communities we serve. Throughout our history, this mission has led to the refinement of safety-first operating rules, brought billions of dollars of investment in infrastructure, and fueled the pursuit and adoption of revolutionary technologies. We should all be rightfully proud of what has been accomplished – recent years have been the safest on record for the freight rail industry – but the safety challenge never ends.

We believe that railroads are now positioned to advance to a new era of rail safety through the full implementation of Positive Train Control ("PTC"). PTC – the advanced network of GPS, sensors and locomotive control technologies that automatically stops trains that are going too fast or have missed a signal – is the type of revolutionary technological advancement that will make our railroad system even safer than it is today.

The implementation of PTC also ushers in a reassessment of our operating model. With PTC, there is no longer a safety or operational justification to staff every freight train with both a conductor and an engineer in the cab of a locomotive. Especially in the longer haul "through-freight" service, it is no longer necessary to keep a conductor on-board simply as an observer or as a second set of eyes and ears for the engineer. The principal in-cab duties of the conductor, such as calling out signals and receiving and recording mandatory directives, have already been or will be supplanted by technology where PTC is in operation.

Railroads believe this technological revolution facilitates the redeployment of the conductor role. Outside of the locomotive cab there could still be a role for ground service personnel to play in pre-departure and final terminal duties as well as planned and unplanned

work events, such as throwing switches, coupling brake hoses, inspecting cars, replacing knuckles, and similar tasks. But there is no reason why the line-of-road tasks need to be performed by an employee who spends the rest of his or her shift simply riding in a locomotive. Ground service support for train operations can be deployed in a much more efficient manner by, for example, staging on-the-ground employees at various locations. Under this model, rather than requiring a through-freight conductor to get out of the locomotive cab and walk to where the work must be done, an employee would be waiting on site or respond in a vehicle wherever ground service is required. In other words, we can put ground service jobs on the ground, where the work is actually performed.

Assigning employees to a work location – at terminals, depots, yards, or to cover territories from a vehicle – should also have substantial quality of life benefits for employees. Unlike through-freight conductors who must work unpredictable schedules and are required to spend many nights away from home, employees in these new positions would have more predictable schedules, will be better able to plan for the work day, and will be home after shifts.

We are well aware that, in the past, SMART-TD has resisted proposals to reduce or modify train crew staffing by invoking safety concerns. Yet there is no empirical support for the notion that two-person operations are safer than one-person operations. Engineer-only crews have operated for many years in locations around the world with safety records that are equal to – if not better than – two-person crews. Europe is perhaps the best example as its freight rail industry has a long track record of safe and extensive engineer-only crew operations. The Federal Railroad Administration, which has responsibility for rail safety oversight, has also weighed in on the safety of engineer-only crews, saying there is no evidence that trains with a single crew member are less safe. But regardless of what the data show about historical safety

records, that debate is largely moot now that PTC is online. PTC technology fully replicates the safety benefit provided by a conductor in a locomotive cab. When PTC technology is combined with support from on-the-ground personnel, this new operating model will be able to handle blocked crossings and other unexpected events as well as or better than the current model.

As some SMART-TD leaders have previously acknowledged, resisting the advancement of new technology in the workplace is a shortsighted proposition. Employees and employers alike must adapt or be left behind. In order to take full advantage of new investments in PTC and other modern technology, improve safety, and better align operational costs with other industries, the railroads propose to revise train crew staffing rules and practices. Modernizing crew staffing to provide for engineer-only operations in PTC territory will help to put this industry on a sustainable path by ensuring our ability to compete with other transportation modes even when they also adopt new technologies and new operating methods. That will ultimately benefit SMART-TD's members by ensuring we sustain a vibrant and competitive transportation system and stable, high-paying jobs for the foreseeable future.

Further details of the railroad's crew consist proposal are as follows: [1]

1. Crew size for any train or yard operation – including both conductor and brakemen positions – shall be determined by the railroad in its discretion based on operational needs, except that engineer-only crews may be assigned only where PTC or equivalent technology is in place.

2. For any territory in which the railroad operates with only an engineer in the locomotive, there may, depending on operational need, be ground service coverage provided by

[1] As noted in the railroads' national Section 6 Notice, this railroad is making the same crew consist proposal in multi-carrier or national handling as well as in local bargaining, with the caveat that if SMART-TD will not voluntarily agree to national handling, local bargaining will be pursued, albeit without prejudice to our position that crew consist can and should be negotiated at the national level.

on-the-ground positions. The work locations, duties, and schedules of any on-the-ground positions may be assigned in the carrier's sole discretion, based on operational need, without regard to any existing seniority district restrictions.

3. In the event that subsequent legislative or regulatory changes prevent the deployment of single person crews or otherwise deprive the carriers of the benefits of newly negotiated rights, the parties shall, notwithstanding any existing moratoriums, reach agreement – through negotiation or, if necessary, binding arbitration – on alternative contract terms providing the same relative economic value to each party.

4. New agreement terms shall not nullify or otherwise affect any existing carrier rights to operate with engineer-only or reduced crews.

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The carrier reserves the right to amend or modify these proposals and/or to make additional proposals to the extent permitted by law.