

Looking Ahead

Dates to Remember

August 11:

Washington Corporations Employee Picnic. Grant Creek Ranch, Missoula.

August 15:

Deadline for enrolling in new voluntary term life insurance program. Informational meetings to be scheduled. Watch bulletin boards for dates.

August 25:

Livingston MRL/LRC Picnic. Sacajawea Park.

August 15-31:

Semi-annual 401(k) Savings Plan account statements to be distributed.

August 31:

Laurel/Billings area Third annual golf outing Laurel Golf Club/Laurel, Montana.

October 31:

MRL's 3rd anniversary.

Tuesday, November 6:

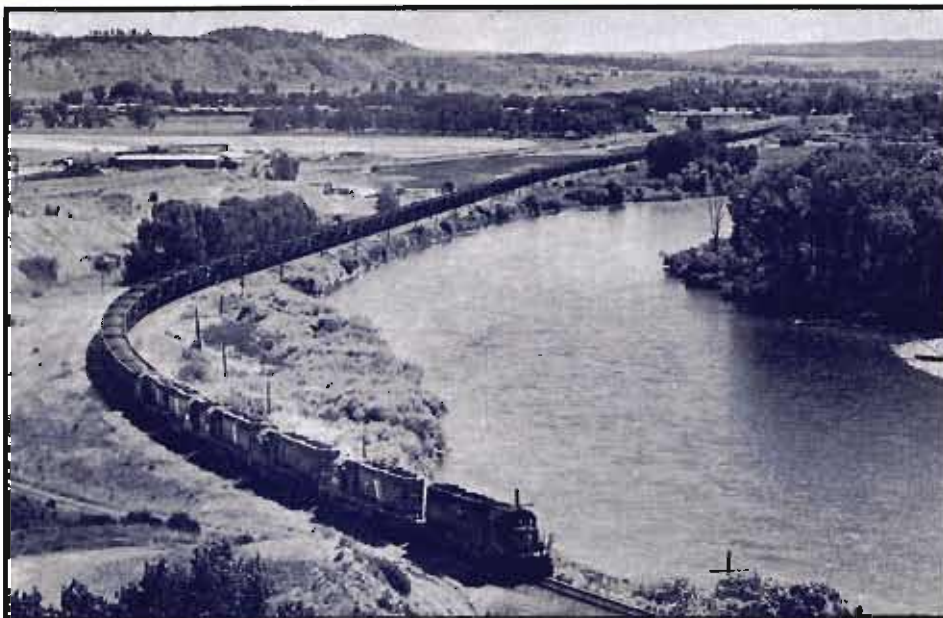
Election Day. Don't forget to vote!

December:

All month: Next opportunity to enroll in or change 401(k) Savings Plan.

December 8:

Missoula area Employee Christmas Party - Holiday Inn Parkside. Laurel, Livingston and Helena dates to be announced.



A Montana Rail Link first: Coal, mined in the Bull Mountains north of Billings by Meridian Minerals Company, began moving in unit trains from a truck-rail transloading facility at Huntley, Montana. Thirty-thousand tons were loaded in three 110-car unit trains late in May for test burning at an Ontario Hydro power generating plant near Toronto, Ontario. The trains were run to Superior, Wisconsin, where the coal was loaded aboard boats for movement to destination on the Great Lakes. The first of 60,000 tons for West Shore Terminals at Roberts Bank, British Columbia, began moving on July 16 with train RU 247-01-16, pictured here east of Columbus, Montana, with 110 loads - 14,182 tons. The coal will be shipped to Japan for test burning for electrical power generation or blended with Canadian coal for other markets. Westran, a Washington Corporations company, trucks the coal from the mine and operates the stockpiling and loading facility at Huntley. The Bull Mountains coal has a low sulphur, low sodium content with a relatively high 10,600 btu rating. Kyle Brehm photo. For more on the coal movement, turn to page 5.

News Briefs

More than one million tons of coal annually will be moving over our line to the Portland General Electric Boardman power generating plant near Castle, Oregon. The coal, which began moving about July 10, originates at mines in Wyoming operated by Amax (Belle Ayr and Eagle Butte) on the Burlington Northern Railroad. The Union Pacific Railroad handles it from Spokane. This movement will continue through 1993 and is in addition to unit coal traffics we now handle destined to Centralia, Washington.

Tie gang foreman Don Burrell and his 29-man force set an MRL record May 23 by inserting 2,100 cross ties during a 10-hour day on the 10th Subdivision near Perma, Montana. Last year's high was 1,770, but the crew had bettered that twice this year prior to setting the record. (Please turn to News, back page)

Letters

To the Editor:

It's no secret that some people are frustrated with the vision that we held for Montana Rail Link, and concerned about the promise of future job satisfaction. This is an integral part of the job, and the reason many of us left other positions to pursue a career on MRL. Possibly, as a result of this frustration many of us are not directing our energy towards solving problems that are holding us all back.

In the past few weeks, I've had the occasion to visit with employees who have expressed a common concern. I am used to fielding problems in my job, but this particular concern has weighed on my mind for some time. The comment that has me troubled is "this was supposed to be a family railroad," with the implication that we are no longer concerned about our employees. There are two issues I would like to address in response to this statement.

Before I begin, let me explain that I deal with the Operating Department the most, and so this is where I'll draw my references from. However, I feel the message applies equally to all of us, no matter what department we work in.

First, I think people tend to make judgements on how they feel. How we feel influences how we act. When we all started this venture, people felt positive. The work didn't always go smoothly, we had some very serious handicaps, but the work got done. People were proud of their contribution in spite of the adverse conditions.

And we had the shared opinion that we did it together. We still do. Look at the situation as it now stands.

What's changed in the work? Our railroad is founded on a commitment to shippers, that hasn't changed. The work place has gotten better as time went on. Away from home time has fallen off steadily. We are dead-headed faster and more comfortably in most situations. The locomotive fleet has grown, and is being upgraded and repaired. People are settling into their routines. The lodging facilities have been chosen by you, the employee, and agreed upon by the management.

You in turn move the freight, talk to the shippers daily, set spikes and replace switch points. You keep the rails in repair, the communication systems intact, and the result is that we make the railroad run....together.

These are facts. Sometimes we ignore the facts because they conflict with our feelings. This is known as thinking emotionally. We base our actions on how we feel and not on facts and realities. Don't fall into the trap of making emotional decisions about your job. Make informed, objective decisions. Use accomplishments to measure success.

Think back. We had no basis for expectations in those first few months. But even so, we had lots of expectations. The railroad is a success because we all made it one. It's no surprise, we expected it would work. Expect failure, frustration and confusion instead, and it'll happen.

Secondly, this is a family oriented railroad. No question. But, not a family railroad. What's the difference?

A family oriented railroad is concerned about your "quality of life," a term that gets battered these days. As managers, we want you to spend as much time as possible doing what you like to do best. But as managers, and as employees, we have a common obligation to run the railroad. Now, I realize there is room for improvement, but simply, we need your help as much as you need ours. We are not a family railroad in the sense that management plays a parental role and is responsible for your actions. You are responsible for yourself. Management should strive to provide opportunity, and how we take advantage of that opportunity is our responsibility. In short, we ought to manage business and not people.

The keys are cooperation and responsibility. The Company has the obligation to provide a safe work place. It is your responsibility to keep the work practice safe and efficient. It takes cooperation to do it.

If we all spend our time and energy taking care of ourselves, managers will have more time to devote to business and creating more opportunity for all of us. Don't trap yourself in the old pitfalls of a division in the Company. We are in this boat together. The MRL/B.of L.E. contract sums up the feeling nicely: "This agreement is intended to be based on cooperation and as such is a fundamental restructuring...." That is a great thought, and we came up with that together.

David S. Swanson
Manager Crew Operations

Misroutes

Omitted from a previous issue of the Newsletter: Colette M. Thurston was appointed assistant manager demurrage and accessorial services on September 18, 1989. Ms. Thurston served previously as a demurrage technician. We regret this oversight. •

Retirements.....

Best wishes to Livingston signal maintainer Gilbert P. Just who retired July 3rd completing 43 years of service that began with the Northern Pacific Railway in New Salem, North Dakota, as an assistant signalman. Mr. Just was with MRL from start-up, October 31, 1987. •

The Newsletter is published by Montana Rail Link, Inc., issued periodically, and mailed First Class at Missoula, Montana, to all active employees. Readers are invited to submit news items and comments.

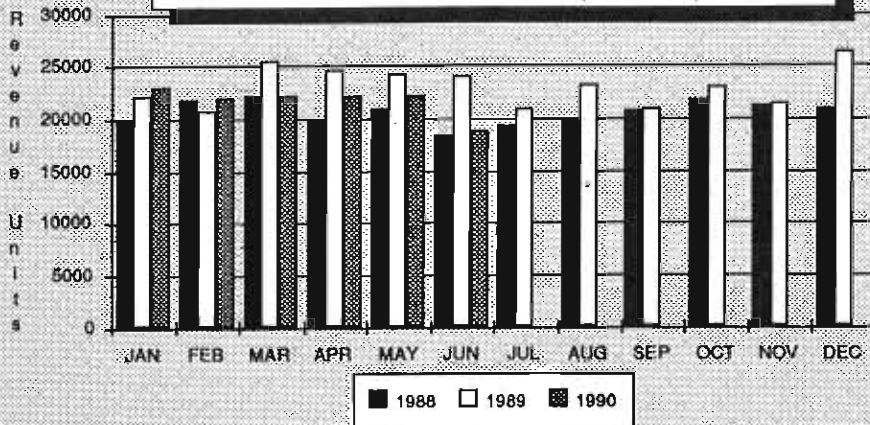
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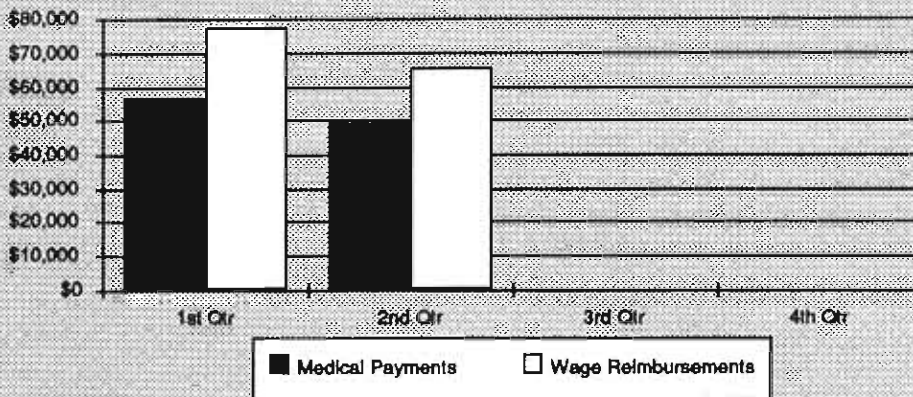


Facts: Revenue Units (Carloads) Handled



Carloads handled for the six months ended June 30, 1990 totaled 129,946. This is a decline of 11,067 or 7.9% compared to the same period last year. Our largest single source of business, bridge traffic which is handled between Spokane and Laurel for the Burlington Northern, declined by 11,403 or 11.0% during the same period. This is due, in part, to reduced intermodal and grain shipments. Traffic which originates or terminates on Montana Rail Link increased by 1,333 carloads or 4.8% during the same period.

Work Related Injury Expenses in 1990



Signs of improvement: Work related injury expenses declined during the 2nd Quarter.

Washington honored

Dennis Washington has been honored by the American Academy of Achievement at its 29th annual Golden Plate banquet held in Chicago on June 29th. The Academy recognizes the achievements of people who have excelled in their chosen professions. Among others who received the distinguished honor this year were former president Ronald Reagan, actor Hal Holbrook, consumer advocate Ralph Nader, and Jim Lehrer, the co-anchor and associate editor of the MacNeil/Lehrer news report. Washington, a self-made millionaire whose enterprises are based in Missoula, has built up businesses in construction, mining, railroading and other fields. The American Academy of Achievement called him a "rugged entrepreneur" and said he is "heralded as America's New Tycoon."

Since 1961, the American Academy of Achievement has annually presented - at the "salute to excellence" program - the Golden Plate Award to extraordinary and inspiring "exemplars of excellence" in the great fields of endeavor. The aims of the Academy are to "inspire youth with new dreams of achievement in a world of boundless opportunity; to broaden the recognition of men and women of exceptional accomplishment in America's great fields of endeavor...and to spark their colleagues with renewed ambition and pride; to salute all men and women who give their best efforts to their

(continued, please Honor, page 6)

Health Plan News

Routine Newborn Nursery Care is medical jargon for the care a healthy, newborn baby receives during the first few days of life. It is one of those hidden costs which most insurance companies do not talk about and do not cover. This benefit is provided under the Washington Companies' health plan.

Here is how the coverage works: The newborn's care is linked to the mother's bill provided that she is eligible for benefits as an employee or the spouse of an employee. The baby's bill is processed as part of the mother's bill. If the mother has met her individual deductible, the baby does not have one. If the baby is born with a medical problem, there is no hospital stay limit.

New dependents must be added to your health plan within 30 days of the birth by completing a new enrollment form. Once a baby is added to your plan as a dependent, any deductible remaining for the family will be taken out of the newborn's bills just as any other dependents' bills.

Well-baby care is not routine newborn care. Well-baby care is the

(continued, please see Health, page 6)

A Look at the Purchasing Department

Who spends more than \$19 million annually on more than 10,000 products and services? Mike Matejovsky, Howard Nash, Marj Sawyer and Carol Stevens of the MRL Purchasing Department, that's who! The formidable task of writing more than 8,000 purchase orders, more than 28,000 line items annually and dealing with more than 150 vendors is the responsibility of the department. They keep the supplies and materials flowing that are needed daily to keep the railroad running. Traction motors, car parts, ball point pens and light bulbs are a few of the items that are purchased. They also must work closely with other MRL personnel from various locations on the system (purchasing is done for 20 separate cost centers). Stevens is department manager and reports to Nash who is marketing/administrative director. Purchasing assistants Sawyer and Matejovsky have responsibility for buying, respectively, locomotive and car parts and maintenance of way materials.

"Problem solving is a big part of the job," say Stevens. "Getting the material to where it is needed, when it is needed at the best prices and quality standards keeps all of us very busy," she continued. "Accuracy and completeness of requisitions is a big help to us and reduces the processing time," added Sawyer. Matejovsky, who joined the department in June, thinks the emphasis on communications from field employees is important. "Information on product quality

and performance as well as delivery helps us a great deal. With a team effort, we can provide our employees with the best quality, safety and service from our vendors and their products," stated Mike. A typical transaction for a locomotive part for Running Repair at Livingston, for example, involves a requisition being written and faxed to Missoula where Purchasing begins a process checking the quantity on hand and making sure the stock code and part numbers agree, checking for previous purchase orders to determine available vendor, weight of the item, type (new or used) and price. After that, the vendor is telephoned or a faxed order is transmitted. Purchasing specifies the mode of transportation and establishes an estimated delivery time. "The purchasing department does an excellent job," says Nash, "but we are hampered by the manual process in which orders are handled. We are working with Data Processing to help alleviate some of the problems." One program now under development will set order quantities to help control inventory levels. The program provides data on the amount to order, frequency of the order and the optimum quantity to have in inventory.

All departments play significant roles in keeping a railroad running; however, without the efforts of purchasing to keep the materials flowing, we would find our company grinding to a halt in short order. •

Haz-Mat handling education: Doing our part

Thirty persons representing Missoula area fire, police and emergency response services and MRL attended a Hazardous Material Response Seminar sponsored jointly by Montana Rail Link, Union Pacific Railroad, and Missoula Rural Fire District on May 12 at the U.S. Forest Service Aerial Fire Depot in Missoula. Charles J. Wright Union Pacific's manager of hazardous material training presented the seminar which was designed to enhance knowledge of the proper and immediate response required to handle a release of hazardous material. This is another excellent example of the commitment of the railroad industry to handle hazardous materials in a safe manner and to keep those in the local communities who need to know, better informed.

and ...

Improper placarding, dome covers not secured, unloading caps not secured or missing, and missing or improper shipping papers are some of the shipper-related defects which impact shipments moving in tank cars and empty tank car movements. Paul Adams, MRL's manager of training, rules and safety, participated in a tank car loading and unloading seminar sponsored by Conoco Oil on June 26. Adams gave a briefing on shipper related defects and explained to Conoco employees what assistance the railroad could provide to alleviate these problems. Conoco employees from Houston and Billings attended as well as the Federal Railroad Administration Region 8 Haz-Mat inspector. •

Q&A

How many employees does Montana Rail Link have?

As of June 30, MRL employed 927 persons. There are 349 in the Operating Department, 244 Maintenance of Way, 186 Mechanical, 51 Office (Accounting/CBS, Purchasing, Marketing, Executive), 48 Clerical, 20 Compass, 16 Dispatchers, 10 Crew Callers, and 3 Training/Rules/Safety. •

Have a question you want answered? Contact the editor, we'll try and get it for you.

A team effort averts bum trip

Transients trespassing on railroad property and riding trains pose a serious threat to the safety and operations of railroads. Montana Rail Link is not immune to this difficult problem as a recent incident illustrates.

About 3:15 AM June 30, Train 01-123-29 (3 locomotives, 65 cars, 6460 tons/3706 feet) was westbound moving at 60 mph with engineer Mitch Dahl and assistant Bob Chandler when a block signal displaying the approach aspect (yellow) was observed as they neared Clinton, Montana, where they were to take the siding to meet eastbound train No. 22. Chandler, who was running the locomotives, initially used dynamic braking to control the train speed. A second block signal displaying approach appeared and Chandler attempted to apply the train brakes. There was little reaction and brake pipe pressure dropped from 85 to 81 pounds on the rear of the train as indicated by the rear of train device (known as the "Fred," it transmits brake pressure and train movement data to a receiving unit in the locomotive cab known as the "Mary"). Within moments a heavier reduction was made - nothing - the brakes did not set on the train! At mile post 99, Chandler placed the brake valve into emergency - still no reaction! Meanwhile, manager of train movement Jesse Walton was temporarily working on something else and did not hear Dahl's radio transmission. Signal maintainer Cactus Young, on a call in the vicinity working on a signal problem, overheard 123's crew attempting to contact the dispatcher's office and phoned in on the MRAS (mobile radio access system) to alert Walton. In the meantime, 123's train had slowed to 45 mph and entered the east switch at Clinton (a 20 MPH turnout). Dahl radioed train 22 and instructed them to clear the west switch as soon as possible. Walton held



The "A Team," left to right, Mitch Dahl, Cactus Young, Bob Chandler and Jesse Walton.

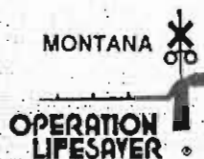
another opposing train, No. 92, at Bonner. Train 22 cleared the west switch and Walton lined it moments before train 123 arrived and exited the siding moving about 30 mph. In another two miles the speed had dropped to between 10 and 15 mph but, because the locomotives brake shoes had been burned off, was still unable to stop. Dahl then dropped off and was able to set hand brakes on six cars which halted the train at mile post 105, six miles from where they had made the emergency application. When Dahl detrained, he observed a transient on the east end of the first car. Police were summoned and he was taken in to custody where he admitted that he had "inadvertently" turned an angle cock on the car. This act "bottled the air" on the rest of the train making the brakes inoperative. Suffice it to say that a team effort on the part of MRL employees averted what could have been a far more serious situation. •



Coal loading at Huntley, May 23. Right, John Onstad, Westran's belt operator, regulates the loading from a control stand on the conveyor while, from the ground, Terry Hoke, left, a transportation consultant, and Sandy Sanderson, Westran field supervisor, backs to camera, observe the progress. Above, a cut of 30 cars is spotted at the loading site and pulled by the conveyor as instructed by radio by the belt operator. Kyle Brehm photos.



Any time is train time!



Crew Change: Robert Fox, a Laurel utility operating employee, assumed leadership of MRL's Operation Lifesaver Program from Livingston locomotive engineer Charles Lunde as of June 1. Lunde was instrumental in getting the program started on MRL and in addition to his leadership role in coordinating system efforts and representing MRL as a board member of the state council of Montana Operation Lifesaver, he also found time to personally provide Operation Lifesaver presentations to various audiences including school children, bus drivers, and adult groups. We salute Charles for his contributions and dedication to Operation Lifesaver during the past year and a half and wish Bob Fox the very best as he assumes his new responsibilities.

Other Operation Lifesaver News

The Sixth Annual Operation Lifesaver National Symposium was held at Coeur d'Alene Resort on the Lake July 9 through 11. Forty-nine states were represented with 44 state coordinators and 380 persons in all in attendance. Robert Fox, Lynda Frost and Brian Heikkila represented MRL at the event the theme of which was "Back to the Future - Operation Lifesaver in 2000." Guest speakers included Gilbert Carmichael, administrator for the Federal Railroad Administration; Jim Colstad, National Transportation Safety Board administrator; Dennis Judycki, administrator for safety and operations of the Federal Highway Administration; William Loftus, president of the American Short Line Railroad Association; and Larry McFather, international president of the Brotherhood of Locomotive Engineers. Workshops included such topics as education, enforcement, engineering and data systems and use.

Robert Fox reports that Operation Lifesaver activities have slowed somewhat for the summer and changes in Laurel area participants should be noted: Shawn Ham, a Laurel clerk, is a presenter and Tom Ricci is the Laurel area coordinator. Rich Turcotte and John Garreffa have left the program.

Operation Lifesaver is a nation-wide safety coalition aimed at eliminating rail highway grade crossing accidents through education, engineering and enforcement. •

Professionals at work

On April 28, assistant roadmaster Earl Perrine was off-duty but he and his grandsons were giving train 91 a roll-by inspection from the back yard of his home near Lothrop, Montana. Perrine, noting that a 20 foot boat had slid off of its trailer and was protruding from the car by well over three feet, grabbed his portable radio and got the train stopped. Frenchtown section foreman Roger Babcock happened by to visit with Earl and the two of them got the boat back on the trailer and secured it with the tie downs. No. 91 was released and on its way after a mere 30 minute delay.

A possible major derailment was averted by Laurel carman Dennis Greenwalt. He was inspecting an outbound train on May 29 when he heard a wheel bearing on a covered hopper making an odd noise. The train was stopped and closer examination revealed a serious bearing problem. The car set out and sent to the repair track.

On May 31, Missoula carman Gary Padilla was inspecting an eastbound empty grain train when he noted a wheel with built-up tread, a condition caused by overheating due to dragging brakes, on covered hopper. The car was bad ordered and set out of the train. Later, on the way to the repair track, the wheel broke in two places. Needless to say, a derailment was averted. •

Health (continued from page 4)

follow up treatment (including immunizations) in the first two years of life. At this time, well-baby care is not a benefit of the plan; however, we encourage you to submit your bills for this care to Administration Services in order to keep records current for tax purposes. •

Honor (continued from page 4)

daily tasks; to champion the spirit of free enterprise and equal opportunity for all; to rekindle "ideals and principles that made America grow and prosper;" and to foster an international spirit of understanding by annually bringing together the great minds and talents of other nations. •

Health Insurance Claim Questions?

Call Administration Services in
Spokane, toll free at

1-800-344-3639

Office Hours:
9-5 Mountain Time
Monday thru Friday.

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Keeping Track

Montana Rail Link Personnel Changes

Effective May 2, 1990:

Lou M. Yelenich transferred from assistant trainmaster at Livingston to Laurel and the Laurel trainmaster's territory extended from the east switch at Livingston to the west switch at Bozeman.

Effective May 21, 1990:

David R. Koerner appointed to the new position of director revenue accounting. Mr. Koerner was formerly manager revenue accounting with the Burlington Northern Railroad in Fort Worth, Texas and has held several accounting positions with BNR, BN Financial Services and Meridian Minerals. He holds a BS, BA degree in accounting from Eastern Montana College and is a CPA.

Joseph R. Richardson appointed to the new position of assistant to chief mechanical officer with headquarters in Missoula. Mr. Richardson was formerly a rate analyst with the Burlington Northern Railroad in St. Paul and held several positions in accounting and purchasing materials/car and diesel.

Effective May 29, 1990:

Van E. Blakley appointed to the new position of manager financial accounting. A native of Missoula, Mr. Blakley holds an MBA from the University of Montana and served previously as a financial consultant with Shearson-Lehmann-Hutton at Spokane, WA.

Effective June 11, 1990:

Michael S. Matejovsky to purchasing assistant from billing clerk in the Computerized Billing Department replacing Karin Wisniewski who resigned.

Effective June 18, 1990:

Stanley E. Eggleston to mechanical foreman at Missoula filling a vacancy created when Chip Raber was promoted to general mechanical foreman. Mr. Eggleston served previously as lead carman at the Missoula car department.

Effective July 2, 1990:

Kelly E. Geiser to supervisor local billings and interline accounting from senior payroll technician replacing Dana Beck who is resigning.

Lorena M. Lake to senior payroll technician. Ms. Lake joins us from the Washington Construction Group where she was a communications and payroll assistant.

Customer Profile: DAW FOREST PRODUCTS CO.

The DAW Forest Products saw mill at Superior, Montana (MRL station Cedars) produces an average of 65 million board feet of lumber annually. Seven species of timber: ponderosa and lodgepole pine, fir, larch, white fir, spruce and red cedar are sawed into dimensional lumber and boards, standard products which are found in any home. The production is shipped to locations throughout the US using center-beam and bulk head flat cars and box cars. Occasionally, sawlogs are received by rail and DAW was the first to use this service after MRL start up in 1987. The Superior mill, originally owned by Diamond International, was acquired by DAW in May, 1984.

DAW, standing for Douglas A. Westenhaver, the firm's chief executive officer, is a limited partnership and privately held company with headquarters at Lake Oswego, OR, a suburb of Portland. DAW also

operates mills at Coeur d'Alene, ID, Albany Falls, Redmond (plywood and remanufacturing - doors, mill work, etc.) and two at Bend, OR, and owns 180,000 acres of fee timber land.

The lumber business is highly competitive and to meet the challenges of the future, the Superior mill is undergoing an \$8.5 million modernization program which includes a new small log side, computerized edging and improvements in the planing area. This will increase production by about one million board feet per month. The Superior mill, which operates two shifts per day, five days per week with 135 hourly and 15 salaried personnel, is managed by Rex Knight with Herb Nash as timber resources manager, and Tim Sanders as the shipping foreman. •

Sixth in a series of articles designed to acquaint us with our customers.

Jean S. Laber to general accounting assistant replacing Megan Collier who resigned. Ms. Laber was previously a staff accountant with the Missoula accounting firm of Sather, Minemyer & Hauck.

Sabe Pfau to new position of chief of security with headquarters in Missoula. Mr. Pfau retired from the Missoula police force as chief of police in 1984 and since that time has served as security officer for the federal court in Missoula and worked in construction.



Sabe Pfau, chief of security.



David R. Koerner,
director revenue accounting.

Need a cap?

The MRL blue corduroy caps are available to employees for \$5 each.

Write or call Jacquie Duhamel at 523-1494 in Missoula.



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Montana Rail Link was well represented at the Fourth Annual YWCA Leadership Luncheon held on June 6th at the Holiday Inn - Parkside in Missoula by, pictured here, left to right, **Patricia Seabaugh**, manager of payroll; **Sharon Prinzing**, personnel manager; **Lynda Frost**, administrative assistant to the president; **Afton Dupuis**, administrative assistant to the executive vice president; and **Carol Stevens**, purchasing manager. These ladies were nominated by their supervisor for the prestigious Bronze Award which honors successful women dedicated to excellence and commitment in their profession. Each was presented with a certificate of achievement.



Crushed autos ride the rails. Beginning April 26, Pacific Hide & Fur at Missoula began shipping this type of scrap to a steel mill in Portland, Oregon, utilizing MRL's home-built 85 foot log flats. Because of lading securement requirements, railroads had difficulty handling this commodity, until now. The log flats, with the permanent bunks and the addition of some extra tie-down cables, solved the problem.

News (continued from page 1)

Radio communications have been improved significantly with the installation of MRAS (mobile radio access system) stations at Cyr and Lombard, Montana. Another, at Clark Fork, Idaho, is scheduled for completion later this summer and will eliminate congestion with BN transmissions in the area. ■

Ten miles of new continuous welded rail is in the process of being installed. The major portion is on the 4th Subdivision near Noxon, Montana, and another stretch will be laid between Bozeman and Livingston. ■

J. Fred Simpson was one of five persons recently elected to the executive committee of the Regional Railroads of America. The others were Mike Barron, Ann Arbor Railroad; Roger Bell, Columbus & Greenville Railway; Mort Fuller, Genesee & Wyoming Railroad; and Frank Turner, MidSouth Rail Corp. •