

LOOKING AHEAD

Dates to Remember

February 29

Deadline for completing
Feed Back Reports for
Employee Attitude Survey

March (all month)

Next opportunity to enroll in or
change 401(k) plans

May 11 - 15

National Transportation Week
National Operation Lifesaver Week

May 13

3rd Annual Operation Lifesaver
Awareness Day

June 27

5th Annual MRL Missoula Area
Golf Outing

August 1

Deadline for entries in
1992 Photo Contest

October 31

MRL's 5th Anniversary

Inside this issue:

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News Briefs

■ Montana Rail Link named as operating representative in Argentine rail privatization program. For details, turn to page 4.

■ \$12 Million Capital Improvement Budget announced for '92. Included in the budget will be 14 miles of 136-pound continuous welded rail, installation of 94,000 cross-ties, and surfacing 250 miles of track. Freight car acquisitions are expected to include 57 ballast cars (purchase of existing lease fleet plus 13 improved ballast cars); 200 70-ton, 50-foot box cars which will be rebuilt to 100-ton paper cars; and 100 100-ton, 3,000 cubic-foot covered hoppers for cement. About \$1 million will be expended on rebuilding several low-horsepower diesel units. Other items include installation of a hot-box detector at Dixon, Montana, shoulder cleaning of ballast on 150 miles of track, and additional portable radios.

■ Bridge and Building crews are nearing completion of work which included new cross-ties and walkway on Bridge 7 over Marent Gulch on the 10th Subdivision. Known as Marent Trestle, the 797-foot steel bridge is the highest on our railroad towering some 225 feet above the valley floor.

(continued, turn to News on page 3)



MRL 151, designated as a GP19-1, is a one-of-a-kind new breed of locomotive. Rebuilt from a GP9 and rated at 1,800 horsepower, the unit is equipped with Dash 2 controls and many rebuilt components. What's more, it is a product of our in-house talent. Livingston Mechanical Foreman **Dan Smith**, pictured with the locomotive in Missoula shortly after outshopping in June 1991, designed it and then supervised the rebuilding which was done at LRC in Livingston. No. 151 is currently being tested by the Arizona & California Railroad in Parker, Arizona. Two more units are slated for rebuilding in 1992 as part of our capital improvements program.

Letters

To the editor:

No. 87

As most MRL people are aware, 100 Montana Rail Link belt buckles were recently made available by the general office.

I was fortunate in obtaining what I consider the best of the lot. My buckle is number '87' the same as the year we began operations as Montana Rail Link proving to the world that we're a 'can do' group. Those of us here at start-up can vividly recall the enormous challenge and take pride in our teamwork success. Last but not least, I was given this buckle by the greatest group of people I've ever worked with and this is not to be taken lightly considering the high quality people throughout our railroad.

While a special piece of Montana Rail Link memorabilia like this might normally be put away for safe keeping, I intend to wear it with pride for all to see.

Thanks guys - you know who you are!

Jack Hazard

Assistant General Mechanical Foreman, Helena

Letters Policy: Employees are invited to send their comments. Be sure to include your name, work location and a phone number where we can reach you to verify your letter, if necessary. Names will be withheld upon request, but letters received unsigned will not be published. Your letter may be edited if space limitations do not permit printing it in full.

Miscellany

Jack Hazard, Assistant General Mechanical Foreman at Helena and a former Apache Railway employee, let us know that the Apache was missing from the list in Newsletter No. 18. The Garden City Western must be added, too. The list of railroads represented within our ranks now totals 42! Are there any more additions or corrections? •

Announcing:



1992 EMPLOYEE PHOTO CONTEST



Prizes:

*\$300 Grand Prize
11 other entries will be
selected for \$50 Awards*

Official Entry Blanks will be enclosed with paychecks and made available at all work locations. Questions? Call Milt Clark, 523-1437 in Missoula.

Rules

- Photos must be Montana Rail Link related. Subjects can include trains, scenic photos from MRL territory or employees at work. Photos must have been taken on or after **January 1, 1991**.
- Photo subjects must be shot using a high-quality color transparency 35mm film - Slides - (Ektachrome, Kodachrome, Fujichrome) **OR** color prints 3 1/2 x 5 size. The original slide must be submitted or, if prints are submitted, the original negative must also be submitted with your entry. Handle negatives by edges only and please package carefully to avoid damage.
- Deadline for entries is August 1, 1992. Each entry must be accompanied by a fully completed entry blank.
- Contest open to active or retired MRL employees or their immediate family only. Enter as many items as you wish.
- Entries will be judged for quality and composition by a panel of judges.
- MRL reserves the right to reproduce any entry in promotional materials or publications, therefore, entries will NOT be returned. If you wish to retain copies of your entries, remember to have duplicates made.

Talent Pool

In case you didn't notice, our 1991 Christmas card was the work of two of our talented employees. General offices Utility Clerk Lori Cochrell authored the verse and Assistant Chief Engineer Jay Lentzner provided the photograph. The 1992 calendar utilized seven of the twelve winning photographs from the 1991 photo contest. •

The **Newsletter** is published by Montana Rail Link, Inc., issued bimonthly, and mailed First Class at Missoula, Montana, to all active and retired employees.

Readers are invited to submit news items and comments.

R. Milton Clark, Editor
Mary Semmens, Associate Editor

Member
Association of
Railway Communicators



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January 31, 1992



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Health Plan Info

What is "excess life" and why is a charge for it being deducted from my paycheck?

MRL employees receive \$150,000 life insurance coverage (\$300,000 accidental death). It is one of our benefits and comes with the health coverage plan. Under IRS rules, any life insurance provided by the employer in excess of \$50,000 is considered excess life and becomes taxable income. The rate charged as income is based on age and ranges from \$8 per month for employees under 30 to \$210 per month for those between 65 and 69 years of age.

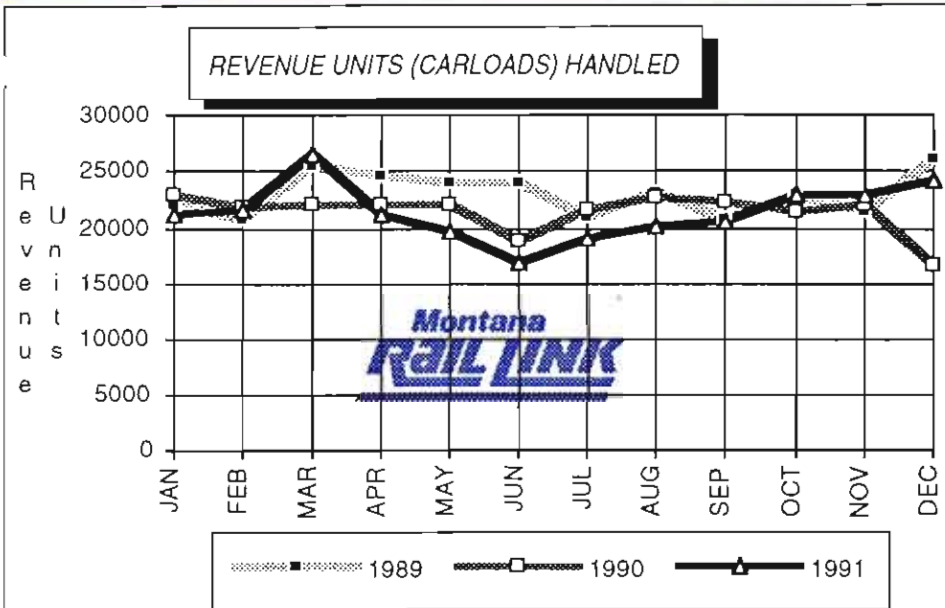
Accordingly, deductions are being made for Railroad Retirement (Tier I, Tier I Medicare and Tier II) by the Payroll Department. Of note, Congress is considering raising the taxable limit for this benefit, which if passed, would reduce or eliminate the tax consequences of this benefit. Let your Congressional delegation know how you feel about this. In spite of the tax implications, this benefit is an inexpensive way of providing financial security for your dependents.

Railroad Retirement

Effective January 1, 1992, Railroad Retirement Tier I ceiling is \$55,500 (rate 6.2%), Tier I Medicare \$125,000 (rate 1.45%), and Tier II \$41,400 (rate 4.9%). The railroad contributes the same level as the employee for Tier I and 16.1% for Tier II. In addition, rail employers pay 4% of an employee's wages to a "Repay" fund, and 3.1% for unemployment (to a maximum of \$785 per month for each employee for both accounts). They also pay \$0.285 per working hour into a Railroad Retirement Supplemental Fund.

The 401(k) Plan

The maximum allowable contribution to the 401(k) plan for 1992 is \$8,787.00. •



Revenue units for 1991 totaled 256,606, a decrease of 869 units or 0.3% compared to 1990. Bridge traffic accounted for 179,176 units, an increase of 2,187 over 1990 or 1.2%. Traffic which we originate or terminate declined by 1,318 cars or 1.7% to 78,299 units. Stone Container Corporation's return to full production and increased volumes of grain and concentrates bridged over our line all contributed to the strong finish in 1991.

News (continued from page 1)

■ Montana Rail Link handled a record 741 loads of sawlogs in 1991, an indication of the significant roll we are playing in the timber industry as sawmills reach further and further beyond their normal timber drawing areas. When we started operations in 1987, there were no sawlogs originated or terminated on our line. "Competitive rates and service make shipping by rail a viable alternative to trucking," said Larry Huff, Marketing Manager.

■ The Dennis R. Washington Foundation announced a college grant program recently. Starting in the fall of 1992, it will be available to all qualified children and spouses of Washington Companies employees. The Foundation will also be offering nine \$1,000 scholarships which will be administered by Montana's six state and three private colleges. They will be available to all second year college students who are Montana residents. Detailed information and application forms may be obtained from Lynda Frost at 523-1417.

■ A new 400-ton, 70-foot, Fairbanks electronic scale is being installed at Livingston. It replaces an old balance-beam scale and will greatly enhance our weighing capability. The \$95,000 project will be completed by April 1.

■ MRL has had 10 high-horsepower locomotives leased to the Burlington Northern to fill a power shortage created by heavy movements of grain to the Pacific Northwest in November and December. The Arizona & California Railroad, a 239-mile regional, based in Parker, Arizona, is trying our one-of-a-kind GP19-1 rebuild No. 151. For a photograph, please see page 1.

■ MRL freight tariff 8000-A, effective on January 1 replacing tariff 8000. The new tariff is de-linked from the Rail Carrier Cost Recovery tariff and contains MRL's weighing rules and charges. Rates on several commodities have been reduced to meet competition. •

U. S. Group to operate 3,055-mile Argentina Rail Line

Montana Rail Link, Anacostia & Pacific Company, RBC Associates awarded 30-year concession to run Mitre Line

Montana Rail Link, Inc., Anacostia & Pacific Company, Inc., and RBC Associates, Inc., a Washington, D.C., lobbying firm specializing in transportation policy matters together with four Argentine companies have been awarded a 30-year concession by the government of Argentina to organize, manage and privately operate 3,055 miles of national railroad, known as the Mitre Line. Final approval by the Argentina legislature is expected shortly.

The line will be operated by Nuevo Central Argentino (NCA), a consortium formed by four Argentine companies in which the three U.S. firms will be investors. The transaction is expected to be completed in August 1992.

The Mitre Line includes wide-gauge (5-ft. 6-in.) main-line track serving the country's rich agricultural region from Buenos Aires northwest to the principal industrial cities of Rosario and Cordoba, as well as Santa Fe and Tucuman. This is the second of Argentina's six government-owned rail systems to be privatized.

Under terms of the concession, NCA will operate and maintain the railroad in return for an annual rental payment. Inter-city and commuter passenger service on the Mitre Line will be retained by Ferrocarriles Argentinos, Argentina's national railroad, through trackage rights.

NCA expects revenues of more than \$40 million in its first year of operation and to employ 2,200 people. Annual volume should exceed 60,000 carloads consisting primarily of grains, oil seeds, oil seed products, aggregates, minerals, and sugar.

Larry McCaffrey, a managing director of Anacostia & Pacific and a director of Montana Rail Link, said, "This is an important opportunity for us to demonstrate the value of U.S. management, business principles, and operating systems in the process of converting government-owned railroads into privately run operations, something that is occurring throughout the world."

The three U.S. firms have given NCA a 30-year commitment to provide railroad management services. This includes selection of four senior U.S. railroad managers for the new railroad, training of senior Argentine managers at Montana Rail Link facilities in the U.S., preparation of start-up and capital investment plans, and monitoring continuing operations.

NCA plans to make substantial capital investments in the new enterprise, including 25 rebuilt locomotives, track improvements and replacement of the railroad's signalling and computer systems. A substantial number of rebuilt

(continued, turn to Argentina, page 6)

President Signs Highway Bill:

LCV freeze, grade crossing funds included

President Bush signed the new federal highway bill on December 18. The new legislation authorized federal transportation expenditures of \$151 billion over the next six years and includes a number of provisions of interest to the railroad industry.

Foremost among these is a freeze on the operations of the longer combination vehicles. The freeze will limit LCV operations to the states and routes where they were operating on June 1, 1991.

States will be given 60 days to send all information about LCV operations within their borders to the U.S. Department of Transportation to establish minimum training requirements for LCV operators. It also directs the General Accounting Office to study the safety characteristics of LCVs, and requires DOT to determine whether modifications are necessary to federal commercial motor vehicle safety standards as they apply to LCVs.

Rail-highway grade crossing programs will receive \$160 million annually under the legislation. It also includes a \$300,000 annual authorization for Operation Lifesaver, a public information and education program to help reduce motor vehicle accidents, injuries and fatalities at grade crossings. The legislation also authorizes state and local governments to install stop or yield signs at grade crossings without automatic signals and over which at least two trains a day operate. •



Left, Laurel machinist Dave Metzger found a cracked wheel on switch engine No. 17 on December 24. It's finding defects like this, before a complete failure, that save time and money. Thanks, Dave!

Car Repair Billing

During 1991, our mechanical department performed repairs on nearly 40,000 foreign and private cars. A foreign car is one owned by a railroad other than MRL; a private car is a car having other than railroad ownership. In 1991, we received \$6,599,816 from the car owners for these repairs and paid \$525,281 to other railroads for repairs made to our cars.

The Car Repair Billing Department, managed by Christina Ellsworth, accounts for this activity. Anne Marvin, Car Repair Billing technician, assists. They report to Mel Dinius, Chief Mechanical Officer and John Earll, Director of General Accounting.

Ellsworth joined MRL in June 1988 as an inventory technician, moved to accounts payable and was appointed to her current position in February 1989. Marvin started with MRL as a temporary in accounting in August 1989 and, after brief stints in inventory and Compass/YMS area, moved to the car repair billing area in January 1990.

Here's how car repair billing works. Montana Rail Link handles thousands of cars a year moving both loaded and empty across our railroad. Freight cars must meet certain minimum standards for safe movement. The Field Manual of AAR Interchange Rules, published by the Association of American Railroads, provides rules and specifications for all freight car parts from the wheels to safety appliances.

When cars are received from connecting lines, they are inspected by carmen to ensure they are safe for

further movement. Those with defects, such as worn wheels, are 'bad ordered' and sent to a repair track or shops for repairs.

A 'write-up man,' a carman who is extremely knowledgeable with car defects and the Interchange Rules, further inspects the cars to determine which repairs are billable to the car owner and which ones MRL, as handling railroad, must pay for.

Every repair procedure has a billing rate for parts and labor prescribed by the AAR. An original record of repair is made and a copy is sent to Car

Repair Billing for processing. Information from MRL's car repair locations (Laurel, Missoula, Helena and Livingston) is checked and bills are sent to the car owners for payment.

Other duties include keeping track of depreciated valuation statements which are made when cars are damaged or destroyed by foreign lines, and defect cards and accident reports associated with damaged equipment. Car repair billing people also audit car repair bills received, correspond with foreign railroads to resolve billing disputes and settle outstanding billing claims.

Our car repair billing system utilizes the Washington Corporation's System 38 computer to generate bills. The AAR determines the rates which are revised quarterly to reflect any changes in parts and labor rates. The information, or "Pricemaster," is in the form of a computer tape. By 1993 it is expected that all car repair bills will be transacted directly by computer through Railinc Corporation, a unit of the AAR specializing in information technology and business services for

(continued, turn to Repair, page 7)



*Our Car Repair Billing Team:
Ellsworth, seated; and Marvin.*

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

97% On Time:

new goal for train operations

97% on time - that's the goal for freight train performance. And the Burlington Northern Railroad is presently working on developing realistic schedules to reach it. MRL's managers of train movement are assisting in the effort, since we play a key role in moving BN transcontinental trains across our system. Part of the process in developing schedules is a technique called "stringlining;" a graphical representation of the schedules with time on the vertical axis and distance on the horizontal. Stringline charts help identify points of congestion such as too many trains in a terminal at one time, trains passing other trains when they should not, too many trains in a helper district at the same time and much more. They include time for meets, adding helpers, and 'slack' for incidental problems such as hot boxes or air trouble. On days when a train makes a perfect run and has no trouble, it will have to be held at some point to maintain the schedule. Stringlines are not intended to be absolute instructions. A perfect on-time operation would duplicate the stringline, but when problems occur, adjustments have to be made. The standard will be + or - 30 minutes of train schedule arrival or departure at Huntley, Sandpoint, and terminals.

To aid in the effort of developing schedules, BN is furnishing our Transportation Center with a computer to draw stringlines faster, let us look at options more quickly, and transmit these stringlines to the BN

(continued, turn to On Time, page 7)

Women for MRL:

A support group for the families of MRL employees

This successful, Laurel-based group has been active since shortly after MRL began operations. Lezetta Sheets is current chairman. Nancy Edwards is co-chairman and Cindy Burkhardt serves as secretary-treasurer.

The ladies have held bake sales for fund raisers, organized picnics and Christmas parties for the children. Regular meetings are held the third Thursday of each month, 9:30 am at the Locomotive Inn in Laurel. Interested? Want more information? You are welcome to attend our next meeting or write to: Women for MRL, P. O. Box 444, Laurel, Montana 59044. •



*The children were delighted with Mr. & Mrs. Santa Claus (Laurel switchman **Chuck Reeser** and wife **Connie**) at the annual Women for MRL Children's Christmas Party held December 7. **Deb Spaeth** organized the games.*

Security Improved

Problems with pilferage of freight and trespassers have been present since we began operations. We've also had injured employees who were 'on the mend' and could do 'light duty' work but were not ready to return to their normal assignment. This has provided a way to bolster our security at Missoula and Billings with a new program initiated in mid-October using recuperating employees as Security Assistants.

These assistants observe trains for mechanical problems and unauthorized passengers, check buildings and other property, including company vehicles, to be sure they are secure, and maintain close contact with on-duty assistant trainmasters. Each participant receives training. As observers, they are not armed and do not engage in direct contact with perpetrators, but they do make reports or call for assistance if necessary.

People in this 'light-duty' category receive their normal pay and this program helps to keep them involved until they can resume their normal work.

Sabe Pfau, Chief of Security, administers the program which is coordinated with our Personnel Manager, **Sharon Prinzing**. It has paid off. "Since it began, we have had no thefts in the Billings area while these people were on duty," said Pfau.

On the human/rehabilitation side, it is providing a means for a recuperating employee to perform a meaningful task while providing needed assistance to the Security Department. •

Argentina (continued from page 4)

locomotives are expected to be supplied by a Montana Rail Link affiliate: Livingston Rebuild Center, Livingston, Montana.

McCaffrey said, "There will be a five-year rebuilding period during which NCA facilities and operations will be brought to U.S. railroad standards. After that, we expect NCA to operate with the same efficiencies and high service standards that are being achieved on the best of the U.S. railroads."

U.S. involvement in the Mitre Line bid was initiated by Anacostia & Pacific Company, Inc., a New York and Chicago-based transportation management and investment firm, with the participation of RBC Associates, Inc. Anacostia & Pacific has also participated in the formation of the Chicago SouthShore & South Bend Railroad, Kiamichi Railroad, MidSouth Corporation, Montana Rail Link, and Otter Tail Valley Railroad.

Our bid was selected in part because of the unique, innovative approach to railroading implemented and refined by employees of Montana Rail Link. Our initial efforts will be to develop training materials patterned from MRL's experience and translated into Spanish. This is a unique opportunity for Montana Rail Link to become recognized in the international market. •

More than 14,000 people received Operation Lifesaver presentations in 1991 in Montana. Various special events attracted an additional 11,000 people. Thirty-two MRL employees are a part of the Operation Lifesaver program and the effort is paying off. MRL had one of the lowest number of crossing accidents of any railroad in the U.S. **Robert Fox**, MRL system coordinator and a switchman at Laurel sums it up, "We have had an outstanding year. The coordinators and presenters have done an excellent job in '91!"

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



Keeping Track

Personnel Changes at Montana Rail Link

Richard J. 'Dick' Stoeckly joined MRL as Director of Operations Planning, a new position, with headquarters in Missoula. Mr. Stoeckly comes to us from the Atchison, Topeka & Santa Fe Railway where he



Dick Stoeckly
Director of
Operations Planning

was terminal superintendent at Barstow, California. Prior to that he held a variety of operating positions with the Santa Fe including assistant superintendent at

Temple, Texas, and assistant manager blocking and schedules at Chicago. He began his railroad career in 1974 as a brakeman/switchman with the Garden City Western Railroad and has also worked on the Alaska Railroad. In his new position, Stoeckly will be directly involved with the recently announced Argentinian rail project (see page 4) and will otherwise handle operations analysis and planning functions for the company. The appointment is effective February 1, 1992. •

On Time (continued from page 5)

mainframe computer for use by adjoining divisions and network control. Heretofore, it was a manual operation. With the new, system running time between stations is entered and the computer draws the stringline. Future enhancements will include a train simulator, track profiles and other "smarts" which will give good estimates of running time when given the power and tonnage for a specific train. They may become fast enough to provide real time guidelines on the best way to handle problems. Eventually, the "ARES" (Advanced Railroad Electronics System) may be available to optimize traffic flow and supersede these programs. "Railroads are changing, and will continue to change. This is one of the changes for the better," said Jon Gjersing, Director of Train Movement. •

Customer Profile:



Cominco Fertilizers

No. 14 in a series of
articles designed to
acquaint us with our
customers.

Cominco Fertilizers, with headquarters in Calgary, Alberta, and Spokane, Washington, is a part of Cominco Ltd., one of the world's largest natural resource companies. Incorporated in 1906, Cominco Ltd. now has 9,000 employees operating in the mining and fertilizer industries.

Cominco entered the commercial fertilizer business in 1931, when it began utilizing sulphur recovered from its Trail, British Columbia, smelter to manufacture sulphur and phosphate fertilizers. Cominco was the first North American producer of all four major plant nutrients - nitrogen, phosphate, potassium and sulphur. Today, Cominco Fertilizers is a strong, profitable North American company with a legacy of firsts in the fertilizer business. These include:

- The first North American producer of granular urea, urea sulphur, prilled and granular ammonium nitrate.

- The first North American producer of anhydrous ammonia from natural gas.

- The first to utilize a pipeline to transport anhydrous ammonia in both the U.S. and Canada.

- The first commercial producer of monoammonium phosphate.

Montana Rail Link serves Cominco's Warm Springs phosphate mine near Garrison, Montana. About 250,000 tons of phosphate rock is mined annually which is pulverized and shipped by rail to Cominco's fertilizer plant at Trail, British Columbia. There it is combined with sulfuric acid, a by product of the metals smelting process, to make superphosphate and ammonium phosphate fertilizers. The Warm Springs facility opened in 1929 and employs 135 people. Martin Dippold is the general manager and Hugh Moore is assistant manager. •

Repair (continued from page 5)

the railroad industry. Bruce Gilbertson of the Washington Corporations programming staff is developing the software.

The "job is not done until the paper work is completed" holds true in car repair billing. Repair of foreign and private rail cars is an important part of our overall operations. Efficiency of the billing process, in no small way, contributes to profitability of the car repair process. •

Safety First



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FIRST CLASS

By any measure, *BIG* is a word that appropriately describes Laurel Yard and the operations centered there. It is not only important to MRL as a terminal and switching yard but to the Burlington Northern as well. It is a hub for lines to the Twin Cities, Kansas City, Denver, Great Falls and Spokane. On an average day, 40 or more trains arrive and depart. That equates to 120 locomotive units and that's where Laurel Roundhouse plays a key role. Six hostlers, eleven machinists, four electricians and two foremen staff the Roundhouse which is in operation around the clock, 365 days a year. Locomotives must be inspected daily, fueled (an average of 92,950 gallons of diesel fuel is pumped daily), supplied with sand, lube oil, drinking water, and minor repairs made. Laurel machinist **John Klasna** took this photo of SD45-2 301, SD45 6493 and SD40 214 (the power for the Laurel-Missoula train) ready to leave Laurel roundhouse at 2 AM on November 6.



Where was this taken? If you guessed New Zealand, you're right! **Bruce Rogers** of New Plymouth, New Zealand, and a locomotive engineer with New Zealand Railways, is a model railroader and has vacationed in the U.S. He's interested in MRL and has several engines in the MRL livery including SD40-2xr No. 251 taken on the layout of his local model railroad club.



Missoula area employees contributed more than 240 pounds of food for the annual Salvation Army Christmas food drive and helped to meet the need of two needy families. **Dennis Meyers**, Manager Compass/YMS and **Lori Cochrell**, Utility Clerk, headed the drive. Cash contributions went towards the purchase of perishable food items. Pictured here, left to right, are **James Carpita**, clerk trainee; Cochrell and Meyers on their way to make the delivery on December 20.