



## A message from the vice president operations

To characterize our start in 1996 in a word or two, I would use "extreme" or "harsh." It certainly describes the weather in the region: significant snowfall, extreme cold followed by warm temperatures and a disastrous quick thaw. High water and washouts wreaked havoc on our railroad. You responded professionally and should be extremely proud of your accomplishments.

Extreme and harsh could also describe our safety record so far this year. We have experienced 14 reportable injuries as of this writing – far too many. We are on a pace to have one of our worst years in safety.

Safety enhances success.

The true measure of an organization's worth is the value it places on safety. All the good that we do is meaningless if we can't perform our work without injuring people. We absolutely have to reach the point

(turn to Message, page 2)

Mountain, Inc.'s coal mine in the Bull Mountains 35 miles north of Billings, Montana, began production in December. The coal is trucked to this truck/rail transfer facility at Lockwood on the east side of Billings. Pictured here, a 114-car train designated as 04-RU247-05, loads on March 5. The coal is headed for Japan via Roberts Bank, British Columbia. For more information, turn to page 3. Kyle Brehm photo.

## Newsbriefs

■ **'95 a record year** We handled 304,224 carloads in 1995, an increase of 24,100 over 1994 or 16.03% and setting a record. The previous high occurred in 1993 with 282,050 carloads. Business that MRL originates and terminates reached a new high, too, with 71,637 cars, up 1,126 or 1.6% over 1994. Heavy volumes of grain moving to the Pacific Northwest combined with strong petroleum products traffic contributed to the busy year. See the chart on page 7.

■ **Transcontinental trends** Montana Rail Link will file an application to intervene in the proposed Union Pacific-Southern Pacific merger. The plan calls for the formation of a new transcontinental railroad to serve the Central Corridor of the United States. For more, turn to page 4.

■ **Rough start** Bad weather in the Pacific Northwest—severe cold followed by a quick thaw, made life in the region miserable for a few weeks, disrupting traffic flows. Railroads, including MRL, were affected. Several derailments in January and February put a crimp in an otherwise strong start, traffic wise. Even one of our cars, ballast hopper MRL 110095 leased to the Port of Tillamook Bay Railroad, is marooned at the end of their flood and slide-damaged line.

■ **New digs** Our new yard office building in Billings opened on January 25. Formerly housing an auto dealer followed by other businesses, the building has 8,800 square feet of floor space. It features comfortable quarters for our clerical and maintenance of way staff plus ample space for our switch crews. With the addition of a large overhead door, trucks and other equipment can be parked inside. The building is located at 2 South 29th Street immediately across the tracks and south from the old location. Employee parking is across the street to the east. An open house is slated for April 4.

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## Message (from page 1)

where we can say "safety is a value at MRL".

Successful organizations consistently have outstanding safety records. They recognize that safety cannot be separated from normal day to day activities. **Safety must be practiced on the job as well as at home.** They also recognize that safety can't be compromised for any price. It starts with me – it starts with all of us – making a commitment to overcome our shortcomings.

We aren't there yet.

How do we get there? A positive work environment stimulates positive behavior. We must focus on changing attitudes and behavior by recognizing and rewarding people for the things they do right to support that focus.

I challenge you to closely examine your work habits and behavior. Take positive actions to reduce risk to yourself. Take advantage of and use your protective equipment. Use caution getting on and off moving equipment. Wear your seat belts. Use every means available to reduce risks to your safety and health to improve the quality of life for you and your family.

You have the most at stake. You also have the greatest control. The ideal culture, and one we must get to, is one in which people in an organization realize their safety is their own responsibility and accept that responsibility. Our quality, safety and service initiatives are all important and sometimes referred to separately when, in fact, they are not really separate or distinct. The common thread that ties all of these initiatives together is you – and the degree to which you choose to contribute.

I really believe you are the most important ingredient in anything we try to do. I challenge each of you to commit to the safety principles printed below.

Only with your talents, skills and contributions can we reach our goals of providing a safe work environment and quality service to our customers.

We need to get to the point where "safety is a value at MRL". We've got to do better. We will do better. ●

  
Vice President Operations

## Safety is our top priority

Each of us must...

- Commit to believing we can run our railroad without injuring our employees.
- Believe that injuries are not acceptable and all injuries are preventable.
- Accept the responsibility for the safety of our employees. Likewise, each employee must accept the responsibility and accountability for their own safety and the safety of their colleagues.
- Expect, encourage, and allow employees to take charge and take control. If an employee thinks it's not safe—it's not safe!
- Believe the safe accomplishment of a task is more important than the task itself.
- Recognize when a job is done well and done safely.
- Know our people and work with those who are prone to injury.
- Understand the direct relationship between housekeeping, facility appeal and attitude toward safety.
- Prepare our employees – by demonstrating commitment, mentoring, interviewing, counseling, teaching, listening, training, equipping, auditing, supporting, empowering, reinforcing, caring...
- Work safely, as this is a condition of employment.

We will not compromise!

## RRB News

*Railroad Retirement Board  
realigns coverage area.*

All employees in Montana are now being handled through the Billings office located in the GSA Office Tower, Room 101 at 2900 4th Avenue North. Office hours are 9 to 3:30 daily. Ms. Leanne Miller is the contact representative and Betty Bedinger handles unemployment and sickness claims. Judy Bell is the district manager. The mailing address is P. O. Box 1351, Billings, MT 59103-1351 and telephone 406-247-7375.

They remind us that many issues can be handled by telephone.

This change took place on July 1, 1995. ●



*MRL News needs you!*

We can use information and photos of activities in your work area. Call Milt Clark at 523-1437.



BlueCross BlueShield  
of Montana

Health Insurance Claim Questions?  
Call Blue Cross/Blue Shield of  
Montana

in Helena, toll free at  
1-800-447-7828  
or for preauthorization of treatments,  
call

Managed Care Montana  
1-800-635-5271



**C**oal mining in the Bull Mountains is really catching fire these days! And with the completion of the new track to load unit trains at Lockwood east of Billings on December 1, we are now originating coal shipments on our line. The first unit train was loaded on January 9.

The Bull Mountain project has been on the back burner, so to speak, for quite a while. Until the mid 1950s, mines in this range furnished the coal for Milwaukee

shipments that same year that were loaded on our line at Huntley. Following this, Mountain, Inc., a coal company formerly of Knoxville, Tenn., and now of Roundup, Mont., became interested and acquired the coal property from Meridian in 1995. John Baugues, Jr., is president of the company.

Not long after start up in 1987, the MRL marketing department began pursuing this project with the dogged

locks on the turnouts. The track was ready for use on December 1. Assistant roadmaster **Allan Knutson** supervised the track construction work, signal supervisor **Jerry Brown** and assistant **Gary Loeffler** handled the signal crews, while field engineer **Mark Simonson** served as project engineer.

Mountain, Inc., selected Empire Sand and Gravel of Billings, to operate the loadout facility as well as provide the

## Bullish on the

# Bull Mountains

by Milt Clark

Road steam locomotives used west of Minneapolis. Four decades passed with little activity. Changing market conditions, both domestic and international, combined with Bull Mountain coal's low sulfur and high BTU properties rekindled interest and led to development of a new mine.

Coal deposits in the Bull Mountains lie in seams deep enough below the surface to require underground mining. The higher cost of this method made it difficult to compete with the open pit mines located in the Powder River Basin. Fueled by the new Clean Air Act of 1990 and coupled with a gradual rise in the price of coal worldwide, Bull Mountain coal is now on the front burner and poised to fill a market niche. After completing a land swap with the federal government in 1991, wherein recreational properties were exchanged for land with coal deposits, Denver-based Meridian Minerals made several test

determination of a Dalmatian chasing a fire truck. At times, the flames of interest leapt high and at other times nearly went out. But, the hard work and persistence are finally paying off. Over the next few years, Montana Rail Link expects to originate over one million tons of coal annually.

To provide a loading site, we constructed a new 14,758 foot siding, called Lockwood, at Mile Post 219.2. Getting underway late in October, this phase of the project started with site preparation. Workers pushed a 36 inch steel pipe 100 feet long under the right of way to divert a drainage ditch. In the meantime two No. 20, 136 pound turnouts were built and installed at the site. Nearly three miles of track was installed on an existing grade. Surfacing required 90 cars of ballast. Other work included relocation of a hot box detector and a signal, removal of a pole line, burying cable and installing electric

trucking required to move the coal from the mine which is about 35 miles north of Billings. Initial shipments are going to the Pacific Rim in 115-car units via Roberts Bank, British Columbia, where the coal is loaded aboard vessels. Mountain also anticipates developing domestic markets as air quality standards become more stringent.

Developing at a proper time in history, Mountain's plan is to be competitive in domestic and export markets setting very aggressive goals for production and delivery. "Our goal as a railroad will be to provide the service needed to help Mountain meet its goals. We are looking forward to a long-term association with them, moving coal by rail from the Bull Mountains," says **Howard Nash**, director of marketing. ●



◀ Supervisory personnel new to the company or having received promotions subsequent to the Delta I sessions last year, took the training in February. Pictured here are, l to r, back row, **Jeremie Wilson, Dan Watts, Duane Parker, Josh Hinrichs, Dennis Eggers, Jon Gjersing**. Second row, **Roger Babcock, Tammy Mocabee, Jay Barnes, Sylvia Danca, Ginger Mapston, and Lori Cochrell**. In front are trainers **Jack Gabrian and Cathy Richardson**.

Safety  
is my  
personal  
responsibility



by Milt Clark

## The ever changing railroad scene: MRL proposes new

If there is any doubt that we are in the era of gigantic railroad mergers, consider these recent developments. In August, the Union Pacific and Southern Pacific announced plans to merge their huge systems. In September Burlington Northern and Atchison, Topeka & Santa Fe merged. In October, the Union Pacific completed the acquisition of the Chicago & North Western. There is continuing talk about forming true transcontinental lines involving combinations of the western roads and eastern roads of Norfolk Southern, Conrail and CSX. Canadian roads play into this mix, too. The Canadian Pacific, through the acquisition of the Delaware & Hudson and the assimilation of the Soo Line, now reaches deep into the U.S. What's more, the Canadian National, with U.S. subsidiary Grand Trunk, recently transformed itself from a stodgy government-owned railroad into a more modern, privately-owned carrier.

What does all this mean and how does Montana Rail Link fit in this picture? How does it affect shippers, competition and market shares?

When the UP-SP merger was announced, the UP acknowledged that they needed to address the problem of competition in the "Central Corridor," generally the route between the Midwest and the West Coast via Denver and Salt Lake City. Montana Rail Link, as an experienced and successful operator in mountain territory, was invited by UP to present a proposal to provide competition in this corridor. After a meeting in Omaha at which MRL outlined a proposal to purchase and operate a competitive system from Kansas City to Stockton, California, UP agreed to provide traffic data toward development of a detailed plan. Several weeks passed without the traffic data being provided and then UP announced that in exchange for the BNSF agreeing to the UP-SP merger, the BNSF could have trackage rights to serve some shippers in the Central Corridor.

MRL was advised of the UP's decision moments before the public announcement. UP stated that they had discussed various alternatives with several railroads, including MRL, and decided on the BNSF proposal as the best solution. MRL at that point, closed its file and went on to other matters. The UP's announcement did not



Finance Docket No



## new railroad to serve Central Corridor



allay the concerns of shippers in the corridor that they would lose competitive rates and service.

Re-enter MRL. Central Corridor shippers, representing interests in Utah and Colorado coal and metals, formed a group called the Western Shippers Coalition headquartered in Salt Lake City. The coalition undertook the task of examining the impact on competition and various ways to address their concerns. In their deliberations, they asked Kansas City Southern, Wisconsin Central, Montana Rail Link and others to explain their respective proposals to the UP. After the shippers coalition had reviewed the various proposals, MRL was encouraged to present its plan to the Surface Transportation Board (successor to the Interstate Commerce Commission) as a plan the shippers could support.

The result was our filing notice with the Surface Transportation Board on January 29 of MRL's intention to participate in the UP-SP merger and to file an inconsistent plan. Our filing states that we intend to file a formal application for a new company controlled by Dennis Washington to acquire certain rail lines, incidental trackage rights, interchange access and proportional rate making authority in the Central Corridor. As part of its acquisition, the new company would grant UP-SP and BNSF overhead trackage rights on its main line, thereby addressing the capacity concerns of those carriers and adding traffic volume to support the new system.

The lines to be purchased include UP lines in California from Stockton, through Sacramento to Flanigan, Nevada, including the UP line from Reno Junction south to Reno, Nevada, and the branch south from Hawley to Loyalton, California; the SP's Modoc Line from Flanigan, to Klamath Falls, Oregon; the UP line east from Flanigan to Winnemucca, Nevada, and the SP line from there to Ogden, Utah; the line south from Ogden to Pueblo, Colorado, encompassing all of the DRGW lines in Utah and Colorado; the former Missouri Pacific line east from Pueblo to Herington, Kansas, and trackage rights over the SP to Kansas City; and, finally, the UP line, including branches, from Silver Bow, Montana, to Pocatello, Idaho, and trackage rights from there to Ogden. The line would include more than 3,600 route miles.

The new railroad would offer the measure of competition needed to

(turn to Corridor on page 7)



## A message from the president

Our health and welfare program has received criticism in the recent attitude survey from various groups across the railroad. I have had the opportunity to discuss our Plan with many employees over the past several months and thought it would be helpful to pass along some information to you.

The original intent was to provide a comprehensive package of benefits to protect employees and their families against major financial losses resulting from accidents and illnesses. This remains our ongoing commitment. The Plan is not designed to pay every health care expense incurred.

Health costs have soared since 1988 and continue to out-pace inflation on an annual basis. We spent approximately \$1.4 million or \$1,800 per employee, in 1988. This has risen to \$3.3 million or \$3,400 per employee in 1995, an increase in total costs of 135% and an increase in the cost per employee of 89%. As you know, the employee contribution has stayed the same since inception of MRL.

In July 1993, Blue Cross Blue Shield (BCBS) started administering the program. Although we changed administrators, the Plan is the same as when we started. BCBS offers several advantages including access to the largest network of doctors (nearly 95% in the State of Montana), with savings for employees and the company if we use these participating doctors.

Not all medical procedures will be paid. Claims will be denied or reduced if the procedure is not covered. Cosmetic surgery, orthodontia and some other experimental and elective surgeries are all examples of items not covered. Also, there will be instances where our Plan sets a maximum allowable amount or otherwise limits amounts paid on certain procedures such as mental/nervous treatment. There may be instances where BCBS pays less than the claim amount for dental procedures if the amount is in excess of the usual, customary and reasonable charge for such procedures.

The intent of the Plan is to protect employees from major financial loss, not all losses. I believe our Plan to be a very solid program. I encourage you to take the time to educate yourself about our health care benefits and the network of participating doctors. You will be a better health care consumer and your appreciation of the overall program will be enhanced.

I hope this information is helpful. In the meantime, please contact any of the following people with your questions about Blue Cross Blue Shield.

Sharon Hagemo	Director Human Resources	523-1436
Tom Walsh	Chief Financial Officer	523-1434
Jon Barlow	Medical Coordinator, Washington Corp.	523-1379
Toni Barrett	Benefits Coordinator, Washington Corp.	1-800-340-2364

*Bill Rudy*



*It Starts With Me*

All supervisors will receive follow up Delta training. Here's the schedule:

Class I	April 23-24
Class II	April 24-25
Class III	April 30 - May 1
Class IV	May 1-2
Class V	May 7-8
Class VI	May 8-9
Class VII	May 14-15
Class VIII	May 15-16
Class IX	May 21-22
Class X	May 22-23

Each class begins with a dinner the first evening followed by one full day session. Except for some minimal changes necessary to accommodate personnel shifts, the sessions and trainers will be the same as those of Delta I. Department heads will notify participants of their class assignment. Classes will be held at the MRL Training Center in Missoula.

## 860.....

That's the number of days, as this is being written, that the Signal & Communications Department East has gone injury-free. **Jerry Brown**, S&C supervisor, and his staff of 13 can be very proud of this record being established as the best in the Engineering Department. Jerry's crew includes **Gary Loeffler**, assistant S&C supervisor, **Tom Miller**, electronic controls specialist, **Tom Fontaine**, signal inspector, **Mike Blohm**, communications technician, **Rick Stabio**, **Lynn Roberts**, **Gary Fritel**, **Mike Hardesty**, **Tom Burdett**, **Leon Scoles**, all signal maintainers, **Randy Rennick**, signal foreman, **Rich Sabala**, assistant signal maintainer and **Joe Chavez**, signal laborer. You're sending the right signal, guys, keep up the fine work! ●

◀ With the change in our company logo announced last October (see News No. 30 - Third Quarter 1995), we are starting to repaint some of our rolling stock. Pictured here, a high cube box has just emerged from the paint bay at CEECO in Tacoma. **Dan Sokolowski** photo.



# Keeping Track

**Jacquie Duhamel** to manager benefits/claims from human resources/claims specialist effective January 17.

**Octavio P. "Augie" Cantu** to trainmaster at Missoula from roadmaster at Missoula, effective January 22.

**Roy Roger Babcock** to roadmaster at Missoula from assistant roadmaster at Superior, effective February 19.

**John Hood** to assistant roadmaster at Superior, Mont., from machine operator, effective March 11.

**Tammy Brown** to human resources/benefits specialist effective March 11. She was formerly with MONY insurance in New York.

## Retirements

**John W. Maxson**, trainmaster at Laurel, January 3, completing 25 years of service. He started with the Burlington Northern as a clerk, was promoted to office manager at Laurel in 1979 and subsequently held several supervisory positions. John joined MRL at start-up in 1987 and served as terminal manager at Laurel prior to his stint as trainmaster. Best wishes for a happy retirement. ●



◀ **John Maxson** was feled at a party held in his honor on January 12 in Laurel. *Julie Meyer photo.*

► Carloads handled through the first two months ending February 29 totalled 46,739, a decrease of 1,219 or 0.4% compared to the same period last year. Business that MRL originates or terminates declined 222 cars or 2.12% during the period. ●

## Newsbriefs (continued from page 1)

■ **Pipeline on wheels: phase II** Yellowstone Pipeline and Conoco, Inc., began moving unleaded gasoline by rail between Helena and a new terminal near Thompson Falls. A test train to check running times, motive power requirements and the loading and unloading equipment ran on March 1. Regular service started on March 8. The train runs daily on a regular schedule with 24 tank cars and a buffer car. The crew is assigned west of Missoula and locomotive engineers **Mitch Dahl** and **Mike Ihde** bid the run. Shipments of diesel fuel started last May, the result of the pipeline being shut down through the Flathead Indian Reservation (see MRL News No. 29, Second Quarter 1995).

■ **More rail views in view** Excursion trains operated by Rail Views Limited will again ply our rails starting on June 7. This year's program kicks off with two round trips of the *Northern Parks Limited* trains running between Paradise and Livingston. The *Montana Rockies Daylight* trips start on June 28 making nine round trips on a four-day schedule between Sandpoint and Laurel. Following this, there are two more *Northern Parks* trips scheduled starting September 7. The season concludes on September 30. **Tom Reffitt** will again serve as trainmaster for the operation. For information, schedules and tickets, call Rail Views at 1-800-519-7245.

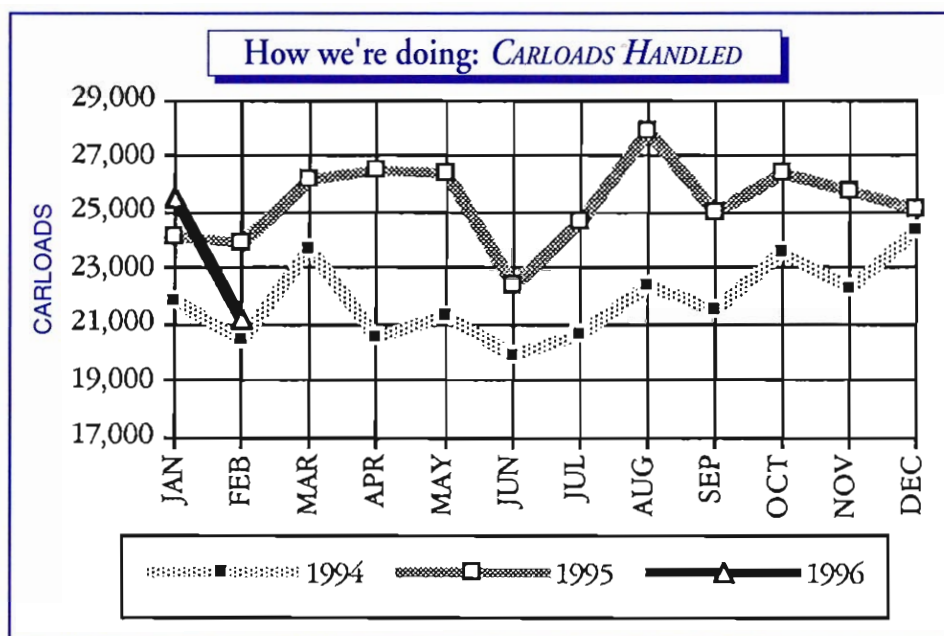
■ **Locomotive leasing update** The CP Rail System is leasing 20 high horsepower units for a minimum of 60 days. ●

## Corridor (from page 5)

preserve balance in this critical corridor of the U.S. while addressing the capacity issues that face most railroads. Of significance, the proposal provides alternatives that allow BNSF to better use gateways such as Klamath Falls or Silver Bow to enhance service and address capacity issues.

Capacity issues are problems that railroads have not had for years. Since the beginning of transportation deregulation in 1980, railroads, in general, have abandoned track and otherwise acted to reduce plant and costs to meet competition. Recently, there has been a resurgence of business with the growth of intermodal and unit trains for bulk commodities such as coal and grain. Now the railroads find themselves in a situation where additional tracks and yards are being installed.

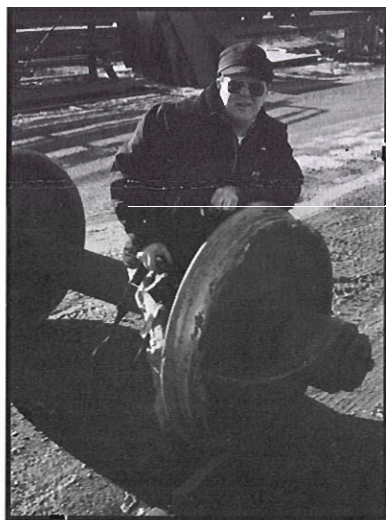
Montana Rail Link believes there is a vital role for a new railroad in the Central Corridor to meet anticipated business growth while maintaining the competition necessary for a deregulated economy to function successfully. ●







▲ Philip Morris USA plans to debut its Marlboro Unlimited luxury excursion train later this year. It will make round trips on alternating weeks between Denver and Billings, Mont., with MRL being one of the participating carriers. Two new 3,000 hp EMD F59PHI locomotives, pictured here just off the assembly line in London, Ont., will pull the train. Rader Rail Car of Denver, is building the cars for the train. Photo courtesy Philip Morris USA.



◀ Far left, the last of the semaphore-type block signals on the east end of the railroad were removed on February 20 marking the end of an era. New color light-type block signals replaced these veterans manufactured by Union Switch & Signal and installed by the Northern Pacific in 1918. Pictured here are assistant signal maintainer **Rich Sabala**, left, and signal foreman **Randy Rennick**. Forty-six semaphore signals are still in use on the west end of the railroad and will be replaced in the future.

◀ Laurel carman **Dennis Wagner** averted a certain derailment when he spotted a broken wheel, pictured here, on a grain train as it arrived in Laurel Yard on January 8.

## DATES OF INTEREST

**April 4**

General Staff Meeting

New Billings Yard Office Open House

**April 7**

Daylight Savings Time Begins

**April 22 thru 26**

MRL Safety Awareness Week

**May 13 thru 17**

National Transportation Week

**May 15**

Operation Lifesaver Day

**May 19 thru October 5**

*Rails Across the Rockies*  
a historic exhibition about railroading  
in the Pacific Northwest

Livingston Depot Center



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