

Information for employees and customers

# News

No. 41 • First Quarter 2000

### President's Message

istorically, the railroad industry's focus has largely been inward with emphasis placed on safety, information technology, and service and customer logistics. Gains in profitability and improved operating ratios have come from productivity increases and through mergers. However, there has been little gain in market share or, expressed another way, top-line growth. In its midyear analysis of the industry, Railway Age magazine reported that railroads have a 40% share of tonmiles, but only 11% of the freight revenue dollars. This is quite a disparity driven by the fact that railroads haul more bulk freight at lower rates.

Where does this leave MRL? By-in-large, our future and fortunes are closely tied to the health and vitality of the seven large Class I railroads. We do, however, have some degree of control over what we do on our own railroad to serve our 200 + customer base.

In recent weeks, I have had the opportunity to visit personally with quite a few of our customers who rode our special customer trains in September. In addition, we recently completed another customer survey. I was very pleased by many favorable comments about our employees and how we operate our company.

(turn to Message, page 2)

# Talking signals help launch new highway-rail safety

program

ontana Rail Link, Inc., and I&M Rail Link, LLC, have jointly announced the launch of a new highway-rail safety program that will help the railroads remotely monitor active highway-rail grade crossing signals and reduce potential field problems over 2,200 miles of track.

The program calls for the installation of the ScadaNET Network® (ScadaNet), a new technology from LaBarge, Inc., that involves wireless communication from more than 500 crossing signals in six states, to the railroads.

ScadaNET provides the railroads with prompt alarm and equipment status information, including the early warning of potential equipment malfunctions. Important status information will be delivered from remote CellularRTU field units at each grade crossing to select railroad officials and maintenance personnel simultaneously. ScadaNET literally "talks" through a variety of means including the Internet, e-mail, pagers and facsimile, in addition to the direct data link to the railroads. For example, a signal maintainer's digital pager receives a message: "Crossing Failure Alarm at Beckwith St. Crossing, Frenchtown, MT." Simultaneously,



▲ Dale Smith, assistant signal and communication supervisor, checks the crossing processor equipment at a crossing signal installation near Missoula. Milt Clark photo.

the signal supervisor is sent an E-mail message and the Transportation Center in Missoula is sent a facsimile. Afer making repairs, this message is generated: "All Normal at Beckwith St. Crossing, Frenchtown, MT." Some of the problems the system can detect are commercial power failures, gates that are down when there are no trains, low battery charges, and crossing signal malfunctions.

(turn to Signals, page 6)

### **Newsbriefs**

- Remote control locomotives... MRL plans to introduce the use of remote controlled locomotives in switching operations this year beginning at Laurel Yard. Technology is now available and is actually being used on more than a hundred locomotives at dozens of sites across North America in flat switching and hump yards. Our plans call for using equipment manufactured by Canac Inc., a Montreal, PQ-based company offering a range of integrated products and services to the rail industry. Called "Beltpack®," Canac began developing remote control technology about ten years ago. Beltpack® enables two people to operate a switching assignment safely. The engineer works from the ground with a small control device that hangs over the shoulders. It transmits commands to the locomotive's remote control system called the Mobile Control Unit (MCU). B&B Bunk car MRL 100751 (ex-BN 968751, nee-GN X106 caboose built in 8/1967) is at Livingston for conversion and installation of a small generator to provide power. The car can then be connected using "multiple unit" cables with any locomotive for use in the remote operation. Our goal is to make switching safer and reduce personal injuries and lading damage. Additional information is available at the Canac web site: http://www.canac.com.
- MRL/BNSF sign agreement to handle coal...Coal for the Portland General Electric facility at Boardman, OR, is being routed our way as a result of an agreement signed recently with BNSF. The terms provide for a minimum of one million tons to be handled during 2000. The trains originate at Buckskin Mine, WY, on BNSF. MRL handles them from Laurel to Spokane, WA, where they are delivered to the UP. They are being treated with the same priority as the class "P" intermodal trains while on MRL.
- Exhaustive effort...Train crews can now activate a fan to clear diesel exhaust from Mullan Tunnel by remote control. The Signal Department installed equipment that turns the fan on via a locomotive or portable radio transmitted tone. It shuts off automatically after 30 minutes. Operation is monitored by the ScadaNET Network® (see Talking Signals, page 1, for more information). The tunnel is a 3,896.5 foot bore through the Rocky Mountains west of Helena. Installed in 1949 by the NP, the gear-driven, squirrel-cage fan is nine feet in diameter and six feet wide, powered by a 250 hp. 480v. motor and rotates at 1,750 rpm's. The project came about as a suggestion from the Safety Committee and cost \$6,246.
- Address this issue... Want to receive your form BA-6 timely this year and directly at home? It's easy-just notify the nearest RRB office of your current mailing address. Our area is covered from the Billings office located at 2900 Fourth Avenue North 59101, telephone 406-247-7375 or 800-808-0772. Please notify the payroll department, too. Keep your address current with RRB and the railroad-it's your way of ensuring that you receive proper credit for retirement and for staying in touch with your future benefits.
- Recognition...The American Short Line and Regional Railroad Association recognized MRL for its fine safety performance in 1998 with their Silver Award, for the category of 500,001 or more man hours worked, at their 86th Annual Meeting held in New York City in September 1999.

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Message (from page 1)

There are ways we can improve, though.

For example, we need to begin thinking "outside in." To do this, each of us needs to visualize how our customers see us. Then it simply requires that you take personal responsibility to see that your job is done correctly and in a safe and courteous manner; such things as switching cars carefully to avoid damage, following through on phone calls, and preparing accurate bills. We need to be thinking in terms of "shipment management" rather than "management of trains." It is an accomplishment to get a train over the road in a timely manner. But, as far as the customer is concerned. until that car is actually placed for unloading or loading, when and where it should be, we have not completed our job. Imagine how you would react if the UPS driver left your package out in the street rather than at your door.

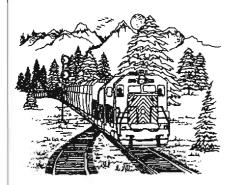
Over the past few years, MRL has benefited from inward focus, our safety performance perhaps being the best indicator. However, if we are to grow, and perhaps gain a larger portion of our existing customers' freight business, the "outside in" concept must be applied.

Have a safe, prosperous and happy New Year. ●

Dan Water

Visit the MRL web site: http://www.montanarail.com or Contact the editor by E-mail: mclark@montanarail.com

## Locomotives? Services? Track?



#### We have them

eed a Locomotive or Locomotive Services? Montana Rail Link has a variety of high and lower horsepower locomotives available for leasing. MRL offers lease options tailored to meet specific needs of both operating railroads and industries requiring motive power for intra-plant switching activities. Leases can be structured for both long and short-term motive requirements along with diversified service options. An exchange program to provide motive power while your locomotive is being shopped, is also available. MRL's force of highly trained and experienced machinists and electricians will skillfully inspect and repair your diesel locomotive at competitive prices. Contact Joe Richardson, chief mechanical officer, 800-338-4750 or E-mail: irichardson@montanarail.com.

We have track for Freight Car Storage! Need a home to park freight cars? Montana Rail Link has track space available for long or short-term storage. MRL offers reasonable switching and lease rates. Terms negotiable. Contact Tom Coston, marketing manager, 800-338-4750 or E-mail: tcoston@montanarail.com.

Let's negotiate!

 Outstanding! Tammy Brown, administrative assistant to the Training, Rules and Safety Department, was named Woman of the Year by the Hellgate Canyon Chapter of the American Business Women's Association this past June. Congratulations, Tammy! Founded in 1949, ABWA is a prestigious organization made up of 70,000 working women across the nation. There are 1,400 local chapters. ABWA's mission is to bring together businesswomen of diverse occupations and to provide opportunities for them to help themselves and others grow personally and professionally through leadership, education, networking, support and national recognition. Milt Clark pholo.



Like rails, ideas go both ways.



Employees are encourgaged to use the *Turntable* 'Hot Line' number to get questions answered or share ideas.

▶ The Senior Safety Committee met on January 20 and recognized the outgoing local committee chairmen with special gifts to thank them for their outstanding contributions to MRL's safety program. Pictured here with president Dan Watts are, left to right, George Boyle, Mr. Watts, KevIn Denman and Jay Edwards. Boyle chaired the Livingston committee from December 1995 to January 2000, Denman, the Missoula committee from January 1994 to August 1998 and Edwards, the Laurel committee October 1991 to January 2000. Newly elected were Dave Roth for Laurel and Joe Strickland for Livingston. Kelly Lloyd is currently the Missoula chair elected August 1998 and Rich Labbe, Helena, October 1995. Jim Johnson photo.



#### News (from page 2)

- Mission Statement addition... The following has been added to the MRL Mission Statement: "Safety and productivity complement one another. Our company is committed to supporting employees' efforts to operate our railroad free of accidents and injuries. Given that level of commitment and support, employees are expected to accept the responsibility for their safety and the safety of their coworkers."
- What's Cooking? A book for one thing. Cookin Across the Rails, a cook book containing hundreds of recipes for everything from chip dip to elephant stew submitted by employees of IMRL, MRL and SRY. The 304-page book is now available for \$12.95. At MRL, the profits generated by this project will help fund "Taking Care of Our Own," an MRL employee assistance program. Administered by a committee, the goal is to provide aid to employees with special needs. Criteria for the aid is now under development.
- United Way results The 1999 Missoula United Way Campaign at MRL raised \$13,895. Dennis Meyer, manager customer service, and Susan Twiford, administrative assistant, headed up the drive and deserve our commendation for their efforts and dedication.
- Looking ahead in 2000 The MRL Board of Directors met on December 22, 1999, and approved the capital budget for 2000 calling for expenditures of \$14.2 million. Major projects include installation of 10.2 miles of curve rail, installation of 100,000 cross ties, surfacing 215 miles of track across the system. Other items include replacing the track scale at Missoula, painting 20 locomotives, 2000 thermite track welds across the system, replacement of track equipment and vehicles, and air brake conversions on two switcher locomotives. Y2K Signal Department projects include installation of communication links to our 23 hot box detectors across the system that will enable the download of data in the office when defects are detected. Ongoing improvement to our wayside signal system include replacement of seven semaphore-type signals and accompanying pole line with new color light signals and electronic code track circuits and data radios between Thompson Falls and Childs, MT.
- Safety record update Through November 1999, MRL recorded 21 injuries or illnesses for 1,769,726 man-hours worked. This translates to a rate-per-200,000 man-hours of 2.37, and ranks fourth in a field of 21 railroads categorized as Group C (under 4 million man-hours, but more than 250,000 man-hours annually). The Bessemer & Lake Erie is currently No. 1 with a rate of 1.14.
- Truly legendary... Special customer trains rolled on the rails of Montana Rail Link on September 28-29-30, 1999. Occupying the business car Silver Cloud and three domes trailing locomotive 391, many of our customers were treated to rides over portions of our route: Laurel to Livingston, Helena to Livingston and Missoula to Helena on trains we called Legends of the West.

(turn to Newsbriefs, next page)

# The Results are In!

Customer Survey was conducted last Fall, and a special thanks goes out to those customers who responded. Your feedback is necessary for us to determine how well we are meeting your requirements and what is expected from MRL as a provider.

The data from those customers, (40% responded) gave us an average rating of 95.6% satisfaction in all services; transit times, equipment, billing, customer service, etc. We, at MRL, have always felt we 'go the extra mile' in customer service and the facts prove that to be true. THANKS FOR THE GREAT JOB, MRL!!! We also know we cannot rest, but must continue to strive to become a 100% satisfaction service provider.

We will be evaluating the concerns brought forth in the survey and addressing each one of them. Systems are currently being developed that further enhance our ability to monitor train performance, terminal time for equipment, having the right car at the right time in the right place, and offering a consistent and reliable service.

What does this mean for the customer and potential customer? It means he will receive consistent, reliable service when shipping on MRL - services to move his product efficiently across our line. If you currently use MRL, we thank you for your business. If you have considered using MRL or are looking for transportation options, give us a call. Our goal is to be your transportation provider. We enter the new century positioned and ready to meet that goal. We look forward to serving you.

Howard Nash
Executive Director
Marketing & Customer Service

News (from page 4)

■ Safety here AND there...Safety awareness must continue even off-site as in travel to or from work or driving on work assignments. Montana road conditions are available via the MT DOT statewide Remote Weather Information System (RWIS). Data on such things as temperature, status, road surface temperature, subsurface temperature and ice percentage is now available at this web site: www.mdt.state.mt.us/rdrpt/rdrpt.htm. The MacDonald Pass station on US 12 includes a camera that provides additional visual information. MDT plans additional camera installations at other key RWIS locations in the future. You can also get road condition information by calling 1-800-226-7622. Think safety!

### Making life a little easier:

new Crew Management System provides better information for train service employees

hanks to a new computerized crew management system implemented recently, MRL operating personnel now have accurate information on work status, available, literally, at their fingertips.

An AS/400-based system, it was designed from inception to be a crew management and accounting tool. The system provides data integrity, stability, flexibility and expandability. Menu driven, the programs are easy to use and require a minimum amount of training.

For the crew-calling side, the system provides for management of the day-to-day operation of the crew office. The programs are written with edits to help keep data integrity, but still allow flexibility to handle different situations that occur in the course of daily business and keep data entry to a minimum. The program is set up in the traditional fashion of a crew board to handle all classes of train service (pool, switch, etc.) including relief crews (dog catches) and helpers. It also takes care of routine board movements and keeps track of job preferences and employee master files.

The Field Terminals now allow operating personnel access to crew boards for inquiries on a variety of

subjects; information that has historically been supplied by crew caller or visual observation of crew boards. Train crews are now inputting their own tie-ups into the system. Costs and payroll information are passed directly into the accounting software. Multiple cost centers can be used and set up at the time the crew is called. A series of exception reports are programmed to run at payroll-end to detect possible errors. The architecture of the program is such that data files are used instead of program hard coding for easy updating of wage data, employee status and contract changes.

Future enhancements include access from a personal computer for inquiry only, to see train lineups and positions on the crew board via Internet; and, employees direct input of vacation time, personal days and penalty claims from Field Terminals.

Laurel trainmaster Tim Van Orden coordinated this project working with Jay Barnes, manager crew operations, Patty Seabaugh, manager payroll, Michelle Watt, manager general accounting, Teresa Finnell, crew caller, and Washington Corporations computer programmers Lou Morris and Tom Egley.

# The Alder Gulch line:

MRL personnel play key role in restoration and operation of a tourist railroad

irginia City, Montana Territory, began as a mining camp in the mid-1800's. It, and sister community, Nevada City, exist today largely due to the efforts of Charlie Bovey who acquired much of the property and restored it. Following his death, the future of the area remained uncertain until the State of Montana acquired the holdings in 1997. Part of the Bovey legacy was a 1.5-mile, 30-inch gauge railroad built between the towns in



A curve on the rebuilt Alder Gulch RR Chuck Anderson photo.

1964, and a collection of vintage railroad equipment. John Larkin, president of the Escanaba & Lake Superior Railroad (ELS) in northern Michigan, desiring several of the cars, in 1996 reached an agreement to trade a steam locomotive and rebuilding of the rail line for them. Chuck Anderson and Jim Bieber of MRL's engineering staff conducted a site survey in 1998 and then designed a new railroad to reduce curves from up to 40 degrees to less than 29 degrees. The E&LS brought in a crew to do the actual rebuilding that included all new ties and ballast as well as construction

(turn to Alder, next page)

#### Signals (from page 1)



■ This installation at Deschamps
Lane west of Missoula is typical of
the new crossing signal equipment
that averages \$100,000 in cost. It
includes a heated bungalow housing
all of the electronic gear, reserve
batteries in the event of a power
failure and has ample room for two
people to test and service the
equipment. The crossing lights have
large diameter lenses with hundreds
of light emitting diodes providing
illumination for improved visibility.
Milt Clark photo.

"Public safety has always been our top priority," says **Steve Griffin**, manager of signals and communications for both railroads. "Whenever we have a crossing malfunction, we want to receive information as soon as possible, and one of the best ways we have found is by using the ScadaNET system."

"The cost and functional advantages of the ScadaNET really benefit users like MRL and IMRL," says Tom Hilleary, LaBarge's vice president business development. "These progressive railroads have operations that are geographically wide-spread and the system allows their signal engineering organization and field maintenance staff to confirm status of a distant crossing over the Internet. Travel times are cut significantly, maintenance efficiency increases, and response times to field problems are substantially reduced through the prompt notification that the system provides."

Testing of ScadaNET units began in 1999 at several highway-rail grade crossings throughout the two railroad systems. Sixty units have been installed; approximately 25 to 30 more will be installed each year through year 2004 on each line.

"The units are performing very well and we are pleased with the system," says Griffin. "Installation was easy and the monthly operating cost is very economical."

MRL and IMRL are replacing current equipment that records events

and transmits information over phone wires, costing the railroad approximately \$50 per month per crossing. The ScadaNET operates through the Cellular Phone Control Channel. There are no monthly telephone fees or cellular access charges. Data transmission charges are 15 cents apiece. Additionally, the system operates 24 hours a day and employs multiple layers of security to fully protect data from unauthorized access.

The ScadaNET Network® is a product of LaBarge, Inc. (AMEX: LB). For more information, visit their web site: www.labarge.com.

Alder, from page 5 of additional trackage. Steam locomotive No. 12, a 2-8-0 "Consolidation" was built by the Baldwin Locomotive Works in Eddystone, PA, in 1910 for the Ferrocarill Mexicano, builders No. 34313. The line was scrapped in 1957. and the No. 12 sold to Ellis Atwood in October 1959 for display at his Edaville Railroad in Massachusetts. Larkin acquired it in 1992, fully restoring it at Wells, MI, for the Alder Gulch. No. 12 is an oil burner that operates with 160 pounds boiler pressure giving it a tractive effort of 17,000 pounds. MRL locomotive engineer **Bob Bateman**, licenced to operate steam, is a volunteer engineer. As reported in the Nevada City newspaper, The Montanian, "When it rolled out of the Baldwin factory in 1910, it could not have been more beautiful than it is today."

### Q&A

What is Centralized Traffic Control, when was it first used on U. S. railroads, and when was it installed on the lines MRL operates?

Centralized Traffic Control (CTC) is a term applied to a system of railroad operations by means of which the movement of trains over routes and through blocks on designated section of track or tracks is directed by signals controlled from a designated point without requiring the use of train orders and without the superiority of trains. The first installation occurred in 1927 a 40 mile stretch of track between Stanley and Berwick, OH, on the New York Central Railroad. On our line, the territory between Helena and Garrison was the first to see CTC in 1947. Next was Bozeman to Logan in 1957, followed by Livingston to Bozeman and Garrison to Missoula in 1959; Laurel to Livingston, 1961, Huntley to Billings, 1964, Missoula to Frenchtown, 1965, Paradise to Sandpoint, 1966. In 1989, MRL extended the CTC from Frenchtown to Superior.



▲ Ed Davis, Sr., a locomotive engineer at Laurel, retired May 6, 1999.

# Billings employees help

hanks to \$1,000 in donations from our Billings area employees to a special fund, a young woman, Heather Bornes Henrichs, is getting some assistance in her battle with paraganglioma, a rare disease that caused reocurring tumor growth.



Ray Krenik to control systems analyst, effective April 30, 1999. Krenik joins us from the University of Montana where he earned an associate degree in electronics.

Charles W. Anderson to assistant chief engineer from field engineer, effective August 25, 1999.
The following effective August 30, 1999:

Paul L. Elsenpeter, Jr. to assistant general mechanical foreman at Helena from mechanical foreman at Laurel.

Larry A. Minch to mechanical foreman at Laurel from carman.

Lynda K. Merritt to inventory manager from inventory technician.

Michelle L. Watt to general accounting manager from payroll manager.

Patricia A. Seabaugh to payroll manager MRL from payroll manager IMRL.

Pamela L. Schneiter to director human resources from administrative assistant for Real Estate Division of the Washington Corporations, effective October 11, 1999.

Mark W. Simonson to field engineer from assistant roadmaster, effective September 23, 1999.

Foster L. Owens to work equipment supervisor with headquarters at Missoula from traveling mechanic, effective October 13, 1999.

Gary L. Boone to assistant roadmaster, a temporary position, from machine operator, effective October 22, 1999.

David J. Schuyler to manager work equipment from work equipment supervisor with headquarters at Laurel, MT, with responsibility for all work equipment supervisors and mechanics, effective October 29, 1999.

Howard E. Nash to executive director marketing/customer service from director marketing, effective December 1, 1999.

Joseph R. Richardson to chief mechanical officer from assistant chief mechanical officer, effective January 1, 2000.

Jack L. Gabrian to assistant chief mechanical officer from master mechanic effective January 1, 2000.

#### Retirements...

Edward C. Davis, Sr., locomotive engineer, May 6. Mr. Davis began his railroad career with the New York City transit system in 1965 as conductor and was promoted to motorman in 1967. In 1978, he joined the Burlington Northern Railroad as a brakeman at Forsyth. MT. Ed came to MRL at start-up in 1987 and was promoted to locomotive engineer in April 1989. Mr. Davis has a deep interest in railroad and is the author of a book on the New York City transit system entitled *They Move the Millions*. It is still in print and available by contacting him at P. O. Box 269, New Salem, ND 58563.

Mary Popiel, clerk mechanical department at Laurel, July 2. Mary has been with MRL since start-up in 1987.

George Jay Lentzner, assistant chief engineer, September 7, 1999 completing 30 years of service starting with the Milwaukee Road in 1969. Jay came to MRL from the Soo Line Railroad in February 1988 and was promoted to his last assignment in 1991.

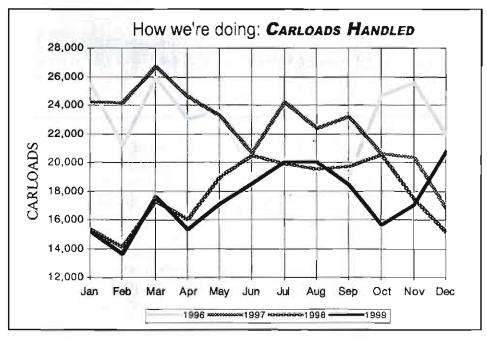
Marjorie L. Dinius, manager materials equipment, at Missoula, effective December 31. Marj joined MRL in 1989 in customer service followed by several



▲ Rich Keller, chief engineer, Dan Watts, president, and Bill Brodsky, president of the Washington Transportation Group, wish Jay Lentzner, second from right, well at his retirement party held at the Grant Creek Ranch at Missoula on September 2, 1999.

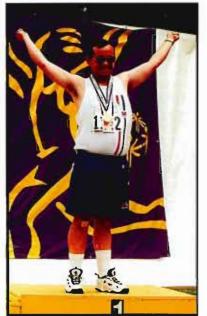
positions in the purchasing and materials department.

Melvin G. Dinius, chief mechanical officer, effective December 31. Mel's railroad career spans 36 years starting as a machinist apprentice with the Illinois Central in Waterloo, IA. He held a number of supervisory positions including general foreman, master mechanic, and mechanical superintendent—Northern Region before joining MRL at start-up.



For the year ending December 31, 1999, MRL handled 209,787 revenue carloads, down 5,084 cars or 2.37% compared to 1998. Traffic that MRL originates and terminates held steady, decreasing by 106 cars to 77,512 or 0.14%. The closing of a sawmill and reduced shipments of petroleum products and particleboard were offset by strong movements of fibreboard, lumber and miscellaneous forest products. Traffic that we bridge decreased by 7,207 cars or 5.61%, reflecting business being routed around MRL by BNSF, and general economic conditions affecting business, including export grains, moving to and from the Pacific Northwest.





- All steamed up at Virginia
  City: That's Missoula
  locomotive engineer Bob
  Bateman in the cab of Alder
  Gulch RR No. 12. with Montana
  governor Marc Racicot at the
  grand opening of the railroad
  on September 10, 1999. See
  article on page 5. Art Jacobsen
  photo.
- ▼ Flying high: Helena signal maintainer Leon Scoles parasailing at the Helena area picnic held at Canyon Ferry Lake on August 7, 1999. Scoles and roadloreman Pete Storseth organized the event. Rene Southworth photo.



▲ Congratulations to Devlin Chilcote, 25, son of Missoula carman James Chilcote, for winning a gold medal for the 100, 400 and 800 meter racewalking at the World Games of the Special Olympics held at North Carolina State University on August 19, 1999, where 7,000 athletes representing 150 countries participated in 19 events. Devlin has been competing on a local level since he was eight years old and has gone to the state level four times.

#### **Dates of Interest**

Tuesday, March 14
General Staff Meeting at Billings
March 6-9

Delta I Training Classes

March 21–22

Delta III Training Classes

March 27–30

Delta I Training Classes
April 4–5

Delta II Training Classes

April 17-20

Delta I Training Classes

Monday, May 29

Memorial Day Holiday

June 21–23

League of Railway Industry Women

Annual Conference

Missoula

Saturday, June 24
Annual Missoula Golf Outing



Thanks to
Tammy Brown and
Mary Semmens
for assistance with this issue.

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