



Information for employees

News

Montana Rail Link is a *Service Industry and People Business*. The product we produce is service which is accomplished through the hard work and directed effort of our people. Service has never been more important to our company and the industry as a whole. It is critical that each employee understands the importance of service and supports our service effort.

We absolutely must provide service that meets and exceeds our customers expectations. It is our only hope if we are ever going to see growth in our business.

It is interesting to look at our industry in the 20 years since the Staggers Act of 1980. Railroad revenue has grown from \$28 billion in 1980 to \$36 billion today, an increase of 28%, which falls well short of even keeping pace with inflation. Truck revenue over the same period has grown from \$155 billion to \$450 billion, an increase of 290% - ten times greater rate of growth! Revenue ton miles has increased 55% since deregulation, which means realized rail rates have gone down significantly since deregulation.

As an industry, improved productivity is what has allowed the industry to keep pace, but most of those gains are diminishing in effect. To give you an example, in 1980, industry operating expenses were \$26.4 billion. Sixteen years later, 1996 operating expenses were actually less than in 1980 - \$26.3 billion. You can see how the industry has held the line on expenses. Since 1996, expenses are rising at about \$1 billion per year; an unfortunate trend that MRL is also experiencing. Almost every productivity measure you look at has maximized its full potential, which without revenue growth, is a formula for disaster.

So, back to my earlier point about service and the direct relationship between service value and revenue growth. You just have to look at the phenomenal growth in the trucking industry to validate the relationship. We must improve velocity, and above all else, offer and deliver consistent and reliable service if we, as a company, and as an industry, are going to move strongly into the future.

Dan Watts
PRESIDENT

AND THE AWARD GOES TO...

In recognition of his contribution to safety at Montana Rail Link, **D.K. "Dave" Roth**, a locomotive engineer at Laurel, MT, was selected as our nominee to receive the prestigious Hammond Award. This award was created by the Awards Institute in honor of its former chairman, Harold F. Hammond, and is presented to an individual railroad employee who has demonstrated outstanding safety achievement during the preceding year. At the awards ceremony held in Washington, D.C. on May 2, D.K. received an Outstanding Achievement Award. Congratulations, D.K.!

*Congratulations
D.K.*



*The Montana Traffic Education Association selected **John Redman**, B&B foreman, crew 1804, for the Outstanding Contributor/Sustainer of the Year Award. John was chosen based on the continual support he has provided for the traffic education programs in and around the Polson and Missoula area.*

MRL NEWS CHANGES FOCUS...

Starting with this issue, MRL News emphasis is to provide more useful information for our employees. Direct distribution will be to our employees via US mail to their home address. It will also continue to be available on our website. We have assembled a new team of departmental correspondents to assist with gathering information and suggesting topics. They are:

Anne Marvin/Mechanical, **Chuck Anderson**/Engineering, **Randy Strending**/Operations, **Michelle Watt**/Accounting, **Susan Twiford**/Administration, **Lynda Frost**/Executive. **Milt Clark**/Marketing continues as editor. As always, comments and suggestions for content are welcomed and can be sent directly to the editor, any of the correspondents, or use the Turntable.

Keeping Track

PROMOTIONS

Julie M. Meyer · now manager car hire accounting
from revenue technician · *effective* December 6, 1999

Brenda L. Miller · now manager revenue accounting
from administrative assistant, finance · *effective* January 31, 2000

Kelly I. Warren · now general accounting staff assistant
from accounts/payable technician · *effective* January 31, 2000

James G. Crawford · now vehicle fleet manager
from extra board clerk · *effective* February 14, 2000

Brian R. Lee · now manager train movement
from Clerk · *effective* February 14, 2000

Johnney L. Schumacher · now operations assistant/assistant
trainmaster from switchman at Laurel, MT · *effective* February 25,
2000

James V. Kochel · now manager train movement
from switchman · *effective* February 28, 2000

Robyn J. Yovetich · now manager train movement
from switchman · *effective* February 28, 2000

Gary M. Loeffler · now signal & communication supervisor with
headquarters at Livingston, MT · from assistant supervisor · *effective* March 27,
2000

Dawn L. Fisher · now manager car repair billing
from car repair billing technician · *effective* June 19, 2000

Anne M. Marvin · now manager mechanical administration
from manager car repair billing · *effective* June 19, 2000

Gary L. Boone · now assistant roadmaster with headquarters at Helena, MT
from assistant roadmaster, temporary · *effective* September 25, 2000

Cathy A. Richardson · now director of customer service
from IMRL director revenue accounting · *effective* November 6, 2000

Janan E. Boller · now payroll technician
from billing technician · *effective* November 13, 2000

David C. Van Buren · now mechanical foreman at Laurel, MT,
from machinist · *effective* November 20, 2000

Beth A. Anderson · now car repair technician
from IMRL revenue technician · *effective* December 14, 2000

Rick L. Zimmer · now assistant director customer service
from manager car distribution · *effective* January 19, 2001

Dennis L. Meyer · now manager car distribution
from manager customer service · *effective* January 19, 2001

RETIREMENTS...

Gerry E. Brown, signals & communications supervisor east
effective April 30, 2000

Thomas A. Jones, director of customer service
effective December 31, 2000

MONTANA RAIL LINK NEW EMPLOYEES

ACCOUNTING

- **Natalie M. Darnall** · accounts payable technician
- **Anne T. Labbe** · revenue accounting technician
- **Dawn H. Dodson** · revenue accounting technician
- **Susan K. McConville** · payroll technician
- **Grace H. Lee** · car hire technician
- **Mary Ann Buck-Heisserer** · revenue accounting technician

ADMINISTRATION

- **Larry G. "Pete" Lawrenson** · chief of security

BOARD CLERKS

- **Char Morton** · Missoula car shop clerk · transferred from Laurel, MT
- **Shauna Abbenhaus**
- **Heather Deguire**
- **Autum Eggers**
- **Terry Fuller**
- **Tanya Markiss**
- **Nathan Mitchell**
- **Mary Schwonk**
- **Jason Sorlien**

OPERATIONS

- **Matthew J. Sugerman** · manager train movement
- **Jonathan Alfson**
- **Sheena Berg**
- **James Fisher**
- **Michael Halladay**
- **Samuel Heacock**
- **Michael Nelson**
- **Sean Ragen**
- **Robin Reimann**
- **Chad Smith**
- **Travis Smith**

MECHANICAL

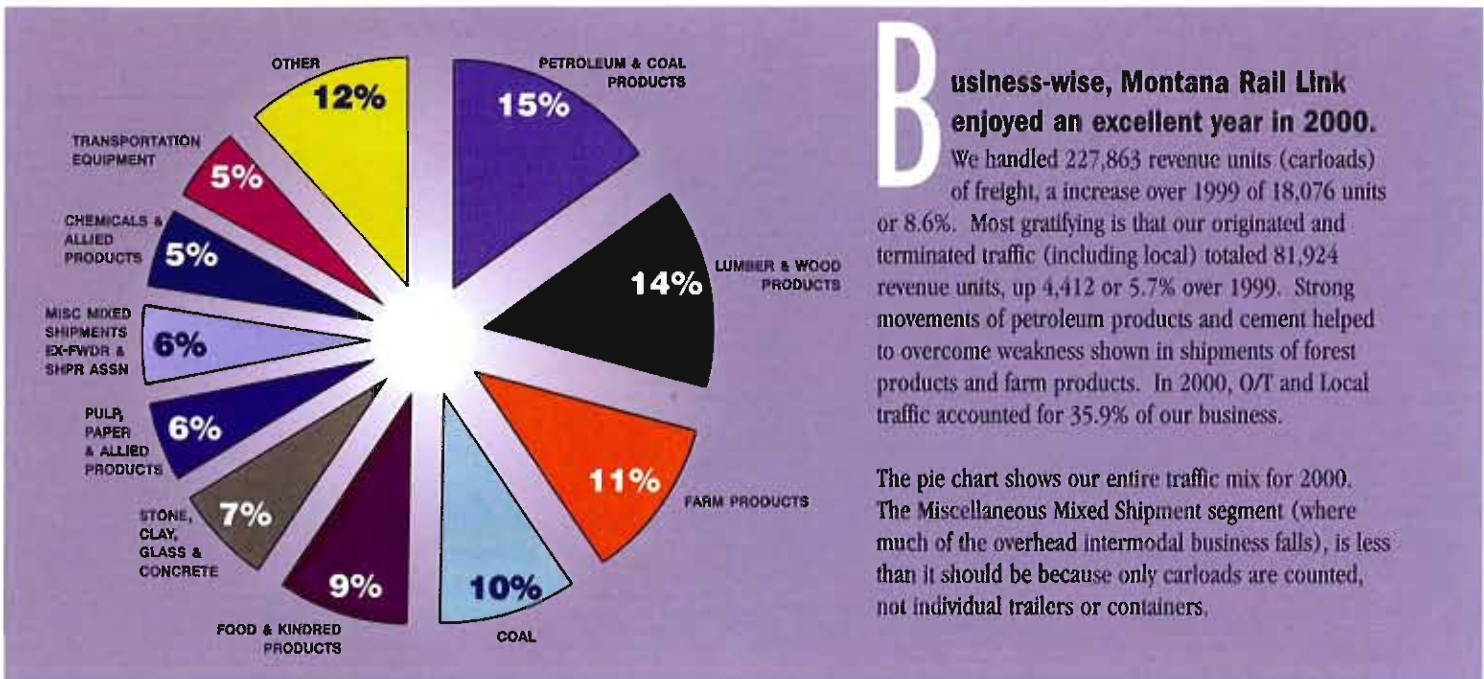
- **Allen Fievet** · machinist at Laurel, MT
- **John D. Peterson** · machinist at Laurel, MT
- **Eric Burgum**
- **Allen Fievet**
- **James Merdith**
- **Jake Roth**

MAINTENANCE OF WAY

- **Roger Anderson**
- **Joshua Barnhart**
- **Matthew Cooley**
- **Brian Cromwell**
- **Daryl Elmore**
- **Jackson Floyd**
- **Chad Jolley**
- **Nicholas Kish**
- **Marty Koskela**
- **Eric Lance**
- **Jason Litten**
- **Kristopher Marshall**
- **William McCormick**
- **Kyle Munier**
- **James Peterson**
- **Cory Weninger**

SIGNAL

- **Ralph Mihfeld**
- **Erin Peterson**



Business-wise, Montana Rail Link enjoyed an excellent year in 2000. We handled 227,863 revenue units (carloads) of freight, a increase over 1999 of 18,076 units or 8.6%. Most gratifying is that our originated and terminated traffic (including local) totaled 81,924 revenue units, up 4,412 or 5.7% over 1999. Strong movements of petroleum products and cement helped to overcome weakness shown in shipments of forest products and farm products. In 2000, O/T and Local traffic accounted for 35.9% of our business.

The pie chart shows our entire traffic mix for 2000. The Miscellaneous Mixed Shipment segment (where much of the overhead intermodal business falls), is less than it should be because only carloads are counted, not individual trailers or containers.

NEW AND IMPROVED

from Customer Service...

Computer upgrades improve computer (and operator) performance.

The computer operating system was recently upgraded to Windows NT4 from Windows 95, and TSS (Transportation Support System) used to manage operations to version 6.4 from 5.2. Additional RAM was also added to all computers in the area. Benefits include increased stability and connectivity along with speedier responses. **Tom Hower**, customer service representative, says, "We can update TSS macros on one computer and drop down to the remaining eight machines. Previously, we had to make changes on each machine individually." With the BNSF TSS system, we now work with just one version instead of three.

new Conference Center complex opens...

Our new Conference Center opened in October 2000.

It is the former Westran office building located at 100 Western Way behind the general office building. The center features two rooms for meetings, conferences and training events with a total capacity of 56. A lunchroom separates the two conference rooms and there is ample parking available. The building is also the new home for the Training, Rules & Safety Department as well as materials manager and signal maintainers. The garage area of the building is now new home for the Work Equipment Shop that was moved from the former Roscoe Steel site near Southgate Mall. The remodeling cost approximately \$52,000 and will help reduce expenses incurred for rental of outside facilities.

ready for cement and more...

In preparation for the 2001 cement shipping season, a preventive maintenance program was recently completed on our fleet of 198, 3,000 cubic feet, 100-ton hopper cars. In 2000, MRL handled 4,700 carloads of cement for \$2.5 million in revenue. We are currently testing discharge gates designed for aggregates on covered hoppers MRL 50055 and 50058. Built by Miner, the gates have 13" x 42" openings with a center carrier to keep the gate tracks properly aligned.

2001 Capital Budget Calls for Expenditures of \$12.9 Million

Major track work includes:

- installation of 91,000 cross ties, 15 miles of new rail, surfacing 137 miles of track and 2,062 Thermitite™ welds
- extending Winston siding 750 feet and a #20 turnout installed
- construction of a new track to serve the Billings generation facility
- upgrading and extending the tracks serving the Peavey Elevator at Billings
- installing Electrocode™ and re-spacing signals between Eddy and Thompson Falls, MT, by the Signal & Communications Department

Other projects include wide load detectors at Townsend, remote control locomotives for the east end of Laurel Yard, replacement of several bridges with culverts, and replacement of a number of vehicles and track machinery.



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right to the head office.**

**A response will be sent directly to you.
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House T&I Leadership Unites Behind Rail Retirement Reform...

The bipartisan leadership of the House Committee on Transportation and Infrastructure has introduced H.R.1140, railroad retirement legislation virtually identical to a measure passed overwhelmingly by the House last year, but on which the Senate failed to act prior to the adjournment of the 106th Congress.

"The goals of this bill are simple yet extremely important to rail employees, their families and management—and those goals are to improve the benefits for railroad retirees and to reduce taxes for railroad employers," T&I chairman Don Young (R-Alaska) told a news conference.

The measure replaces last year's H.R.4844. It contains all the benefit improvements originally agreed to by rail management and labor, including improvements in the surviving spouse benefit, full retirement annuity at age 60 with 30 years of service, elimination of artificial caps on benefits and vesting after five years instead of ten. Although the legislation includes provisions that require carriers to insure future fund solvency with future tax increases if necessary, the measure is expected to reduce taxes on railroad through improved investment returns on the system's funds.

AAR president and CEO Ed Hamberger urged Congress to pass the legislation. "Current restrictions on investments for Railroad Retirement funds are antiquated and make about as much sense as requiring their investment in a passbook savings account," he said.

Investing some of those funds in a diversified portfolio of private and government securities "will provide the nation's 700,000 railroad retirees and their surviving spouses with a better, more secure retirement while reducing the current tax burden on railroad companies."

In addition to Young, the original cosponsors of the measure include congressman James Oberstar (D-Minn), the T&I panel's ranking minority member, Railroad Subcommittee chairman Jack Quinn (R-NY); and subcommittee ranking minority member Congressman Bob Clement (D-Tenn.).

From Train-It (Vol. VIII, No. 3, March 28, 2001) published by the AAR.



An undermining problem with Pier B on Bridge 141 across the Clark Fork River near Huson, MT was solved with the placement of over 30 yards of a special type of concrete. Aided by MRL B&B Crews 101802 and 101804, underwater divers from Norwesco Marine in Spokane, WA accomplished the repairs on October 26, 2000.

SAFETY VS. TIME

It takes one minute to write a safety rule.

It takes one hour to hold a safety meeting.

It takes one week to plan a safety program.

It takes one month to put it into operation.

It takes one year to win a safety award.

It takes a lifetime to make a safe worker.

It takes ONE SECOND to destroy it

all with an accident!

A SIGN POSTED IN THE SOUTHERN RAILWAY
ROUNDHOUSE AT SPENCER, NC
NOW THE NORTH CAROLINA TRANSPORTATION MUSEUM



Jim King, engineer, operating the Belt Pack™ device that remotely controls a locomotive.



Remote Operation at Laurel Yard. Pictured here, unit 132 with Remote Control Caboose 1102, is being used to pull a cut of cars.

THE LIVINGSTON LOCOMOTIVE CENTER

At a glance, they're busy...

- **Maintaining 120 locomotives**
- **Modifying two cabooses for remote operation**
- **Completing an air brake modification program**
- **Testing a new locomotive "hot start"**

"Never a moment's rest," is how the 41 mechanical employees in the Livingston locomotive shop must have felt the past year. Besides maintaining the 120 locomotives actively running across our system, they have had numerous other projects keeping them busy, including modification of two cabooses for remote operation. Currently, they are completing an air brake modification program converting to 26-L system from 6-BL on switch engine 13, ending a two-year project. Engines 16 and 17 were worked earlier. A new locomotive "hot start" is being tested on unit 405, a GP35. Similar to a tank heater used for automobiles, the device keeps the coolant at 120 degrees, allowing shut down during periods of inactivity. Besides obvious fuel savings and wear and tear, it will have a positive affect on air quality.

REMOTE CONTROL LOCOMOTIVE SYSTEM PLACED IN SERVICE

MRL began using remote control for some of the switching operations at Laurel Yard on December 28, 2000. Using technology and equipment from Canac, a Canadian-based supplier, two former cabooses turned B&B dormitory cars (MRL 100751, 100776) were converted to house the necessary gear. The new numbers are MRL 1101 and 1102.

Use of a separate device for the remote control equipment adds flexibility as they can be coupled or "MU'd" with any locomotive. Engineers use an apparatus called a "Belt Pack" to operate the locomotive.

In preparation, 16 employees traveled to Edmonton, Alberta, in December to observe remote control operations on the Canadian National Railway. Training included classroom and field instruction of remote operation. To date, 67 engineers and 49 switchmen have gone through remote training conducted by MRL and BLE officers. This equates to nearly 8,000 man-hours. Employees must have passed a written exam and field test before being allowed to operate remote control.

The Federal Railroad Administration has approved use of remote control and the local divisions of the Brotherhood of Locomotive Engineers representing all of MRL's operating employees approved a new agreement that provides for the use of two engineers and one switchman for each remote control assignment. This allows for use of the "pitch and catch" feature, whereby control of the locomotive is transferred or "pitched" to another member of the crew who "catches" it and takes control.

BLOCK MARBLE

Montana Stone Industries began making shipments of rough-cut block marble quarried at Radersburg, MT. It moved from Toston, MT, to Baltimore, MD, for export to Italy, where it will be cut, processed and finished as slabs then returned to this country. Another quarry will open in the future at Gardner, MT, with shipments originating at Livingston, MT. Annual volume at Toston is estimated at 36 cars.

PLATINUM & PALLADIUM

Gilbert Western Corp., a subcontractor for the Stillwater Mining—East Boulder Project, received six cars of 39 foot light rail at Big Timber, MT, from the L. B. Foster Company at New Westminster, BC, in January. The opening of this new platinum and palladium mine has brought inquiries concerning shipments of other materials related to the operation.

SAWLOGS

Shipments of sawlogs on MRL increased significantly in February and March in the aftermath of the 2000-forest fire season in western Montana that saw more than 300,000 acres of timberland succumb to the ravages of flame. The burnt timber equates to more than 80,000 rail carloads, but we will only handle a small portion of this because salvaging has been limited to private and state lands.

SAWLOGS

At Darby, MT, Vaagen Brothers and Forest Tech began shipping to sawmills in Washington and Montana, and Louisiana-Pacific is shipping to its sawmill at Belgrade, MT. Several independent loggers are also in operation there. Service on the Darby Branch was increased from one to five trips per week to handle the volume of approximately 60 cars per week. The volume has declined due to spring break up of logging roads. The Darby job is now running on Wednesday with an additional trip if needed. Vaagen Brothers has also set up a small sort yard and started shipping sawlogs from Paradise, MT, to Colville and San Poil Spur, WA. Volume is expected to be up to 25 cars per week. Sumsion Lumber at Bonner, MT, is shipping to Arden, WA. MRL's fleet of 149 log flats is being bolstered with up to 100 BNSF cars. MRL log shipments in 2000 totaled 1,899, but could hit 3,000 cars in 2001 according to Larry Huff, marketing manager for forest products.

HOUSE LOGS

It isn't just all originated traffic at Darby. Rocky Mountain Timber Company, a subsidiary of Rocky Mountain Log Homes, will be receiving shipments of house logs from Chetwynd, BC, and Independent Lumber Sales of Hamilton, MT, has a small distribution yard established there. They will be receiving lumber on 73 foot centerbeams.

SALVAGED RAIL

Rail salvaged by the L. B. Foster Company, from part of the abandoned Union Pacific Silver Valley branch (Plummer Jct. to Mullen, ID) is being trucked over Lookout Pass to St. Regis, MT, for shipment to various points.

PROPANE

Rocky Mountain Fuels, Inc., based in Cody, WY, and a subsidiary of Energy West of Great Falls, MT, opened a propane distribution terminal at Superior, MT in July 2000 to serve customers in western Montana, Idaho and Washington. Annual volume should exceed 100 cars.

SODIUM SULFATE

Pelican Chemical in Missoula, MT has begun receiving cars of sodium sulfate from Buick, MO. Pelican has unloading and storage facilities at the Zip Beverage Company industrial site. Volume is expected to be about 20 cars per year. Michael Bennett is the owner.

CORN

Favorable prices and good availability have made corn from the upper Midwest the feed "du jour" for Montana cattle feeders this winter. In addition to a number of regular receivers, we have added Blue Creek Cattle Feeders, a division of Haaland's T-Bone Feeders, at Billings, MT, and several independent ranchers and dealers to our customer base. Two hundred seventy-three carloads of corn were terminated on MRL in 2000 with gross revenue of \$152,452.

PARTICLE BOARD

Woody's Big Sky Supply in Polson, MT, a recent acquisition of Western Building Center in Kalispell, MT, has started using rail again. Their first car of particleboard arrived on January 22, 2001.

WOOD PRODUCTS

Manhattan, MT, a small metropolis of a little more than 1,000 in the center of the Gallatin Valley, has suddenly become a mecca for forest products. Centennial Wood Products, a manufacturer of survey stakes and other small wood products, is receiving lumber as well as Eagle Trading, a pallet manufacturer at Three Forks, MT.

FUEL

Work is in progress to install a track to serve Billings Generation Company's Yellowstone co-generation plant at East Billings, MT. Constructed about five years ago near the ExxonMobil refinery, the plant's purpose is to generate electrical power by burning petroleum coke, a byproduct of refining. A dwindling supply caused BG to look elsewhere for fuel with the Conoco Refinery at Billings being one of them. The new track is 1,730 feet in length and on a 2.6 percent grade. Another 1,200 feet of track is being built to facilitate switching operations. When completed later this spring, five cars can be unloaded daily. Annual volume is expected to be 950 cars with revenues in excess of \$200,000.

METAL

The suspension of operations of the Asarco Incorporated East Helena Smelter on April 4th, due to low metals prices, will have a significant impact on MRL. In 2000, we handled more than 3,500 cars for about \$3.5 million in revenue. The smelter's long history dates back to 1888. Throughout its 112-year history, it has been expanded and upgraded with additions of environmental equipment. The smelter had annually produced more than 70,000 tons of lead bullion with high content of silver and gold. Other plant products include copper by-products and sulfuric acid. Railroads have played a significant role in its operation and the smelter has been an excellent source of traffic.

2000 Second Best Injury Record Ever for MRL!

MRL finished the year with 21 reportable injuries and a casualty rate of 2.19 per 200,000 man-hours worked, the second best year ever for us. This compares to 22 reportable injuries in 1999 and 12 in 1998 (the year we won the Harriman award). The months of August, September and October were our worst months with nine reportable injuries.

Marty Rau, manager, Training, Rules and Safety said, "The key to success will be to reduce the total number of near-miss and minor injury incidents." MRL ranked in 5th place among Group C railroads (those with less than 4 million man-hours, but more than 50,000) with a casualty rate of 2.19. MRL's cumulative casualty rate for years 1998 through 2000 stands at 1.82. Nationwide, only two other U.S. railroads, Norfolk Southern and Duluth, Winnipeg & Pacific, can boast rates above this level.



Approximately 100 employees participated in the annual system-wide safety audit the week of May 21. More than 200 items ranging from switches needing oiling or adjustment to outdated fire extinguishers to tripping hazards on switching leads were found. Pictured here, **Bob Scanlon**, carman, (left) pauses from his work inspecting box cars on the Missoula cleaning track to talk with one of the audit teams made up of **Bob Guest**, assistant roadmaster, **Jim Bieber**, project engineer, and **Gail Bryant**, carman. A team member not pictured is **Lynda Frost**, assistant to president, who took the photograph.



*The Rocky Mountain Fuels facility was put in operation with a ribbon cutting ceremony on July 20, 2000. Pictured here with RMI Fuels officials are **Dan Watts**, **Howard Nash**, **Randy Strending**, **Mark Smith**, and **John Hood**.*

TRAINING • DELTA 2000 OVERVIEW

More than 190 employees experienced Delta 2000 training since its inception in May last year. Led by Wendy Sampson of the Billings-based Solutions Group, the focus of this new program has been on the entire "Delta" process revealing practical techniques, tools, and models that place individual development at the forefront of our training efforts.

Dan Watts, president, has emphatically endorsed this program by stating, "This training experience will help each of you translate your unique management talents into getting results with others. You will see that our Delta program is not just a program, but a process in which the company continues to invest in your professional development." The program concluded with classes in January.

MAY	MONDAY	28 • Memorial Day
	JUNE	SATURDAY
JULY	WEDNESDAY	4 • Independence Day
	SATURDAY	14 • Missoula Area Picnic
	SAT - TUES	28-31 • Chicago Railroad Superintendent's Assn. Meeting in Missoula
AUG	FRIDAY	30 • Laurel 14th Annual Golf Outing/Picnic

MRL United Way of Missoula County 2001 Drive a \$22,800 Success!

Held last fall, the campaign for 2001 saw employee contributions increase 74% over the previous year and, even more importantly, participation jumped by 73%. In recognition of this, United Way of Missoula honored MRL with the "You are Outstanding" traveling trophy for the exceptional contributing performance during this year's campaign. Contributions from MRL and local I&M employees totaled \$22,800. Let's give a hand to **Dave Swanson**, campaign leader and his volunteers: **Bill Scanlan**/Mechanical, **Jim Bieber**/Engineering, **Walter Bradford**/Dispatch, **Larry Guerrero** and **Cathy Richardson**/Accounting, **Susan Twiford** and **Lynda Frost**/Administration. Participation in the United Way program allows our employees to be good neighbors and give back to the communities we live in, and helps provide a strong community backbone for the future of our children. On behalf of United Way of Missoula County and the many recipients, thank you for giving so generously to a cause that helps so many. United Way of Yellowstone County is looking forward to conducting its first MRL campaign for 2002.

MRL Keglers Raise \$3,500 for Big Brothers Big Sisters

Seven five-person teams lead by captains **Brenda Miller**/Accounting, **Mary Semmens**/Marketing, **Tammy Mocabee**/Engineering, **Kelly Gieser**/Human Resources, **Anne Marvin**/Mechanical, **Lanie Hyland**/Operating, and **Susan Twiford**/Administration participated in Bowl for Kids Sake on December 3, 2000.

MRL \$5,000 Donation Helps Support Fire Protection

When extreme fire conditions quelled the Missoula-area employees picnic last August 19, MRL donated \$5,000 of the picnic funds to the Missoula County Fire Protection Association to aid them in their all-important fire suppression effort.

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