

Company News for MRL Employees

Dispatch Staff: Lynda Frost • Pam Schneiter • Anne Marvin • Kayleen Woodruff • Ted Hagemo • Mike Mattson • Pete Lawrenson • Erin Best

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Message from the President



With all the discussions lately about fuel and how much it costs to fill up our own personal vehicles, you may be wondering how all this affects MRL. First of all as you know, rail is extremely fuel-efficient compared to other transportation modes. A small bit of trivia for your next summer barbecue – *railroads can haul one ton of freight 436 miles on one gallon of diesel*. That makes rail about three times more fuel-efficient than truck, and we think the obvious choice for our customers.

Even though we are fuel-efficient compared to our competition, we can further strive for continuous improvement while being good stewards of our environment and saving a buck or two in the process. We can't help but wish that it took the same amount to fill our new SD's 70's as it does to fill our own personal vehicles; however, it costs a little more at about \$20,000 per tank. As you know, we bought 16 new SD 70's in 2005 primarily for their anticipated fuel savings. They are approximately 25% more fuel-efficient than their predecessors, which means they are projected to save us over 1.3 million gallons of diesel and \$5.5 million in 2008. We are also planning on testing some new generation locomotives later this year for switch and local service that promise a 50% fuel savings and much lower emissions. We have also added auxiliary power units (APU's) to three locomotives which allows us to shut down locomotives instead of idling – that is expected to save up to 5.5 gallons/hour per locomotive. We hope to add more APU's later this year. Proper train handling plays a huge part in fuel conservation; our road foreman and the training group continue working with our engineers on fuel conservation efforts.

Although small by comparison to our locomotives, we should all strive to be better conservationists with company vehicles, as we do with our own. You may have noticed that we have introduced Subaru's to the vehicle fleet. They have proven to be much more fuel-efficient than their predecessors. Also in past years, it was not uncommon to see a company vehicle idling to keep the cab warm or for pure convenience. With \$4/gallon gasoline, we all need to become a little more practical with our actions.

Fuel has become a much larger portion of our total cost and has the potential to impact our profitability. We expect to spend **in excess of \$30 million** for fuel in 2008. As noted, we are doing many things to help, however if anyone has more suggestions, I am all ears – give me a call at (406) 523-1434.

Tom Welsh



DOWN the Line

During a typical work day, a Maintenance of Way plater machine is seen following a TR-10 tie inserter. Look for a full story of this season's Maintenance of Way gang in the next issue.

*Photo by Jim Bieber,
Project Engineer*

Welcome Aboard!

Pam Schneiter, Director Human Resources

Montana Rail Link is pleased to announce that Scott Trent has been hired as the Chief Human Resources Officer, effective June 30, 2008.

Scott was employed with Knife River Corporation, a wholly-owned subsidiary of MDU Resources Group, over the past seven years in various positions. Scott worked most recently as Director of Human Resources and Leadership Development. Knife River is a leading construction materials and mining organization with over 7,000 employees working in fifteen states. In his former position, Scott was responsible for all human resource and people development activities across Knife River.

Scott's extensive HR experience closely aligns with his new responsibilities at Montana Rail Link and will include succession planning, talent management, leadership development and management training & education. In his new role, Scott will oversee all aspects and functions of the Human Resources Department.

Scott earned a Bachelor of Arts degree in Management of Human Resources and a Master of Business Administration from George Fox University located in Newburg, Oregon. Scott also earned a Senior Professional of Human Resources (SPHR)

certification from the national Society for Human Resource Management (SHRM). Scott also earned a Labor Relations Certification from the Harvard Law School – M.I.T. Sloan School of Business Executive Program. In addition, Scott has served in various professional human resources organizations and on the Board of Directors for United Way of Linn County (Oregon).



Scott and his wife Lauren are relocating from Mandan, North Dakota (near Bismarck) and look forward to living closer to their families in Oregon, Nevada, and California. They have three grown children and four grandsons, with a granddaughter expected to arrive in October this year.

In their free time, Scott and Lauren enjoy many activities including college football, golf, hunting, fishing, traveling, and collecting art. In particular, they are avid University of Oregon football fans and have already indicated their interest in Grizzly Football.

Please join us in welcoming Scott to Montana Rail Link. He can be reached at 523-1513.

A Sharp Eye

Anne Marvin, Manager Mechanical Administration

Missoula Carman Chris Smith was inspecting the day gas train on May 1st when he found a broken wheel on CONX 1101. Undoubtedly, his keen observation saved a probable derailment on the gas train. Chris enjoys his job as a train yard Carman and looks forward to a long career with MRL. He started with MRL in May 2007 as a Carman Apprentice and was promoted to Carman in February 2008. Chris was presented a token of appreciation for this conscientious deed.



Chris Smith, Missoula Carman

Following MRL's Crossties

Kayleen Woodruff, Administrative Assistant - Engineering

Did you know that MRL installs roughly 110,000 new crossties each year? The arrival of those ties provides an interesting story. Let's follow the journey that each tie takes from the forest to actual installation on our territory.

The journey begins in September each year when we place new tie orders with tie contractors Stella-Jones in Wisconsin and Railworks Wood Products, Inc. in Indiana. Due to the lengthy process required to prepare a crosstie, we order approximately a year in advance of installation. Careful planning is required to make sure that there are enough ties on hand each year. At the time we place our order for ties, the oak trees are still growing and are typically 75 to 100 years old when harvested. Each tree will yield one to two ties, although no part of the tree is wasted. For example, the bark is made into landscaping mulch, the first outside cut goes to paper mills,

the next cuts are used as hardwood lumber, and the center cut is the tie. The freshly cut ties are set out to air dry for about 10 to 12 months. After the ties have dried sufficiently, they are treated with creosote to extend the life of the tie. The treatment, which takes about eight hours, occurs in a cylinder under 200 psi at 200 degrees. The cylinder can hold up to 800 ties at a time. Once the treatment is finished, the ties are ready for shipment. They are loaded into center beam rail cars, which can hold between 890 and 910 ties each. When they arrive, they are stockpiled until it is time to distribute them. Beginning in February each year, two Jimbo Cranes distribute the new ties at the designated locations. At the beginning of April, the system tie crew Gang 1953, begins to install the ties along the system. The Jimbo Cranes then pick up all of the old ties, the majority of which are sold to a contractor.

Tie Facts:

- The average life of a tie is approximately 30 years, depending on where it is placed in the track. Ties that are on tangent (straight) track will last 30-40 years while those placed in a curve will have a shorter life span (as a rule: the sharper the curve, the shorter the tie life).
- The current cost to buy and install one tie is \$65-75.
- Excluding the cost of the ties, the cost of operating Gang 1953 for one day is between \$16,000 and \$20,000.
- Gang 1953 can install approximately 1200-2000 ties on a typical day depending on time allowed on the track and equipment availability (the record for a single 10-hour day is 3,215 ties set June 2005).

Note: Rising fuel costs will increase the cost to purchase, ship and install ties.

Below: A Tie Crane at work.



**to our MRL employees
currently serving military
duty! We honor the sacrifices
made in service to our country.**

Locomotive Simulator To Arrive Soon

Ted Hagemer, Director TRS

Montana Rail Link recently agreed to purchase Rail Sciences' new Trainmaster Simulator with delivery set for late summer. Locomotive simulators have been in use for several years throughout the industry.

The Trainmaster Locomotive Simulator is a complete hardware and software training system that will give engineers a hands-on operator experience in a classroom environment. It will provide realistic physical and graphic simulations of our Helena and Livingston mountain grade territories along with several miles of generic railroad. Additional territories can be integrated into the software for installation at a later date, if beneficial. These territories were selected to be the first due to their demanding physical characteristics and the significant expense in contracting for simulations on a case-by-case basis.

The locomotive control stand features the look and feel of the most common control stand which is molded out of fiberglass, greatly reducing the weight of the unit and making the simulator portable. Train handling and performance are extremely realistic due to validation against real world data. Real time in-train dynamic forces and track profile graphs continuously scroll on the in-cab display as the train moves over the track. Brake pressures, buff and draft forces as well as other essential information can be monitored. High quality 3D graphics and modeling tools are capable of recreating site-specific familiar territory and rolling stock in exact graphic detail. Real-life audio sounds reflect actual railroad sounds such as engines, bells, air brakes, and horn; enhancing the training experience.

Upon arrival, the simulator will be incorporated into various engineer training programs, including student training, engineer re-certification classes and others. When beneficial, additional training programs will be developed to teach enhanced train handling skills, fuel conservation practices and proper placement of helper or distributed power locomotives. In some cases, the simulator may be utilized to recreate accidents or incidents to help in determining causes.

Acquiring this training tool displays, once again, MRL's commitment to be the "Best of the Best".

Thanks

Congratulations!

to the Missoula and Helena Mechanical Departments for leading in safety.



**Injury free
as of July 17th:**

Helena Roundhouse/Carmen	2,569 days
Missoula	1,524 days
Carmen Roundhouse	4,409 days



Left L-R: Helena - Mick Livermore, Rich Labbe, Norm Smith, Gary Devine, Kevin Leonard, Paul Elsenpeter, John Woods, John Huffman*

Below: Missoula; Front Row L-R - Jim Chilcote, John Smith, Tom Burden, Rick Schmitz*

Middle Row L-R - Paul Elsenpeter, John Miller, Lorna Pettigrew, Mike Thurston, John Peterson, Dennis Eggers, John Sturm, Kurt Brunner, Bob Driscoll, Pete Trunkle, Kim Hannon, Ron Kroll, Jerry Brewer, Brian Cromwell, Jim Hirning

Back Row L-R - Greg Tollefson, Faron Stevens, Bill Scanlan, Erick Strombo, Dale Virts, Daniel Meyer, Brian Panian, Chuck Marvin



Distributive Power

Mike Mattson, Missoula Road Foreman/Trainmaster

As you well know, we have been using Distributive Power on a vast majority of our coal and grain trains, both loads and empties. Distributive Power is a remote controlled engine on the rear of the train that is operated by the engineer on the controlling locomotive from the head end of the train.

The benefits of DP are a reduction of trailing tonnages on the head end and a substantial decrease in the time it takes for the air brakes to become effective in stopping the train. The DP unit sets and releases the air brakes simultaneously with the command the engineer is inputting on the controlling locomotive.

Another great benefit of DP is the engineer can run the DPU in unison with the head locomotive or can "put the fence up" which means the engineer can run the DPU independently of the head end. This is a great tool in train handling.

We now have the majority of our road engineers qualified in DPU operations, and we need to give a big "thank you" to a few of the B of LET trainers. Had it not been for their dedication and efforts, we would not be where we are today. A thank you goes out to **Allan Tims, Jeff Benson, Rex Hoag, and Chuck Mininger**. These men were sent to Johnson Community College in Overland Park, Kansas and were trained in the operation of Distributive Power. They brought that knowledge back and helped us in training the rest of our locomotive engineers.

With traffic levels at an all time high, we would be remiss if we did not say thank you to the whole Montana Rail Link team. If it were not for everyone's efforts, we would not be the great company that we are.

A new switchman class also began March 24th. Twenty five new switchmen are in the class, 13 in Laurel and 12 in Missoula. They will train for six weeks and be fully trained and in position to fill the void that will be created when our next engineer training program starts this summer.

*Helena not pictured: *Doug Garcia*

*Missoula not pictured: *Al Baese, Mark Brosten, Gail Bryant, Alex Cantrell, Derek Cochrell, Mike Denman, Don Doty, Eric Eileras, Larry Ford, Chris Goldade, Aaron Haddick, Dave Hahn, Kellen Havranek, Rod Leister, Rob Marceau, Max Moriarty, Eben Nose, Mike Padrotti, John Peterson Jr., Terry Posio, Kelly Prichard, Tom Shunkwiler, Chris Smith, John Wilson*

Summer Safety

Pete Lawrenson, Chief of Security

As summer is approaching, we are busy at work and at home and enjoying the great recreation opportunities we are afforded. As we involve ourselves in the many activities in our lives, are we alert, attentive and conscientious about safety to ourselves and those around us? Safety at home, recreating or at work does not take a day off and does not take a vacation; safety simply cannot afford to relax. As we do our jobs and partake in the things we enjoy, we are always challenged to be safe and keep those around us safe. It's everything from sunscreen to bike helmets, from life jackets to seat belts; safety is about protecting yourself and others. Have a great summer!

Troy Stutterheim Memorial Scholarship Fund

Children, step-children and spouses of Montana Rail Link employees are encouraged to apply for the Troy Stutterheim Memorial Scholarship. This scholarship fund was established in memory of Troy Stutterheim, a Montana Rail Link employee and member of the Brotherhood of Locomotive Engineers Union Division 232 in Laurel. The amount of the scholarship and/or scholarships varies annually, and awards are determined by the Troy Stutterheim Memorial Scholarship committee. For additional details or an application contact Richard Dawes at 855-3725 or Lynda Frost at 523-1417 or lfrost@mtrail.com.

2008 Deadline: August 6th

Keeping Track

On the Move

Shane Arneson • Was Carman, Now Management Trainee

Jeff Benson • Was Locomotive Engineer, Now Trainmaster

Dodd Elverud • Was Track Laborer, Now Switchman Trainee

Lyle Evans • Was Track Laborer, Now MOW Training Supervisor

Teresa Finnell • Was Clerk, Now Temporary Assistant Manager Customer Service

Jason Fuhrmann • Was Track Laborer, Now Switchman Trainee

Kyle Harsch • Was Clerk, Now Switchman Trainee

Keith Heggie • Was Track Laborer, Now Assistant Roadmaster

Marc Herrington • Was Carman, Now Switchman Trainee

Dave Koerner • Was VP Finance & Administration, Now Vice President & Chief Financial Officer

Lee Kohlman • Was Locomotive Engineer, Now Manager TRS

Nick Werner • Was Track Laborer, Now Switchman Trainee

Look Who's New

Chief Human Resources Officer

Scott Trent

Carman Apprentice

Brian Allen, Ben Crofton, Bob Driscoll, Jon Knaub, Justin Laughery, Dan Meyer, Erick Strombo, Greg Tollefson

Electrician Apprentice

Tyler Braswell

Machinist

Paul Lasater

Switchman Trainee

Chris Ahlander, Shawn Bergstrom, Charly Bertek, Nathan Dumont, Kevin Gilbert, Charity LaTray, Dan Lutke, Barry Martin, Clint McConnell, Derek Nelson, Ed Rosette, Brian Schendel, Udo Shonk, Mishka Wisoff

Track Laborer

Tim Anderson, Justin Brewer, Cory Brown, Elijah Brown, Shawn Bursell, Tom Conley, Justin Gilbertson, Matt Hansen, Craig Hardy, Joshua Harris, Max Hausauer, David Hubbel, Jason Kovick, Mike Paul, Shane Richmond, Duane Roberts, James Russell, Cory Schwartz, Nick Tucker, Tyto Vigil, Shane Whitcomb, Ryan Zachariasen, Bill Zellers

Trainmaster - Helena

Michael Gilding

Retirements

Ron Herman, Operating Alfred Hitchcock, TRS

Timothy Stone, Mechanical



Trackside - Your Company Store

Wondering what the newest MRL gear is available? Looking for the perfect gift for your favorite railroad buff? When in Missoula, be sure to stop by and peruse *Trackside*, Montana Rail Link's depot for hats, shirts, teddy bears, trinkets, cookbooks, and more. In the meantime, some items are on display in Laurel, Helena and, soon, in Livingston. If you have questions or would like to order something you don't see at your local office, contact Erin Best at ebest@mtrail.com or 523-1411.

Also coming soon, you will be able to view the entire stock of MRL merchandise at our online *Trackside* store. Through the online store, you will be able to see item photos, colors and sizes; email your order; and email item questions. Be sure to watch for this new development as you begin your holiday shopping!



Camp Mak-A-Dream

Earlier this month, seventy five children (ages 14 to 18) and adults from Camp Mak-A-Dream were picked up from Gold Creek to ride to Missoula aboard the 12th Annual Shooting Star Limited. The group was bussed from Missoula to Qwivals Family Fun Center in the Bitterroot Valley where they rode bumper cars, played miniature golf and enjoyed other fun activities.

The Shooting Star Limited was established by MRL in partnership with Datsopoulos, MacDonald & Lind and Terry Payne & Co., Payne Financial Group.

Camp Mak-A-Dream is operated by Children's Oncology Camp Foundation and is a medically supervised, cost-free camp located in the Gold Creek area for children, teens and young adults with cancer. Cancer patients (and oftentimes their siblings) come from across the country to enjoy Montana surroundings and the opportunity to "just be a kid" in a summer camp environment.



Bike for Shelter

Forty one volunteers from MRL and other Washington Companies showed up bright and early on the morning of Saturday, May 10th to help the 8th Annual Watson Children's Shelter *Bike for Shelter* event run smoothly. Volunteers ran the barbecue, served food and drinks, and helped kids safely ride a small passenger "train." There were nearly 700 in attendance enjoying the festivities and over \$50,000 raised to support WCS, the only emergency shelter in western Montana for young children in crises. Thanks to all the volunteers!

Left: Bike for Shelter volunteers take a moment for a group photo.

21st Annual Missoula Golf Invitational

Warm weather was in abundance, and a great time was had by all the nearly 500 attendees at this year's Missoula Golf Invitational. Rounds were played at Canyon River Golf Club, Missoula Country Club and The Ranch Club followed by an afternoon barbecue at the Grant Creek Ranch.



Above: Enjoying the post-golf festivities at the Grant Creek Ranch.