



Company News for MRL Employees

Dispatch Staff: Lynda Frost • Casey Calkins • Dave Cook • Larry Rehmer • Pete Lawrenson • Rourk Price • Erin Best

January 2010
No. 65

MESSAGE



from the President

Throughout all of last year, we have listened to reports on the nightly news and read stories in our newspapers of companies shutting their doors and people losing jobs.

We saw a few instances throughout the year where our customers were cutting back on production. In July, the Plum Creek plant near Pablo shipped their last load of lumber and closed the doors. Even with these cutbacks, it still seemed that the recession had been easier on MRL than on many companies in our region and certainly on many industries nationwide.

Just when we thought things were stabilizing with hopes of potential new business opportunities, Smurfit Stone Container (SSC) announced the permanent closure of the Frenchtown Mill. Many of us have worked with SSC for all 22 years of MRL's existence and have developed great working relationships with many SSC employees. Our Company is full of employees who have colleagues, friends, and, in many instances, family members who worked at the mill. Our hearts and our prayers are with them and their families as they try to figure out new career paths, re-training opportunities and how to make ends meet.

I used the analogy in an earlier message about not crying over spilled milk. Unfortunately, more milk than we anticipated was spilled in 2009, which required our immediate action. As a result, we too were forced to realign our operations in a significant way. On January 13th we announced the loss of 46 jobs across our system. The decision to lay-off co-workers, friends and colleagues was extremely difficult knowing those jobs support families and livelihoods. Our hope is that business will return and that many of those affected will be able to rejoin the Company soon. Until that time, they will be sorely missed.

Even though we have seen car loads disappear, we still have much to be thankful for. We have a solid contract for coal through 2012 as well as 115,000 annual loads of grain and miscellaneous freight for many years beyond that. In spite of the recession, many of our customers are weathering the storm, and we expect that to continue.

We, along with nearly every industry in America, have been beat up with the effects of the recession. Our lot in life has become more of a challenge but not desperate. To remain competitive in our marketplace, we must, however, work to become more cost-effective than in the past by reducing costs throughout the organization. I know that some of the cost containment measures will cause hardship on employees, vendors and contractors; however they are necessary to remain competitive.

We need to clean up the spilled milk and do what we do best – serve our customers. I need your help to keep our Company strong. Please keep your eyes and ears open while looking for cost savings and additional revenue ideas. Let's not get discouraged – instead let's work even harder to weather the storms that have blown our way. Working together we can keep our Company strong!

Thank you,

Mullan Tunnel 2009

Dave Cook, Director B&B

The Mullan Tunnel Project originated in part due to ventilation problems experienced by the new SD70ACe locomotives. The desired five-unit consist, designed to best-utilize the new locomotive fleet, was failing due to overheating and a shortage of oxygen. The feasibility of utilizing tunnel fans was ruled out due to the fan speed required to provide an adequate air supply for the locomotives. The tunnel is 125 years old and was ready for a major rehabilitation.

Studies focused on tunnel-size in relation to air supply for the locomotives. The results of the studies were used to help design the two major components required to provide adequate air supply. This solution included reducing the length of the west end of the tunnel by 400 lineal feet and enlarging the width by three feet and the height by five feet.

The project began in April using LRL Construction Co. of Tillamook, Oregon as prime contractor. LRL has done numerous tunnel enlargements, including for the Norfolk Southern Railroad. The work was to be accomplished by providing the contractor with eight-hour train-free windows, six days per week. The entire project was to be complete by the end of November.

April was a difficult month with extreme weather and excessive snow. The interior work, including the shot-crete operations, was delayed more than a week due to cold nights and freezing of the water needed to mix the shot-crete. Progress was being made in May, and the removal of the brick arch liner was ahead of schedule. Things were looking bright.

Then, unexpected problems began to develop in some areas of the tunnel. After removing small sections of the tunnel lining, it was discovered that the granite behind the lining was so decomposed that, in some cases, it was impossible to stop it from filling the tunnel. This stopped train traffic until the hole could be plugged and the tunnel cleared of rock and fines. Progress slowed because greater precautions had to be taken. In spite of these precautions, an area was encountered that collapsed and filled a large portion of the tunnel. This resulted in the Railroad shutting down for 24 days.



Completing the work in one season was now impossible, so preparations were made to get the tunnel through the winter. In some areas water continuously comes through the lining and runs in the drains. If the lining is not properly prepared and insulated, ice becomes a problem.

Approximately 70% of the walls and liner have been removed from the tunnel with 30% remaining of the original lined 2,400 lineal feet. In the area where the work has been completed inside the tunnel, greater clearance has also been achieved. The west end of the tunnel has been shortened by 340 feet. It is unlikely that we will shorten the tunnel the additional 60 feet originally planned.

While the work is not complete, great results have already been achieved. The five-unit helper set previously placed in the middle of a train that could not run without one or more locomotives shutting down can now operate successfully, and in fact, these five-unit helper sets run on a regular basis. Maintenance to the locomotives has also been reduced.

The 2010 plan will begin in May and is scheduled to be complete in September. This includes a six-day work week with eight-hour windows for train operations. We all look forward to completing this project as we continue to improve our railroad.

Senior Safety Funds

Pete Lawrenson, Chief of Security

The Senior Safety Council gathered in November to approve and distribute the 2010 \$100,000 Senior Safety Funds. A total of 33 projects amounting to more than \$369,000 were submitted for consideration. The Council approved 22 of the requests for more than \$108,000. Two other requests were approved or completed without taking funds from the \$100,000, and another two requests were addressed in capital equipment improvements.

Employees submitting requests are thanked for the detail they provided, including accurate expense estimates on the requests allowing the Senior Safety Council to address 26 of the 33 requests.

Keeping Track

On the Move

Brent Erickson • Now Assistant Superintendent – Laurel, Was Trainmaster
Ben Kelly • Now Seasonal Roadway Mechanic – Missoula, Was Track Laborer
Sean Scanson • Now Trainmaster – Laurel, Was ATM
Leon Scoles • Now Acting Signal Supervisor – Livingston, Was Signal Maintainer
Josh Zachariasen • Now Signal Laborer – Missoula, Was Track Laborer

Look Who's New

Administrative Assistant to Superintendent – Laurel
 Joette Larson

Extra Board Clerk – Laurel
 Nadine Horning

Hostler/Laborer – Laurel
 Jerry Walls

Signal Laborer – Missoula
 Nate Beavers

Retirements

Jay Barthuly, Mechanical Livingston
Frank Hagel, Mechanical Laurel
George Hedglin, Engineering Helena
Howard Nash, Sales & Marketing, Missoula
Jim Smith, Mechanical Livingston

Susan C. Murray Memorial Women's Scholarship

Daughters and granddaughters of ASLRRA members and suppliers are encouraged to apply for this \$2,000 scholarship. The selected candidate will receive \$1,000 per semester. Please visit www.aslrra.org for additional details and a copy of the scholarship application. Deadline to apply is Friday, February 26, 2010.

MRL Santa Train

On December 5th, the Santa Train rolled into the Missoula Southgate Mall area to welcome local kids and provide them with the opportunity to sit with Santa Claus and Mrs. Claus and to receive several gifts including hats, gloves or scarves to provide warmth throughout the winter. Over 700 were in attendance. Thanks to all the volunteers who helped to make this event possible!

Making a Difference Across the State

MRL employees across the line work together during the Christmas season to provide for those in our areas who are struggling. These efforts include a toy drive in Helena and food drives in Laurel, Livingston and Missoula during MRL Christmas parties. Food donated in Missoula was combined with that raised by other Missoula Washington Companies resulting in an 800 pound donation to the Missoula Food Bank. Thanks to everyone across our line for all that you contributed to "lighten the load" of those less fortunate this year!

DEPARTMENT HIGHLIGHT

Casey Calkins, Manager TRS

The Training Rules & Safety (TRS) Department is comprised of a director and two manager positions with the support of one administrative assistant. Currently, there are two employees at the helm in the director's role; **Ted Hagemo**, who will be retiring in February 2010, and **Kim Kautzman**, who has been training under Ted to assume the director position. The managers are **Gregg Cooney**, whose focus is primarily on training the Operating and Mechanical groups; and **Casey Calkins**, who focuses mainly on the Engineering group. **Julie Cowan** provides invaluable support to the director and managers.

Pete Lawrenson, who holds the position of Chief of Security and Safety, also operates out of the TRS office. Pete shares in the responsibility of training MRL's employees on a variety of topics along with ensuring that the railroad and our customers' shipments remain safe and secure while on our property.

The Federal Railroad Administration has regulatory oversight responsibilities to ensure MRL operates in compliance with all rules and regulations. TRS managers must be familiar with

all federal rules and regulations governing railroad operations and work closely with FRA officials ensuring compliance. TRS managers work with all Company managers and supervisors to ensure compliance with the Code of Federal Regulations governing hazardous material handling, hours of service laws, railroad workplace safety, operating practices, certifications, on-track safety, and many other aspects of the railroad business.

The TRS staff takes pride in its ability to provide high quality training, interpretation and application of regulations. Large amounts of statistical data from MRL and other railroads around the country are collected and organized at TRS. The data is compiled and analyzed to determine trends that cover a broad spectrum of safety-related items. Those trends are then used to develop action plans in an effort to continually make MRL a safer place to work.

Safety is the top priority for everyone at MRL, and the employees at TRS are committed to the belief



Top Row (L-R):
 Peggy Sheldon, Pete Lawrenson, Julie Cowan
Bottom Row (L-R):
 Casey Calkins, Kim Kautzman, Gregg Cooney
Right Inset: Ted Hagemo



that all accidents and injuries are preventable. TRS dedicates its resources to developing the Safety Culture of our Company by promoting a positive safety attitude, allowing every individual to share in the safety successes we experience as a team.

Peggy Sheldon is currently providing training for the TRS position and then will offer her clerical expertise to another department.



Caring MRL Staffers

In September, members of the Laurel Safety Committee volunteered for the United Way Day of Caring in Billings at the Salvation Army Thrift Store. They loaded seven trucks of unwanted materials that went to the dump to make room for more storage.

Left (L-R): Tom Maurer, John McClenahan, Derrick Fox, Brian Wells, Celia Small, Jason Frank, Demario Marshall, Tyler Braswell, and Jeff LaMotte

Transfer Table Upgrade

Rourk Price and Larry Rehmer, Mechanical Foremen 1

In September, B&B with the help of the Livingston Roundhouse, completed the first major upgrade to the transfer table power feed in over 80 years. Built in 1923, the transfer table, used to transfer locomotives from the roundhouse to the heavy repair shop, has undergone several improvements over the years, however the power feed has always consisted of an overhead cable system similar to that seen on trolley cars.

This archaic feed system was susceptible to the elements, and

icing on the cables would often cause the table to stall or the contacts to de-rail, rendering the table inoperative. B&B searched for solutions and found a viable option in a system that is already in operation at the BNSF rail facility in Laurel.

The power supply reel utilizes a large reel mounted on the table that feeds out or picks up a large electrical supply cable as the table moves, eliminating the overhead power supply system completely. Installation was performed by the

Bridges and Buildings Department, and Livingston Mechanical aided in the fabrication of the support systems and the final painting of the transfer table cab to resemble an MRL locomotive cab.

