



Company News for MRL Employees

Dispatch Staff: Lynda Frost • Dustin Hayes • Pete Lawrenson • Anne Marvin • Brent Mueller • Michelle Watt • Steve Werner • Kayleen Woodruff

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MESSAGE

from the President



What a difference a year makes! Last year at this time, we were all scrambling to find ways to become more efficient with less business to handle. Some large customers had shut their doors and many others were scaling back operations. Fast forward one year and, although we are not back to our pre-recession levels, we are on the road to recovery.

Last year, coal shipments were not meeting forecast for many reasons including businesses not needing power due to reduced operations. Compare that to where we are today—coal is shipping at an all time high due to various factors including natural disasters across the world and China's rampant growth. We don't know how long it will last, but for now, we are handling near record volumes.

When we read the papers and watch the news, we learn about natural disasters across the world, including fires in Russia and droughts in China. We probably don't immediately realize that problems so far from home will have an effect on our little railroad in Montana. When we look a little closer, we find that grain exports have been reduced or even halted in those countries, and as a result, U.S. farms in the Midwest and Montana have taken up the slack. We are part of that supply chain, and as a result, MRL has seen increases in our grain bridge business from the Midwest to West Coast ports as well as increases from Montana grain businesses.

Our forest products customers were hit hard by the recession over the last few years and are certainly not out of the woods yet. Many have, however, found new markets and have rebounded nicely this year. For instance, Tricon Timber's St. Regis mill recently signed a two-year agreement with a Chinese company to supply studs for use as concrete forms. Logs, including those infected with the dreaded pine beetle, are being shipped from Helena and other locations to provide woodchips to paper mills in the Pacific Northwest. Slag out of the old Asarco facility in East Helena has been active this year with test moves to Trail, B.C. We are hopeful this will be successful and turn into a long-term customer. We have not rebounded to our pre-recession levels for on-line traffic, however we have continued to see improvements late last year and into 2011.

With the sudden increase, we have often been left flat-footed with some shortage of crews and other resources to handle the new business. It is no secret that many of you have jumped in with both feet and worked some long hours to answer the call. It's no surprise that you have responded enthusiastically and performed at a high level and, most importantly, have performed your work safely. Thank you for a job well done.

Let's continue to do what we do best—serve our customers. And let's continue our new culture of not accepting injuries and accidents and striving for double zeros—no injuries and no accidents. I, for one, am excited for our prospects and look forward to the years ahead. As always, please keep your eyes and ears open, looking for ways of doing what we do better.

Thank you,

Tom Welsh

Working Together

Steve Werner, Public Works Engineer Photo: Dustin Hayes, Roadmaster

Members of Maintenance Crew 1954 and Machine Operator Shane Baertsch install lag screws on a new concrete crossing surface through Missoula's Broadway Street as Signal Maintainer Gordon Hals restores the crossing signal circuit. This concrete surface replaced a rubber surface installed in 1989 which had deteriorated under 22 years of heavy highway traffic. MRL adopted concrete as its preferred crossing surface in 1998. Funded by MRL and the Montana Department of Transportation as a joint project, installation was completed on April 7, 2011.

Have a great photo of MRL at work? Submit it to lfrost@mtrail.com

Safety 2011

Pete Lawrenson, Chief of Security

It took hard work on the part of every MRL employee to garner the personal injury safety results accomplished in 2010. That hard work has changed the work habits, job performance and production expectations to a positive and successful safety culture we can all be proud of. Maintaining that positive safety culture and seeking improvement on those results is the 2011 MRL Safety Challenge.

When an employee has a safety concern, there are a number of ways to address the matter.

The two most efficient and timely methods of reporting are to verbally report the concern to the immediate supervisor or to complete a Safety Gram. If opting to submit a Safety Gram, be sure to notify your supervisor. The other option is to report the concern via the MRL Turntable Hot Line at 888-888-6092 or online at montanarail.com (Employee Tools area) or the MRL Extranet. The Turntable is a communiqué tool provided for our employees to report issues. The employee is required to provide contact information for a response.

Thank You, Dave Hahn

Anne Marvin, Mechanical Foreman 3/Admin

On March 19, 2011 Dave Hahn, a Carman working in the Missoula Train Yard, noticed during inspection of a 110 car train that one of the wheels on the eighth car behind the power was missing a chunk of metal from the tread.

The car was promptly removed from the train and scheduled for the Car Shop. Once the wheel was removed, a 24 inch crack on the back side of the wheel was discovered. Needless to say, this wheel was headed for a catastrophic failure.

MRL is fortunate to have men like Dave who take pride in their jobs and find defects such as this. For the diligence displayed in his job, Dave was awarded \$100. Dave joins Laurel Carman Dan Burns in the Mechanical \$100 Club. *Any MRL employee who finds a broken wheel on a train can qualify for the same \$100 reward. The entire Mechanical group wants to highlight the importance of a good roll-by inspection for the trains we move each day on MRL.*



Above: Dave Hahn with the defective wheel.

Keeping Track

On the Move

Brandon Duryea • Was Carman, Now Mechanical Foreman – Laurel

Bill Edwards • Was Machinist, Now Mechanical Foreman – Livingston

Lyle Evans • Was Track Foreman, Now Gang Supervisor

Kelly Pritchard • Was Carman, Now ATM – Missoula

Mary Schwenk • Was Temporary ATM, Now ATM – Missoula

Curt Schoening • Was Section Foreman – Superior, Now Training Supervisor – Missoula

Look Who's New

Administrative Assistant to Superintendent – Laurel

Natalia Derks

Assistant Trainmaster – Laurel
Neil Hall

Carmen – Laurel

Kevin Follinglo, Scott Hutchins, Michael Loyning

Machinist Apprentice – Laurel
Christopher McElravy

Signal Laborer – Missoula
Phil Hodge

Switchman

Marshall Acker, Christopher Baker, Miles Bessman, Russ Brownlee, Keil Clavadetscher, Chad Cranfill, Eric Custer, Robert Ehlenburg, Christopher Ellenwood, Joseph Fabiano, Justin Field, Mindy Flock, Randy Guenthner, David Hastings, Dan Hughes, Michael Hughes, Ryan Kale, Joshua McConahy, Jarrett McNaught, James Morrison, Jose Naranjo-Valencia, Bert Nilson, Kelly Olds, James Olson, Jared Orr, Josh Roberson, Buck Smith, Dustin Sowards, Tyler Stedman, Chad Stevens, Yancy Terland, Jeremiah Toavs, Tyler Townsend, Leonardo Valenzuela

Track Laborers

Grant Anderson, Jordan Bjorndal, James Chandler, John Conley, Dan Coomes, Clayton Crews, Cameron Deniger, Joshua Diettert, Chad Dobson, Justin Feistner, Levi Gabrielson, Ryan Grady, Zackrey Hallgren, Russel Hankinson, Kris Hier, Peter Kobilansky, Samuel Mead, Jeremy Rusnell, Zach Stammers, Jacob Wheeler, T.J. Wicklund, Travis Wittman

Retirements

Alan Burns, *Operating Missoula*

Ed Dodge, *Mechanical Livingston*

Billy Huffman, *Engineering Missoula*

Richard Keller, *Engineering Missoula*

Dick Lund, *Operating Missoula*

Tom Ricci, *Mechanical Laurel*

Ron Rykowski, *Mechanical Laurel*

Vic Warnick, *Mechanical Livingston*

Montana Rail Link Publication

This hardcover, full color book by Mike Danneman and Dave Gayer is now available. There are 176 pages full of stunning photographs and information documenting the first two decades of operation on Montana Rail Link organized by Subdivision. List price is \$79.95 but MRL employees can contact Lynda Frost at lfrost@mtrail.com to purchase for a discounted price of \$60. (limited availability, size: 9.25" x 12.25") Copyright 2010

Jake Award Winner

It was recently announced that MRL has been awarded the 2010 Jake Award. Awarded to any member railroad that finished the calendar year with an FRA frequency rate less than or equal to the industry average, the Jake Award was begun by, and named for Lowell S. "Jake" Jacobson, a previous recipient of Railway Age Magazine's Railroader of the Year. Mr. Jacobson created the Jake Award Program and started giving these awards, out of his own pocket, to recognize outstanding safety achievements in the short line railroad industry. The ASLRRA Safety Committee adopted the Jake Awards in 1999 and, since then, has continued Mr. Jacobson's legacy of rewarding the high safety standards of the small railroad industry.

DATES to Remember

May 7th

Missoula Bike for Shelter

June 25th

Missoula Golf Invitational

August 12th

Laurel Golf Invitational



Prepared for Anything

Brent Mueller, Manager Cost & Finance

While passing through Lothrop in February, the Night Gas Local suffered a seized traction motor axle on SD70ACe MRL 4308. When a locomotive axle seizes, the wheels are unable to turn, requiring the locomotive to be parked to prevent further damage to the locomotive and track. Locomotive wheels are not as easy to change as a flat tire on your car. The locomotive must be lifted to allow the seized axle to drop from the truck frame, so a temporary idler axle can take its place.

MRL owns a wrecker crane, MRL 100256, used to lift a locomotive. This crane, originally built as steam-powered for the Northern Pacific Railway in 1945 and converted to diesel power in 1962, spends most of its time near

the Missoula Car Shop awaiting the call to work. On February 5, a wrecker train was assembled in Missoula and sent to Lothrop under the direction of Missoula General Foreman, Paul Elsenpeter. With Carman Brian Panian at the controls of the wrecker, the 4308 was lifted up, and the bad axle was swapped with an idler axle allowing the 4308 to move to Livingston for further repairs.

Did You Know?

Kayleen Woodruff, Administrative Assistant - MOW

Operating, maintaining and sustaining the constant flow of freight traffic rolling across the Main Street of Montana requires the special skills of many dedicated employees.

For a railroad stretching from Spokane to Huntley (937 route miles), maintenance and access is a daunting task to be sure. This is why MRL purchases and maintains approximately 200 different types of motor vehicles in its fleet. The allocation of these vehicles is dependant upon

the needs and requirements of the jobs in each department.

The number of vehicles required for each department breaks down to:

Engineering 137

Mechanical 27

Operating 18

Pool/Other 18

MRL employees travel approximately four million highway miles each year, and, as one can expect, that comes at a cost. In 2010 the Company spent almost \$1.1 million in fuel costs versus \$0.9 million in 2009. Fuel costs are

projected to continue increasing for 2011 as the price of fuel increases.

Montana Rail Link also spends about \$1.3 million each year to keep its motor vehicle fleet in good condition. However, MRL's most important asset is the employees operating those vehicles. This is why it is so important that each employee operates the vehicle in the safest manner possible and abides by all State and Federal laws which govern the operation of the vehicles. As with other aspects of a typical work day on MRL, safety is key.



Order Your Safety Wear

Montana Rail Link now has ANSI Class 2 compliant T-shirts and sweatshirts available for sale. T-shirts are breathable, lightweight and cost \$16-18 (depending on size). Sweatshirts are soft polyester fleece and cost \$32-40 (depending on size). To purchase, download the order form on the "Forms" page of the MRL Extranet.

E1 Implementation Update

Michelle Watt, Manager Accounting

After nine intense months, the final stretch is in sight for the implementation of the MRL E1 computer software project. The actual 'go-live' date is set for Monday, April 18th. This new system, which will replace the old JD Edwards AS400 system, has been a long journey for all involved. The project has demanded many extra hours by numerous people to configure program modules to address MRL needs, as well as validating and testing data in the new system to ensure that, in a live E1 environment, the transition is as seamless as possible. Any final issues are currently being resolved during the three remaining weeks prior to go-live.