



**IN THE MATTER of the Public Service
Commissioner's Investigation into Railroad Safety**

**REGULATORY DIVISION
DOCKET NO. N2015.1.84**

About MRL

Based in Missoula, MT, Montana Rail Link (MRL) is a class II regional railroad that operates over 900 route miles of track in Montana and Idaho and employs nearly 1,200 dedicated professionals. MRL operates 82 locomotives, 1,100 railcars and in 2014 shipped 390,000 carloads. MRL services over 150 local Montana businesses and moves their product to domestic and international markets on a daily basis. We are committed to providing transportation services that result in long-term growth and prosperity for our company, customers and employees. We live by our values of fairness, integrity, respect, safety and trust. MRL prides ourselves on being a good neighbor in the communities we serve. As a BNSF partner, our shipments help feed, clothe, supply and power American and international homes and businesses every day.

Quick Facts

- 937 route miles from Jones Junction, near Billings, MT to Sandpoint, ID
- 1,200 employees
- Annual Payroll & Profit Sharing: \$80 Million
- Average annual wage: \$75,000
- Property Tax Paid: \$9 Million
- Number of Montana customers served: 150
- Montana goods/services purchased on annual basis: \$70 Million
- 2015 Capital budget: \$60 Million
- 2014 annual Traffic: 390,000 carloads
- 2014 average number of trains per day
- Traffic Mix:
 - 70% - industrial products, grain and intermodal
 - 29% - coal
 - less than 1% - crude

Safety Overview

Industry Trends

- From 1980 through YTD 2015, U.S. train accident rates have dropped 83%; employee injury rate fell 94% and grade crossing collision rates have dropped 86%. See exhibit A for additional information regarding industry trends.
- American railroads today have lower employee injury rates than most other major industries, including trucking, inland water transportation, airlines, agriculture, mining, manufacturing and construction. Railroads employee injury rates are even lower than food stores.

Montana Rail Link Safety Record

- MRL's injury frequency rate is currently 1.26. Per OSHA, in 2014, other industry's injury frequency rates were:

- Private industries: 3.2
- Natural Resources and mining: 3.8
- Construction: 3.6
- Manufacturing: 4.0
- Trade, Transportation and utilities: 3.6
- All RRs (including class I's) average = 1.79

	<u>Class I's YTD 2015</u>	<u>2014</u>
BNSF	0.95	1.00
UP	0.93	1.06
CP	3.17	2.26
CN	1.84	1.99
NS	1.05	1.22
CSX	0.82	0.98
KCS	2.11	1.56
Avg	1.55	1.43

Regional and Shortline RRs over 500K manhours 2014

Alaska RR	6.89
Belt RR	1.37
Consolidated Rail Corp	2.06
Florida E Coast	2.36
Indiana Harbor Belt	2.46
Paducah & Louisville	1.39
<u>Union RR</u>	<u>0.92</u>
Avg	2.49

- MRL's train accident rate through September is 1.45 accidents per million train miles (5 reportable accidents). This is a 60% decrease from 2014. The Federal Railroad Administration (FRA) accident reporting threshold is \$10,500.
- Average train accident rate for other Class II railroads with over 1M train miles during the same period, was 8.56 per million ton miles.
- See exhibit B for additional information regarding Montana Rail Link trends for train accidents and injury rates.

MRL Safety Program

- All Employees receive new hire safety training including classroom and on-the-job training
- All operating employees must pass rules exams and efficiency testing
- Operating employees are recertified every 2 years (FRA regulations call for every 3 years)
- Each shift begins with a job briefing and safety meeting that includes the 'safety rule of the day'
- Additional job briefings are held throughout the day
- Safety Committees – employee committees that meet monthly
- Operating, maintenance and mechanical employees are subject to observed and unobserved testing
- Safety Report Card: Every week our injury and accident rates are distributed to all employees

Virtually every aspect of rail operations is subject to oversight by the FRA. MRL is subject to stringent FRA regulation regarding track and equipment inspections; employee certification; operating speeds and signal systems. FRA safety inspectors travel our network evaluating rail facilities and operations. Railroads are also subject to safety oversight by a number of other federal agencies; including the Occupational Safety & Health Administration (OSHA), the Pipeline & Hazardous Materials Safety Administration (PHMSA) and the department of Homeland Security (DHS).

First Responder Training

MRL is committed to the safety of our employees, the general public and our customers. We work closely with state and local leaders and emergency responders across our network to ensure that communities understand how we operate and are prepared in the event of an incident. MRL provides community based first responder training free of charge. In 2014, MRL trained 408 first responders in communities across our network and in 2015 have trained an additional 226.

MRL has completed geographic response planning (GRP) for the Clark Fork watershed, the longest waterway adjacent to MRL right-of-way, that includes 256 miles.

Track reinvestment, maintenance and inspection

- Reinvestment: Since 1987, MRL has invested over \$1 Billion in maintenance, upgrades and equipment.
- Track inspections
 - 10 Assistant Road Masters whose primary function is to inspect track
 - Mainline track inspected minimum of twice per week
 - Increased inspections in cases of extreme cold (below 0 or above 90) or heat or unusual conditions
- Geometry car: Two or three times per year, voluntary
- Rail Detector: 5 times per year (3 times or less required by FRA)
- Wayside Detectors: 28 total detectors including; wheel impact, hot wheel, wide load and dragging equipment.

Equipment Inspection and maintenance

- Locomotives undergo daily, quarterly, annual and tri-annual inspections and maintenance
- Railcars are required to be visually inspected upon departure from yard
- Railcars are required to be inspected at 1,000 or 1,500 mile intervals per FRA regulations
- Regulated by FRA and AAR

Crude Shipments

- Through November 2015, MRL transported 40 loaded crude trains, which is less than 1% of our total train volume.
- MRL continues to implement new operating rules issued by the Department of Transportation (DOT) and the FRA, including an August 2013 Emergency Order and Safety Advisory and a May 2014 Emergency Order
- Railroad carriers operating trains transporting 1,000,000 gallons or more of Bakken crude oil must report certain information to each State Emergency Response Commission (SERC), including:
 - Provide a reasonable estimate of the number of trains implicated by this Order that are expected to travel per week through each county within the state
 - Identify and describe the petroleum crude oil expected to be transported
 - Provide all applicable emergency response information
 - Identify the routes over which the material will be transported
- In addition, MRL has adopted 18 voluntary measures, some of which include:
 - Notify train crews when they will meet a designated gas train or loaded unit crude oil train.
 - Designated gas or loaded unit crude oil trains will hold the main track, if a main track is available.
 - When trains meet a designated gas or loaded unit crude oil train, one train must be fully in the clear and stopped and the other must pass at restricted speed
 - Perform extra mechanical inspection on loaded crude oil trains in Missoula
 - Designated gas or crude oil trains are never parked unattended on-line
 - Reduce maximum speed from 50 MPH to 40 MPH when it is determined that ambient temperature is at or above 90 degrees or at or below 0 degrees
 - When it is determined that the temperature is at or below 10 degrees, crude oil trains will be operated over mountain passes only during daylight hours
 - Operate all MRL trains with no fewer than two qualified transportation craft positions (i.e. qualified locomotive engineers)

Dated this _____ day of January 2016

Montana Rail Link

By: _____

Jim Lewis

Chief Sales/Marketing & Information Officer