



**Twin Cities & Western Railroad Company**  
2925 12th Street East • Glencoe, Minnesota 55336 • 320-864-7200  
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## Broader issues affect the railroad today



By Mark Wegner,  
President

**T**hank you all for continuing to work safely, and to report unsafe conditions and actions by us or the general public – we do act on your concerns!

I will depart from the usual updates to focus on political issues that affect the railroad. We recently returned from the Minnesota Regional Railroad Association's (MRRRA) annual meeting, in which TCW/MPL sent twelve representatives. The reason we send a

significant percent of our people there is to educate them in the broader issues that affect the railroad today and in the future.

At the federal level, the debate has been on railroad performance, safety and pricing practices. We are largely NOT the target of these federal initiatives; however we could be subject to them, so we continue to monitor them and add our comments. The short line railroads would like an extension of the railroad rehabilitation tax credit, a credit set to expire at the end of 2007. This credit enables short lines to spend roughly 50 percent more on track maintenance and rehabilitation by providing a 50 percent credit on funds expended towards track maintenance and rehabilitation.

At the state level (which DIRECTLY affects us), the past legislative session largely was a defensive effort, preventing what we perceive as BAD legislation, from taking effect. There were three large areas of legislation proposed, all of which have current remedies in place, but due to an extreme activist working on railroad issues there were much more restrictive remedies proposed.

One issue had to do with homeland security/hazardous materials, which we already have federal procedures and protocols which we are required by law to follow; the second had to do with safe walkways along railroad tracks (again we must follow the federal safety requirements), and the third had to do with pesticides, which we already are governed under. Had any of these items passed, they either would have put us in

conflict with federal law or caused us considerable if not impossible expense in order to comply. To draw an analogy, it would be similar to a law being passed that all roads in the state to be paved in a specific color of gray, without any exceptions, and compliance within a year.

Most state senators and representatives do not have a detailed knowledge of how the rail industry works and how it is governed, so we railroads are very vulnerable to negative restrictive legislation, despite the fact that railroads are governed under federal law, because we engage in interstate commerce.

We appreciate the support of all of our shippers, communities and employees as we strive to grow the economies and prosperity of the communities we serve. The MRRRA is an effective voice at the state capital, but sometimes our legislators need to hear from the real people their proposed laws affect, so it's important that we talk with them directly. We would encourage our shippers to look at the MRRRA web site ([www.minnesotarailroads.com](http://www.minnesotarailroads.com)) and consider becoming associate members to keep informed on issues that will ultimately affect their rail options.

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I admit this is not the most fascinating of topics, but none-the-less one that can have disastrous consequences if ignored.

North Star Rail Intermodal (NSRI) had their grand opening in Montevideo on July 19, and the event was well attended by all of the people who had a part in getting it started. We congratulate NSRI, and look forward to a long partnership in adding value for Western Minnesota farmers!

We also would like to extend our congratulations to the Red River Valley & Western on 20 successful years!

We will be entering a significantly busier part of our year soon, as car orders on the books increase dramatically in August, September and October. We ask that our employees continue to make safety #1, and encourage our customers to keep communicating to us car destinations, so that we can keep the cars moving enabling us to fill the car orders.



# 15th Annual Midwest Regional & Shortline Railroad Annual Conference

This year, the following employees represented TCW at the 2007 conference held in Two Harbors, MN: **Barry Johnson** (Transportation Specialist), **Greg Nordang** (Supervisor, Maintenance of Way), **Gaylen Johnson** (Supervisor, Locomotive Engineers), **Holli Schafer** (Manger, Revenue Accounting), and **Tim Jeske** (Dir. Mechanical and Maintenance). TCW also has employees that attend the conference on an annual basis — **Andy Thompson** (CEO), **Mark Wegner** (President), **Bob Henry** (VP Marketing and Sales), **Jack Anderson** (Chief Mechanical Officer), **Sue Bombeck** (Office Manager), and **Tina Lueth** (Administrative Assistant). **Bill Drusch**, TCW's former CEO and the former president of the MRRA, and **Vic Sargent**, a special guest of TCW, also attended the conference on the company's behalf.



By Tina Lueth  
Administrative Assistant

- 17, 2007 at the Superior Shores Resort and Conference Center, Two Harbors, Minnesota. The MRRA was formed 20 years ago by several of the state's smaller railroads to be the Voice at the State Capital for the needs and interests of Class II and III rail companies. The discussions at the 2007 MRRA Conference were demonstrations of turmoil happening on the national scene. The need for a shortline, such as TCW, to stay abreast and involved in legislative issues has been more vital to our success than ever.

This is an outstanding opportunity to meet and mingle with many of Minnesota's railroad representatives, shippers and suppliers in a relaxed setting.

The MRRA Conference kicked off on Sunday, July 15 with a best ball golf scramble at the Lakeview National Golf Course. Following the golf outing, attendees enjoyed a lakefront reception and barbecue at the Superior Shores Resort. Immediately following was an exceptional dinner and evening entertainment by the LaPlant Family Bluegrass Extravaganza (back by popular demand). This informal setting allows people to meet others involved in the industry and develop relationships.

On Monday, July 16, Congressman Jim Oberstar provided the keynote opening address regarding "Railroading in a Re-regulated World". A panel of speakers then headed a discussion on whether rail re-regulation would create competition or just repeat history. The debate engaged views on all ends of the railroad-spectrum. Mark Glaess, who represented CURE (Consumers United for Rail Equity), expressed concerns that

It's that time of year again! As an active member of the Minnesota Regional Railroads Association (MRRA), TCW participated in the **15th Annual Midwest Regional & Shortline Railroad Conference** sponsored by the MRRA, July 15

the U.S. agricultural producers continue to lose U.S. markets to foreign imports due at least in part to excess U.S. rail rates. John Wetzel, representing the American Association of Railroads, conveyed that partial deregulation of U.S. freight railroads via the Staggers Rail Act of 1980 sparked a rail industry transformation. Fueled by massive productivity gains passed along to rail customers, average rail rates plunged 54 percent in inflation-adjusted terms from 1981 to 2006, saving shippers billions of dollars per year and greatly enhancing U.S. global competitiveness. Frank Mulvey, 1 of the 3 Board members of the Surface Transportation Board (STB), which is an economic regulatory agency that Congress charged with the fundamental missions of resolving railroad rate and service disputes and reviewing proposed railroad merges, provided an intermediate perspective.

**"All aboard for the North Shore!"** After a concentrated day of additional panels and breakout sessions, attendees enjoyed a train ride reception on the North Shore Scenic Railroad. Attendees and their guests enjoyed a ride on the twenty-six miles of track stretch along the waterfront and woodland of Lake Superior's scenic North Shore between Duluth and Two Harbors, providing a two-hour relaxing and scenic excursion. The evening concluded with a fascinating dinner at the Duluth Depot.

The conference concluded on Tuesday, July 17 with updates from Bill Gardner, Director of Freight, Rail and Waterways in Mn/DOT's Office of Freight & Commercial Vehicle Operations. A panel of lobbyists provided updates on the Minnesota's 2007 Legislative Session. Larry Kenck, representing the Collalition Against Bigger Trucks (CABT), provided updates on their efforts to protect public safety, the nation's infrastructure, and the environment by fighting the efforts of bigger truck proponents to increase truck lengths and weights.

TCW would like to thank John Apitz and Patrick Murray from Messerli & Kramer, P.A. for heading the annual MRRA conference, a job well done to both of you!



# “Team-track” assists MinnCan Pipeline project



By Bob Henry  
Vice President  
Marketing and Sales

During May and June TCW participated in the MinnCan Pipeline project by providing an offloading location for the rail cars loaded with pipe. (See MinnCan Project Overview) The cars were offloaded at a team track location in Cologne. The Cologne location is one of several team tracks located on the TCW network. A “team track” is a track that is available to shippers or receivers as a place to either load or unload a railcar. **For additional locations or to arrange**

**the usage of one of the team track locations, please contact the Marketing and Sales Department at 320-864-7234.**

In June, TCW also assisted with the testing of a new product offering called **RailMate™**? Road to Rail. The test involved moving sand from the far western portion of TCW to Hopkins. At Hopkins the trailers were delivered locally. This is a good example of how the railroad is on the cutting edge of new and innovative product offerings. This will compliment the intermodal service currently offered from Montevideo to St. Paul (TCWR) and on to Vancouver, BC (Canadian Pacific Railroad) through North Star Rail Intermodal.

These are just the highlights of the projects for the past couple of months – what is even more exciting are the numerous projects currently in the pipeline (little pun). While most shortlines are limited to a single connection, TCW and The Minnesota Prairie Line, are in a very unique situation and can attract these sorts of projects because of the numerous Class I and regional connections it has:

- Canadian Pacific Railroad
- BNSF Railway
- Union Pacific Railroad
- Canadian National Railroad (via Minnesota Commercial Railway)

**Other connections include –**

- Minnesota Commercial Railway
- Sisseton Milbank Railroad
- Progressive Rail (via CPR)
- Iowa Chicago & Eastern Railroad

None of this would be remotely possible if it were not for the dedicated team of individuals that work behind the scenes – Customer Service, Transportation, Operations, and Maintenance of Way. What I have found at the short time I have been at TCW is that the employees that work for this company are dedicated to making things happen, no matter what the project. I look forward to future and what it will bring....

## MinnCan Project Overview

Source - MinnCan

### Pipeline Route and Logistics

The MinnCan Project will lay a 24-inch underground pipeline through approximately 304 miles of central Minnesota. The northern portion of the route – more than 40 percent of its total length – follows the existing Minnesota Pipeline system, which begins in Clearbrook and extends south-southeast to the Twin Cities. To avoid heavy commercial and residential developments – as well as other environmental impact areas – the route’s southern half is west and south of the Twin Cities until the pipeline reaches the Flint Hills Resources Refinery in Rosemount, Minnesota in Dakota County. At that point, it will connect directly to the Flint Hills Resources Refinery and through existing pipeline facilities to the Marathon Petroleum Company’s St. Paul Park Refinery.

## The North Star Intermodal Solution

North Star Rail Intermodal offers regularly-scheduled, reliable intermodal service to Upper Great Plains farmers, growers and processors at per-ton prices competitive with bulk grain shipping:

**Ethanol Producers:** Ethanol co-product DDGS are produced at the rate of 1.8 lbs of mash for every gallon of ethanol produced. North Star obviates the DDGS hopper car extraction problem, overcomes a railcar shortage and provides unitized shipping demanded by new markets.

**Food Grade Soybean Growers:** Strict nutrient classification requirements, high non-GMO purity standards and discerning, decentralized customers worldwide demand containerization. North Star’s planned schedule container service will allow farmers to commit specific acreage to overseas

customers to secure customers at higher prices.

**Identity Preserved Wheat**

**Suppliers:** Whether it is for pasta or bread, noodles or cookies, demanding customers in China, India and Japan segment their wheat requirements according to process, nutrients, flavor and shelf-life. North Star Intermodal transportation solution provides identity preservation and just-in-time product management.

**Performance Feed Processors:**

The Norsoy™ process was developed by the Minnesota Department of Agriculture to classify feed-grade soybeans according to amino acid content, allowing Minnesota farmers to capture higher product prices. North Star containers will preserve those margins through the transportation process.



## Changes, changes, changes...



By Bob Suko  
General Manager of  
Operations

As each day at the TCW goes by, something new and exciting seems to be occurring. In the past 6-9 months we have been able to accomplish 123 car unit coal trains, 112 car unit ethanol trains, 75 car unit DDG trains, direct interchange with UP, ethanol plant switching, double ending the MPL, North Star Intermodal, RailMate™, Rail Runner, BNSF power for coal trains, UP power for DDG trains,

access to Shoreham, access to Dayton's Bluff, and a new locomotive.

From Winthrop, the BNSF has increased the size of unit ethanol trains from 96 cars to 112 cars. The first ever 112 car unit ethanol train on the BNSF system will originate on the MPL and be direct interchanged to the BNSF at Dayton's Bluff. We continue with one unit train of each commodity, and are beginning to create opportunities for inbound corn.

We continue to work with UP and enhance our working relationship by on-time performance and increasing UP efficiency. Our direct interchange continues to save us thousands of dollars each month, and the utilization of UP power is not only a cost savings for TCW but ALSO for UP.

North Star Intermodal has far exceeded everyone's expectations with 2-3 trains per week. We continue to see this business grow and this was the base for adding the ILSX 1389 to our locomotive fleet. The long term goal is 4-5 trains per week with two train crews; that may not be that far down the road.

RailMate™ will do one more test run the last week of July to finalize the changes made after their first set of test runs.



**RailMate™** is the trade name for products of American Surface Lines, LLC and located in Minneapolis, Minnesota. Their products have created a car-less technology for the trucking - railroad industry. They have developed a seamless way to connect multiple semi-trailers to a train to provide a point-to-point delivery of commodity products.

We completed public viewings at Hopkins, and all indications were that the management at RailMate™ was satisfied with results.

Unit coal trains of 123 cars for the Southern Minnesota Beet Sugar Cooperative (SMBSC) have started up again. With the cooperation of BNSF and CP, we have been able to yard these trains with BNSF power with the understanding that we would return it within four hours. CP was kind enough to allow the six axle power onto the Bass Lake Spur with some operating considerations.

We are quickly approaching a milestone for days injury free...500! Thank you to everyone for your commitment to working safely and for empowering yourselves to make the right decisions! Your work ethic and safety record are greatly appreciated! Thanks again, and keep up the good work!



## Safety first with these safety sayings

By John-Paul Luc  
Vice Chairman of the  
Safety Committee

- 1 A chain is only as strong as its weakest link
- 2 The squeaky wheel gets the grease
- 3 The nail that sticks up the highest gets hammered the hardest
- 4 One bad apple spoils the bunch
- 5 People who live in glass houses should not throw stones
- 6 Don't go off half cocked
- 7 A fish rots from the head
- 8 There is no "I" in Team
- 9 We are all in the same boat
- 10 End your shift in the same shape as when it started

Take the time in your daily routine to think about safety. What is your affect on safety? How does it affect you? After all, "A journey of a thousand miles begins with one step".



By Craig Glaeser  
Director  
Marketing and Sales

## Crops ahead, moisture behind

Current crop conditions are ahead of last year but very short of moisture. According to the USDA, 61 percent of Minnesota corn is in the silking stage as compared to 31 percent a year ago. The five year average is 17 percent. Sixty-five percent of the soybeans are in the blooming stage as compared to 61 percent a year ago and a five year average of 50 percent. As of July 4 we were looking at a record corn harvest in Minnesota, however

yields will be going down without adequate moisture. The majority of our area we serve is in very poor condition for soil moisture levels. We need rain for our farmers to have a decent crop.

Our current car orders for July have increased over June. The covered hopper cars we had parked are now moving. In August we will start moving new crop wheat. With our current orders for new crop corn and soybeans in October, we will be monitoring our turn times on our equipment. We will closely monitor dwell times and make sure the equipment keeps moving.



## TCW Happenings...

### Births...

**Bob Henry** and his wife Laurie were blessed with a healthy baby girl May 8, 2007. Anna is welcomed home by her siblings (Thomas, Michael & Katie). Congratulations Bob and Laurie!!!

### Weddings...

On July 7, 2007 **Carrie Spah** and Rusty (Reed) Ahlbrecht exchanged vows. We congratulate you on your new life together!! Best wishes from all of us here at TCW.

### New Hires...

**Philip McGlocklin** joins the Glencoe Section MOW to lend a helping hand during our work season, on May 29, 2007. He joins us as a Seasonal Employee. We welcome you to TCW Phil.

**Jeff Shurtleff** is welcomed back to TCW on June 25, 2007. Jeff initially started with TCW back in 1991 and had decided to try his hand in another field back in February. Jeff returns to TCW in the Operations Department after realizing he just couldn't handle being away from all of us. Welcome back Jeff!

**Gary Holmgren** was hired as a Transportation Specialist on July 9, 2007 and comes to us from

North Dakota. You may think the name Holmgren looks familiar, as it should. Gary is the brother of Cody, who joined us earlier in the year. We welcome you to the TCW family Gary; we hope that you and your family will be happy in South Central MN.

### Congrats...

Red River Valley & Western, our sister railroad celebrated their 20th Anniversary July 19, 20, 21. We here at TCW would like to extend a warm congratulations and best wishes for a successful and prosperous future.

### Thank You...

Thank you to **Mitch Anderson, Darren Anderson, Ron Lange** and their families for the successful efforts they put forth for the Buffalo Lake and Hector Parades. The new TCW Boom Truck was entered into the parade and dressed up w/ activated signals along w/ Operation Lifesaver posters. Volunteering your time is greatly appreciated and the truck looked and sounded great!!! Thank you to all of you, your enthusiasm to bring TCW into the communities in which you reside is greatly appreciated!!

## Meet our Staff in Bio Car



**Darren Anderson**  
MOW  
320-510-0177

**M**y wife, Julie, and three kids, Noah, Shala & Linda, live on a farm south of Hector.

I started on the railroad in 1982—first for Harsco from 1982-1986 in South Dakota, Texas and Kansas, then Dakota Rail, Hutchinson 1986-1992. I've been with TCW since 1992.



**Tim Jeske**  
Director of Mechanical and Maintenance  
TCWR Start Date: 1993  
Wife: Michelle

**I** started my railroad career in 1979 in my hometown of Jamestown North Dakota

with the Burlington Northern Railroad. In addition, I worked for two years on the Red River Valley & Western Railroad headquartered in Wahpeton North Dakota.

Michelle and I enjoy traveling, spending time with our three children and families. We also enjoy outdoor activities such as boating, fishing and golf.

I enjoy working with the people at TCWR/MPLI and think they are the greatest asset the company has. Working with a small company allows us (the employees) opportunities to develop a greater appreciation and support each other.