



Northern Lines

2021

Message from Justin Chalich



News for Customers, Employees & Friends of the Northern Lines Railway



The challenges we've all been facing are obvious. The solutions are not as easy to see, but they are there if you look hard enough.

Our team has done a great job of developing and implementing plans to keep shipments moving safely, efficiently, and on time for NLR customers. That is why I'm especially proud that we earned our eighth-straight Jake with Distinction Award for safety.

We've also been happy to continue supporting our customers' success and growth with flexible, high-quality service.

Following completion of its expansion project, Knife River has essentially doubled the flow of cement rail shipments in the past year.

Another long-time customer—Rockville Propane—continues a strong relationship with NLR. We've been happy

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The team at Rockville Propane includes Mike Holy (CHS), Pat Wenner, Bob Pirkl, Doug Fuchs, Kelly Wenner, Scott Pearson, Brad Bolton, Randy Schackman, and Joe Hennen.

MORE THAN BUSINESS: 'It's People's Lives' for Rockville Propane

"Delivering propane is more than a business for us," says Pat Wenner, president, Rockville Propane. "It's about people's lives so they can have heat in the winter, corn that's properly dried for food production, and other essential needs that propane fulfills."

Starting in the 1990s, Wenner and his wife Kelly, supplemented their family owned-and-operated hardware store business by supplying gas to local customers. Over the years, they've

developed Rockville Propane into a major regional provider that delivers as much as a million gallons of gas in a day from its modern rail-served facility.

There were some challenges to be met before Rockville grew to this size.

A key moment arrived in 2009, when the company started construction of its current terminal on the lines of NLR. The facility was built with a capacity to store

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to demonstrate how our flexibility as a short line railroad makes it possible to successfully use economical and sustainable rail service, and to reduce the number of trucks on our busy roadways. You can learn from their experience in this edition of our newsletter. It's a continuing pleasure to do business with Rockville owners Pat and Kelly Wenner and their partners, CHS.

We were also honored to be featured in a great, six-page *Trains* magazine article (April 2021). I strongly recommend that anyone who would like to know more about NLR's history, development, and future plans read this interesting story! <https://bit.ly/TrainsNLR>

Looking ahead, we wish you a safe and prosperous 2022.

Justin Chalich
President
Northern Lines Railway

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NLR Becomes SmartWay Partner

Recently, NLR became a certified partner of the U.S. Environmental Protection Agency (EPA) SmartWay® Transport Partnership.

Developed by the EPA, SmartWay is a collaborative framework involving industry stakeholders and environmental groups to track and reduce emissions and fuel use in the transportation sector.

All six of Anacostia Rail Holdings (ARH) short lines are now SmartWay partners. Since 2011, ARH and its subsidiaries have invested \$38 million in modernizing services with lower-emissions locomotives.

"I am proud of our team," said Anacostia Chairman and CEO Peter

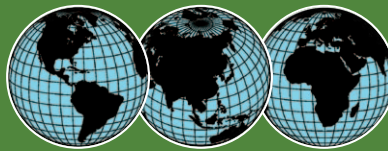
Gilbertson. "They perform a leadership role in the railroad industry, addressing issues that involve the environment and sustainability."

According to the EPA, railroads emit ten times less greenhouse gas emissions than trucks.

"Railroads are cleaner and up to four times more efficient than trucks," Gilbertson said. ♦



Visit www.epa.gov/smartway



Sustainability

by Peter Gilbertson
President, Anacostia Rail Holdings



We face a choice right now about the legacy we'll leave for future generations. The earth will be more or less inhabitable based on our immediate decisions and actions.

I recently joined Cargill Bioindustrial's Sustainability and External Affairs Lead, Marty Muenzmaier, in a presentation to the Minnesota Regional Railroads Association Summer Conference. The subject was "Sustainability as an Industry Opportunity."

Marty described Cargill's commitment to reduce emissions across its supply chain and to "increase awareness of the risk climate change poses to the business of agriculture, to farmers' livelihoods, and to food security."

What Marty was telling us is that climate change threatens the most essential of life's requirements—including food availability.

For that very reason, Anacostia has taken a leadership role on these issues. We are the first railroad holding company to have each of its railroads join the U.S. Environmental Protection Agency (EPA) SmartWay® Transport Partnership.

There are also significant opportunities with technology. For example, our Pacific Harbor Line was the first railroad to upgrade its locomotive fleet to Tier 3+. In 2022, we expect to be the first U.S. company testing a battery locomotive built for heavy-duty switching service.

But, what is the best near-term opportunity? Shift from truck to rail. On average, this results in a 75 percent reduction in greenhouse gas emissions. Railroads account for roughly 40 percent of U.S. long-distance freight volume, but account for just 2.1 percent of transportation-related emissions.

Shippers, let us help to meet your environmental goals now. ♦

NLR's Success is No Mystery to Trains

Trains magazine visited NLR last year and the result was a great six-page article about our operations—"North by Northern Lines" in the April 2021 issue.

The reference to the famous Hitchcock movie, "North by Northwest," might make you think there's a mystery to our success. But as *Trains* writer Steve Glischinski tells it, it's NLR's customer focus that keeps the railroad strong and growing.

He takes readers back to the railroad's origins as a part of the Great Northern Railway well over 100 years ago. When successor BNSF was looking to reduce costs, Anacostia Rail Holdings stepped in with a plan to increase traffic. According to ARH President Peter Gilbertson, there was good potential, plus "the lines were in reasonably good shape."

In the article, NLR President Justin



Chalich sums up Northern Lines' outlook: "When we talk to the customers, we let them know we're here for them, and that helps both of us out."

Author Glischinski seems to agree, concluding, "With its customer focus and expanding business, those Cascade Green GP15-1s will have plenty of work to do in the future." <https://bit.ly/TrainsNLR> ♦

High Tech Help Keeps NLR High and Dry

It's said there are three rules to maintaining a railroad:

1. Drainage 2. Drainage 3. More drainage

That is why we never stop renewing our track structure—to make sure it sheds water to preserve the condition of the ballast, ties, and rail. This year we received some extra help, which arrived in the form of a BNSF track geometry hi-rail vehicle. In a day it was operated over all the track in our main yard, providing valuable information about specific locations that require attention.

Overall, we installed about twice the number of ties—600—for an average year, and we surfaced about two miles of track on our 17 route-mile railroad. This work will assure continued safe and reliable operations by making sure we respect those three important maintenance rules. ♦



Rockville

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300,000 gallons of propane and allowed the company to continue its expansion with additional capacity and improved rail service.

Another important event was the partnership with CHS Inc. in 2014. Through this relationship, Wenner utilizes the logistics experience of CHS for a consistent supply of cars being available and in place throughout the year. CHS is a Fortune 500 company with diversified global agribusiness cooperatives owned by farmers and local cooperatives across the United States.

"An advantage we have in the market is our flexibility, thanks to the railroad," Wenner says. "NLR is very good when it comes to responding to our needs."

Peak demands can vary widely because they are tied to the weather.

Winter heating is directly affected by temperature, and one season can be very different from the next. Similarly, the other major peak demand for propane to dry corn also depends on how much rain falls before and during harvest.

By working closely with NLR, Wenner is able to expand or contract capacity rapidly in its rail yard, rather than in its fixed tanks.

Careful management of the number and positions of loaded and empty tank cars in the yard enables Rockville to keep its storage tanks full and pumping gas, even when it has dispatched more than 100 tank trucks, hauling more than one million gallons from the terminal in a day.

It depends on NLR, however, to keep the flow of cars moving so that the storage tanks are never empty.

"The railroad will serve us every day when demand warrants, and sometimes more than once in a day," Wenner says.

He also appreciates the care the railroad crews take to spot delivered full cars at each of the 10 tower positions, where propane is transferred from railcar to storage tank. Wenner designed the racks so that it is often possible to spot cars at the racks without uncoupling most of the cars.

"But if any cars need to be uncoupled for proper positioning, the railroad crew does that too," he says. "That's where NRL really is a key help. They are very flexible."

Wenner also likes the fact that the use of rail transport to bring in most of the terminal's propane significantly cuts down on truck volumes in the area.

"Every railcar we receive keeps nearly four trucks off the road," he says. "That really helps reduce wear-and-tear on our area highways."

"This is all made possible by clear communication between our good people and NLR's good people who understand how the business works." ♦



Eighth-Straight Safety Award

For the eighth-straight year, NLR has won a major safety award from the American Short Line and Regional Railroad Association (ASLRRA).

The Jake with Distinction Award was given to NLR last spring from ASLRRA for achieving injury-free performance for operations throughout 2020.

ASLRRA member railroads that perform better than the Class II and III railroad industry average for injury frequency rate, as reported by the FRA during the calendar year, receive the "Jake" safety award. Member railroads that sustain zero injuries during the calendar year are honored with the "Jake with Distinction" safety award.

The awards are named for Lowell



Photo by Mark Muraski

"Jake" Jacobson, a long-time railroader who established the honor in 1993 to recognize the safety accomplishments of Class II and III railroads.

NLR President Justin Chalich notes the passing of Jacobson earlier this year. "The many industry tributes to his contributions to railroading make this year's award even more meaningful," Chalich says.

"I'm so proud of our crews for their dedication to safe operations. Each member of our team knows their job so well and knows how to do it in the safest way possible." ♦

Alzheimer's Association and Veterans Benefit from NLR Community Giving

This year, NLR made a donation to the Walk to End Alzheimer's as part of the railroad's charitable giving program.

The walk was held in Minneapolis in mid-September. The more than 2,700 participants raised approximately \$1 million.

Held annually in over 600 communities nationwide, the Alzheimer's Association event is the world's largest fundraiser for Alzheimer's care, support, and advanced research toward methods of prevention, treatment and, ultimately, a cure.

Another recipient of NLR's community support is The Fisher House Foundation. The foundation builds comfort homes where families of

active-duty military and veterans can stay free of charge while a loved one is in the hospital. These homes are located at military and VA medical centers around the world. Our local giving supports the Fisher House at the Minneapolis VA Health Care System. ♦



Event organizers Jessica Chalich and Lynn Wiggins were part of Team AC#5JD.



Milestones

The small and powerful workforce at NLR provides great service to our customers, protects our communities, and supports advancements in the freight rail industry.

Employee Anniversaries

16 Years

Justin Chalich, President

15 Years

Brian Butkowski, Engineer

11 Years

Mark Muraski,
Compliance Coordinator

9 Years

Ted Stodola, Engineer

6 Years

Joseph Kedrowski,
Track Supervisor

1 Year

Cliff Ovitt, Conductor

Katie Sackett, Senior Director
Sales & Marketing

*Thanks to our employees
for all you do.*