

Summer 2020

Lake State Railway

The Turntable



Photo courtesy of Peter Ruesch

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COVID-19 impact

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The full impact of COVID-19 is still an unknown. While many companies continued to produce, some had slowed production while others stopped production altogether. The good news is, most facilities are back to work and production levels appear to be

close to pre-COVID-19 levels. To make it clear, I am talking about companies that are served by LSRC. The big unknown is how will the economy do in future months as a number of people still remain unemployed and many businesses are impacted or closed (such as restaurants, hair salons...). Some are returning at a slow rate or in jeopardy of surviving due to low business levels. How will this impact the future? How may it affect the businesses LSRC serves? The answer is likely months away. What we do know is that change is ever present and that it creates challenges and opportunities.

So what is LSRC doing to prepare for the unknown or future impact from COVID-19?

First, LSRC is paying close attention to what our customers are saying and doing. We are trying to remain flexible and address any needs or issues that may arise.

Second, we continue to pursue new business with our current customer base whether its developing a new opportunity or converting old business from other forms of transportation to rail, while also pursuing new customer partnerships.

Third, LSRC continues to monitor our financials as the year progresses and make adjustments as needed.

Fourth, we are taking the opportunity to improve facilities, equipment and training to ensure continued success no matter what changes may come in the future.

So now you ask, what is different about what we're doing versus what we have been doing all along? The answer is simple.....not much. These are just a sample of what successful businesses do to help strengthen their viability and enable them to withstand and survive the unforeseen bumps in the road, shifts in the economy, and the ups and downs of supply and demand. There is no secret to running a successful business but it does take attention to detail and the ability to trust each team member to do what is needed to help the company succeed.

As Always, LSRC strives for improvement in all aspects of the railroad in an effort to help navigate through any struggles ahead and build on our success of growing the company. Growing the business in the right manner is the key to long-term success.

We want to see all of our customers and business partnerships succeed through these unprecedented struggles and if LSRC can help in any way, know we are here.

**- John Rickoff
President & CEO**



We're halfway through 2020, hopefully the second half of the year presents a less challenging business environment. The second quarter of this year brought a depressed April as major customers hunkered down for mandated shutdowns. Thankfully, affected customers are seemingly recovering well. Most importantly, our employees remain healthy and we retained full employment through the shelter in place order.



Fortunately, our commercial team continues to bring in new customers despite the tough business climate. The latest addition to the LSRC customer base is Greene's Gas Company in Kawkawlin. We expect this customer to be a welcome influx of business during our typically slower winter months, which fits well with our continued quest for a diversified customer base. We also reached an agreement with one of our larger customers to double the capacity of our Saginaw Transload Terminal, which should be complete in the 3rd Quarter.

LSRC celebrated the one year anniversary of the acquisition of the Saginaw Subdivision down to the Detroit Metro area from CSX. We have seen a more fluid interchange of 7 days per week, a return to traffic going directly to Toledo for furtherance, a robust interchange with CN in Flint, and an active pipeline of new business development opportunities along the line. Perhaps the most important measure of success with our partners at CSX is the fact that our same store sales interchange with CSX has increased by 20% year over year. We hope to build on that success and are thankful for the opportunities our partners and customers trust our team to work through.

- Mike Stickel
EVP & COO



Bird's Eye View—Greene's Gas Company

LSR SAFETY REALLY COUNT

Before I get started on the topic of Safety, I would like to take this opportunity to congratulate Mr. Jade Dowdy on his promotion to locomotive engineer. He excelled in his training with the help of his engineer mentors, specifically Brent Keeler, who set the example of how to build our training program for future engineers.

As part of the Safety and Training program here, we find it helpful to get to occasionally get opinions on safety from the crews themselves. When asked what safety meant to him, Conductor Nick Sweet stated: “If it doesn’t feel right, don’t do it.” That’s good advice for all of us. If you don’t know, don’t hesitate to ask, but most importantly stop the move if you are unsure of what is next. Be proactive by taking the necessary time to do the job correctly.

**“If it doesn’t
feel right,
don’t do it.”**

When the same question was asked to Engineer Troy Mott he stated: “I do it the right way so my crew mate and I can go home to our families the same way we came to work”.

I personally could not agree more with these professional railroaders. They set a great example.

Compared to this time last year, we are doing 75% better on having fewer injuries and incidents. A 75% improvement is something to be proud of for sure, but we must be diligent in maintaining it and to strive for more improvement as we continue the year. This won’t be easy (railroading never is), but the team can do it together by following the rules.

With the extreme heat lately, it is important to take time and extra precautions to keep the field crews healthy. It is essential to remember to take frequent hydration and rest breaks regardless of craft. Be on the lookout for signs of heat exhaustion and stroke in yourself and your coworkers.

With COVID-19 still rearing its ugly head, Lake State has continued to provide masks and sterilizing supplies across each department. We all have to do our part to maintain a clean and safe workplace whether in an office setting or out in the field. As a reminder to our transportation department, don’t forget to keep the locomotive cabs clean and maintain physical distance.

**-Brian Edwards
Director of Safety & Training**



Engineer Troy Mott and Conductor Nick Sweet

On March 1st, 2019, Lake State Railway had 21 operating locomotives on the railroad. This included one lease locomotive and two road slugs. By August 1st of 2020, we will have 30 operational locomotives on the roster that will include 4 road slugs and 26 powered locomotives.



What's a Road Slug?

A road slug locomotive looks like a standard locomotive but with one major missing component. There is no engine in a road slug. It is hooked up with a normal locomotive that has an engine. That locomotive not only supply's power to each axle for its own power, but also supplies power to the axles of the road slug. In reality, a road slug is one big block of concrete with electric motors on the axles for one purpose...to pull heavy trains.

For more information, see Roundhouse Report...

Fun Facts

To put in perspective what it means to jump the fleet by almost a 3rd, let's make some comparisons:

In March 2019 we had 96 wheel sets that took a total of 296 pistons to deliver 53,000 total horsepower.

In August 2020 we will have 140 wheels sets that take 404 pistons to deliver 74,000 total horsepower.

Shop Work

The most noticeable project is the recent arrival of four additional locomotives two of which are road slugs (see The Roundhouse Report for details). The additional locomotives have added to an already busy shop facility. In addition to the normal inspections, the back shop just completed its second main generator change out along with its 3rd full radiator section change out in recent months. The heavy inspection crews (92-day inspection) have started re-profiling several wheel sets, and the daily inspection crews have been busy cleaning and repairing track pans for servicing and washing locomotives.

Washing Locomotives

It's important to have a positive image with our locomotives. The new paint scheme is our rolling billboard and important to all of us. Washing locomotives has been a logistical challenge lately based on several issues that we are working on. The first issue was to develop a safe procedure to wash the locomotive roofs. We worked together within our department to develop a proper procedure that provided for a good end result, and was safe for the mechanical forces.



Brendan Forrest—Locomotive Shop

The second issue is our washing location. We currently have one track that our locomotives receive oil, water, fuel and sand. That same track is also the one used to empty the environmental tanks. Unfortunately, that's the only track we can wash locomotives on. With more locomotives, in addition to longer locomotives with bigger fuel tanks, that track is very

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active. We are currently working with management and operations on better utilization of the power to free up some time for the wash pad. Long term, we are investigating a better solution to keep our lightning stripe locomotives (and those waiting for their stripes) in pristine condition.

Adjustments

Locomotive adjustments are always happening. The most notable for the crews working south of Saginaw is the need for dynamic braking to be consistent on our fleet of SD50-3's.

We are working directly with the manufacture of the control circuits to find a software upgrade/reprogramming to fine tune the regenerated braking system.

In addition, we are fine tuning components (during the 92-day inspection) to make sure we are getting the maximum amount of horsepower from each locomotive. Getting the most efficiency out of each locomotive is important so we provide the most cost effective service to our customers.

**-Be Safe,
W. Roger Fuehring
Chief Mechanical Officer**

Roundhouse Report

A Small Herd of Locomotives have a New Home at Lake State Railway.

If you drive by the Saginaw maintenance facility, you might notice four black thoroughbred themed locomotives grazing outside the stalls.

In June, Lake State Railway secured the purchase of four additional locomotives to add to our stable. Purchase of additional motive power was critical to secure long term growth in a variety of markets. Adding versatility to our current fleet has been the goal during our search for the right locomotives.

The four locomotives were part of a very large group that were owned and operated by the Norfolk Southern Railroad. Based on a shift in business, along with a new precision rail-roading schedule, many locomotives within their fleet became available. The good news for Lake State, these were some of the best maintained and cared for locomotives available in the current market.



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Roundhouse Report cont.

(Continued from page 6)

The four locomotives are as follows:

Road slug 704. Built in Altoona by Norfolk Southern in May of 2009. LSRC number will be 301.

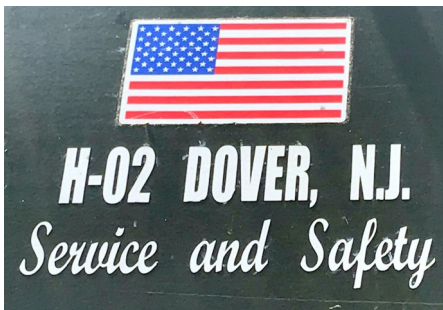
Road slug 715, Built in Altoona by Norfolk Southern in April of 2010. LSRC number will be 302.

MP15E 2373, Rebuilt in Altoona by Norfolk Southern in April of 2013. LSRC number will be 1503.

GP40-2 (Mother) 3010, Rebuilt in Altoona by Norfolk Southern in November of 2013. LSRC number will be 4301.

Locomotive 4301 (3010) will be the mother for road slug 301 (704) and 4325 will have 302 (715) as its road slug. Locomotive 1503 (2373) will be the third added addition to our very popular road switcher fleet.

Locomotives will come out of the Saginaw facility with our very own branding (sorry, no more horses). The black paint will be touched up with new numbers, Lake State markings and our very own logo. We hope to have all of them in the Lake State livery within a few years.



Former NS 3010 has had many local fans in the New Jersey area. If you type in a search for NS 3010, you'll find countless photographs and videos of the locomotive in regular freight service and public service. Many scenes are posted of her on the regular assigned NS job, H-02 out of Dover, NJ. This assignment is depicted on the side of her cab. In 2005, she took the reins of pulling the Ringling Brothers Circus train. You can also see her pulling several inspection trains along with several office car specials similar to our Lake State office car train. In 2008 she was called on to pull the last freight train over the New Jersey Transit, Gladstone Line. The following year, she took the honor of pulling the local Toys for Tot's Train. A proud duty she would repeat several times through the years. 3010 can be seen on display at festivals, museums and was even featured as the "GP40-2" model, in the Dovetail Games, "Train Simulator 2019".

We will continue the long proud history of all four locomotives as they add to our end goal, ***Excellence In Transportation.***

-Be Safe

W. Roger Fuehring

Chief Mechanical Officer



Track Project Updates

2020 has been a tumultuous year for most. In central and northern Michigan, many residents and industries have had the additional struggle resulting from record storm-induced flooding. In particular, the Midland County area, home to various chemical production facilities and served by LSRC's Dean Subdivision, unfortunately experienced a 500-year flood event (meaning a flood of that size or greater has a 0.2% chance, or 1 in 500 chance, of occurring in a given year). While LSRC's track-age was unaffected, lines further north, particularly the Huron and Mackinaw Subdivisions, experienced the brunt of the flood's force.

On the Huron Subdivision, track washouts occurred at several locations as a result of flood waters compromising concrete box culverts and steel pipe culverts. The most significant of these washouts occurred a few miles south of National City, in Iosco County, where roadbed surrounding a box culvert washed away, which also structurally compromised the culvert itself. Various other locations contributed to the severity of the system-wide damage and prevented trains from operating on most sections of the Huron Subdivision. Under normal circumstances, the failure of a high-diameter culvert is a serious occurrence. In this particular case, the severity was only compounded by the flooding's effect on other parts of the LSRC system, as well as large portions on the state which ultimately put a strain on resources and contractor workforces. LSRC's Maintenance-of-Way (MOW) department quickly strategized to address the system-wide problem systematically by focusing immediate repairs at smaller culverts. While these repairs were made, plans were developed to replace the National City box culvert with a new 96" steel pipe culvert. After several days, most of which was attributed to waiting for water levels to drop and production of the replacement culvert, the line was back open.

Also on the Huron Subdivision, a significant washout occurred in Tawas City near the Tawas River. Overflow of the Tawas River leading to the adjacent Lake Huron washed away the roadbed, leaving only the track and ties dangling above.

We can't thank our Maintenance of Way Department enough for their swift action and hard work in repairing the lines and getting the railroad back up and running with no time wasted. LSRC barely noticed any delay in service as a result of their diligence.

-- Sean Pengelly
Engineer – Projects & Development

Tawas City washout



Britt Road—National City washout



Tawas City washout





Originally built in 1888, Domtar's Port Huron, Michigan, paper mill has been in continuous operation for 132 years, making it one of the longest continuously running mills in North America. The Port Huron mill operates three paper machines with an annual production capacity of 95,000 short tons or roughly the equivalent of 1,000 railcars per year of finished paper. In addition to providing over 200 jobs, the Port Huron mill has an estimated regional economic impact of \$184 million (based on 2018 data).

To make sure the Port Huron mill has stayed viable in the ever-changing paper markets, Domtar has placed a strong focus on new product development which has helped the mill thrive in specialty paper markets. The Port Huron mill specializes in lightweight and ultra-lightweight publishing, technical and specialty paper grades primarily used for books, food and medical packaging. What that means to those who are not directly involved in the paper industry is that the Port Huron mill is making some of the key paper products that we all use on a daily basis and probably don't think twice about. For example, some of the largest end users of the paper produced at the Port Huron mill are commonly known fast food restaurants, such as McDonalds, Burger King, Taco Bell, Subway or Jimmy John's.

More importantly in the world of COVID-19, the Port Huron mill is a world leader in the production of base papers for the disposable medical gown and drape markets which are used in doctor's offices and hospitals.

The primary raw material used to make all of these specialty paper products is wood pulp, which now predominantly

moves to Port Huron by rail. The Port Huron paper mill receives roughly 80% of its pulp supply from Domtar-owned pulp mills in the US & Canada, but also consumes other specialty pulps from various producers across North America. Recently, Domtar and Lake State Railway worked with our partner CN, to convert the Port Huron mill's largest inbound pulp lane to an all rail move. Historically, this particular lane has moved their product by rail to a transload facility in Toronto, then trucked to Port Huron, resulting in inconsistent service. When LSRC took over the line, we committed to providing the Port Huron customers consistent daily service, as well as up to 2 or even 3 switches per day. Through a combination of increased and more consistent service as well as a creative pricing approach, Domtar has now converted this high-volume lane to an all-rail move. Pat Hoy, Domtar Purchasing Manager said, "Without the service that LSRC provides, the Port Huron mill would not have been able to make the switch to an all rail move."



Through our partnership, Domtar & LSRC will continue to find economical ways to move raw materials consumed by the mill and the finished paper products we all use on a daily basis, while maintaining an important economic impact in the Port Huron area. So next time you

are at the doctor's office for that cough or enjoying your favorite fast food meal, remember that there is a strong possibility the paper you were sitting on or the paper your hamburger was wrapped in came from Domtar's Port Huron, MI mill and at one point was likely in a boxcar moved by LSRC's Port Huron based crew.

- Mike Hnatiuk
Director of Business Development

Sandy Miller—Certified Engineer & Conductor

M eet Sandy Miller, Lake State Railway's one and only female engineer and conductor. Sandy has been a loyal Lake State Employee for over 19 years starting out as a Dispatcher in our Saginaw Tower. After working in Dispatch for a time, the Transportation Department found themselves short-handed for a bit and she was asked by her boss to help out. Sandy trained on the ground and became a certified conductor, but what was intended to be a temporary position, turned out to be permanent. Sandy continued in the field getting her engineer card and has been running stone, cement and other commodities on our Huron Sub from Tawas to Alpena for many years.

Sandy had an interesting upbringing, as she was born in Bremerhaven, Germany where her German mother and American father met and married while her father was stationed with the United States Air force at Bremerhaven AFB.



When Sandy was 6 years old, the family moved to San Angelo, TX for 4 years, then on to Oklahoma, Pennsylvania and Minot, North Dakota. At the age of 13 the family returned to Germany for 4 more years. By the age of 17, they came back to the States to Oscoda, MI where Sandy graduated from Oscoda High School. Her years spent in Germany immersed her in a second language, however, she claims she only speaks a little German now.

Sandy's maternal grandmother grew up during World War II and had gotten separated from her whole family by the Berlin Wall, never to see them again. Sandy remembers the many difficult stories her Grandmother told of her life and the many struggles and hardships she faced. Sadly, Grandma passed away 1 week before her 100th birthday.

Sandy and her husband Steve have been married for 23 years and together they share a combined family of 3 daughters, 1 son, 4 grandsons 3 granddaughters, 3 bulldogs and a new cat. Over the years, they have given refuge to many animals including a ferret and a pet

skunk. Along with her love for animals, Sandy enjoys taking time out to garden, plant flowers and go fishing. When she feels like cutting loose you might find her playing Bingo at the local K of C Hall.

Before coming to work for Lake State, Sandy worked for Bublitz Oil in Oscoda and Tawas as the manager for 10 years. She then worked another 10 years for ITT Automotive making parts for vehicles before moving to Florida for a bit. In 2001, Sandy came to work for Lake State and adopted a daily motto of "be safe and always make it home to my family". What Sandy enjoys most about her job is the territory she runs. As an enormous animal lover, she truly enjoys seeing all the wildlife along the route. Her most recent sighting was a bear near Greenbush, MI. In all the years she has been running that route, this was a first for her.

We are very proud to have Sandy on our team representing the few women in train & engine service. She is a hard worker, a lot of fun and you can always count on her sense of humor and her undeniable laugh.



"Sandy is very dependable and easy to work with, she takes the extra initiative in her daily responsibilities." - Jeremy Johnson

"Sandy is always great to speak with and has a great sense of humor." - Michael Davis

"Sandy is very responsible, caring and a good friend."—Phil Bailey

—Deanna Hennessy
A/R & Newsletter Editor

UPCOMING EVENTS

Patriots Day09/11
UN Int'l Day of Peace09/21
Fall Equinox09/22
Columbus Day.....10/12
Bosses Day10/16

Welcome

We want to give a warm welcome to our newest team members who joined Lake State January-March, 2020. Welcome aboard! We look forward to all the great knowledge and workmanship you will bring to Lake State Railway.

Zakary D. Tarrence—Car Shop
Ronald A. Danks—MOW

2020 3rd Qtr. Work Anniversaries

Sandy Miller.....19 years
Charley Zelek18 years
Kevin Podgorniak17 years
Joe Vongrey15 years
Lloyd Douglas.....15 years
Josh Johnson.....15 years
Troy Mott15 years
Helen Huneycutt14 years
Ed Currie12 years
Richard Ruse12 years
Ray Stomberski12 years
John Rickoff10 years
David Murringer.....9 years
Mike VanAllen8 years
Mike Stickel7 years
Ben Schramm.....6 years
James Reed5 years
Kelsey Fetters.....4 years
Kevin Klepser4 years
Darrell Collins4 years
Amber Neumeyer.....4 years
Christopher Smith3 years
Andrew Weise2 years
Kyle Reilly2 years
Mike Hnatiuk2 years
Travis Bishop.....2 years
Phil Kent1 year

Promotions

Congratulations! LRSC thanks you for your commitment to Excellence in Transportation!

Jade Dowdy—Engineer



Meet Jordyn Paige Fetters



Congratulations to Bill & Kelsey (Revenue Manager) Fetters who welcomed their first child, a beautiful daughter Jordyn Paige on May 9th weighing in at 7lbs 7oz and 19-1/2 inches long.



**Thank You to All
Lake State
Employees!
We
Value
Your
Commitment
And
Loyalty!**

Stay Safe!

“The Turntable” - Lake State Railway Company’s official newsletter

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STAMP
HERE



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Mailing Address Line 5

LSRC leased an additional 30 Hi-Cube boxcars to support our forest products customers in Grayling. The cars are Plate F 60' boxcars with capacity of 286,000 pounds. The Lessor sent the cars through a thorough shop program prior to delivery ensuring quality cars for our customers. LSRC's boxcar fleet is now over 150 cars.

