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June 14, 2009

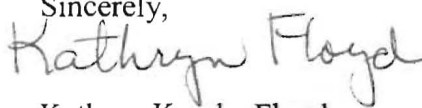
Ms. Victoria Rutson
Chief, Section of Environmental Analysis
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Re: Finance Docket No. 35095, The Alaska Railroad Corp. -- Petition For An
Exemption From 49 U.S.C. §10901 To Construct and Operate a Rail Line
Extension to Port MacKenzie, Alaska

Dear Ms. Rutson:

In response to your letter dated February 9, 2009, enclosed please find additional information concerning relocating the terminal reserve for the Mac West segment.

Please let me know if you have any questions.

Sincerely,

Kathryn Kusske Floyd

Enclosures

cc: Dave Navecky
Alan Summerville
Brian Lindamood

ARRC'S RESPONSE TO SEA FEBRUARY 9, 2009 INFORMATION REQUEST

ARRC has considered the possibility of connecting the Mack West alternative to the proposed Mack East terminal reserve. A physical depiction of this connection is shown in Exhibit 1 attached hereto. What is not as readily evident from Exhibit 1 is the physical difference in elevation (in excess of 30 feet) of the Mack West alignment and the Mack East alignment at the proposed connection. The Mack West alignment gently descends off the west side of the agricultural moraine to low-lying western portion of the Port MacKenzie Port District. In contrast, the Mack East alignment remains elevated on the eastern edge of the moraine, descending rapidly near the Baker Farm Road crossing to the proposed terminal reserve. The differences in elevation are shown in Exhibit 2.

Connecting Mack West to the Mack East terminal reserve would require the Mack West alignment to rise again to meet the terminal reserve location, or to significantly lower the terminal reserve elevation. The desired solution would be to lower the terminal reserve; however, this is proving extremely difficult to accomplish without considerable additional negative impacts to adjacent wetland systems.

Between the proposed Mack East terminal reserve and Port MacKenzie Road is a large, perched, wetland complex which drains to the northwest into a creek along Baker Farm Road. The location of the terminal reserve was designed to have as little impact to this wetland area as possible, although some reduction in overall wetland area is anticipated and unavoidable. The elevation of this wetland area is approximately 165 feet, or 60-70 feet above the western half of the Port District. To lower the elevation of the terminal reserve below the wetland area would likely mean the remainder of the wetland, and the perched water, would have to be drained to prevent the entire complex from draining into the terminal reserve.

ARRC has been working with its engineering and environmental staff to find a solution to this problem, allowing the terminal reserve elevation to be lowered. ARRC is not certain this can be accomplished with the information presently available.

Under the presumption that the elevation of the Mack East terminal reserve cannot be lowered below 165 feet, the Mack West alternative would have to climb back up this elevation to reach the terminal location. This would result in a significant loss of efficiency introduced by the need to overcome the changes in elevation. It would also introduce a potential safety concern by purposely putting a location of concentrated car storage on an elevated location.

For these reasons, ARRC believes that the connection of Mack West to the Mack East terminal reserve is not practicable.

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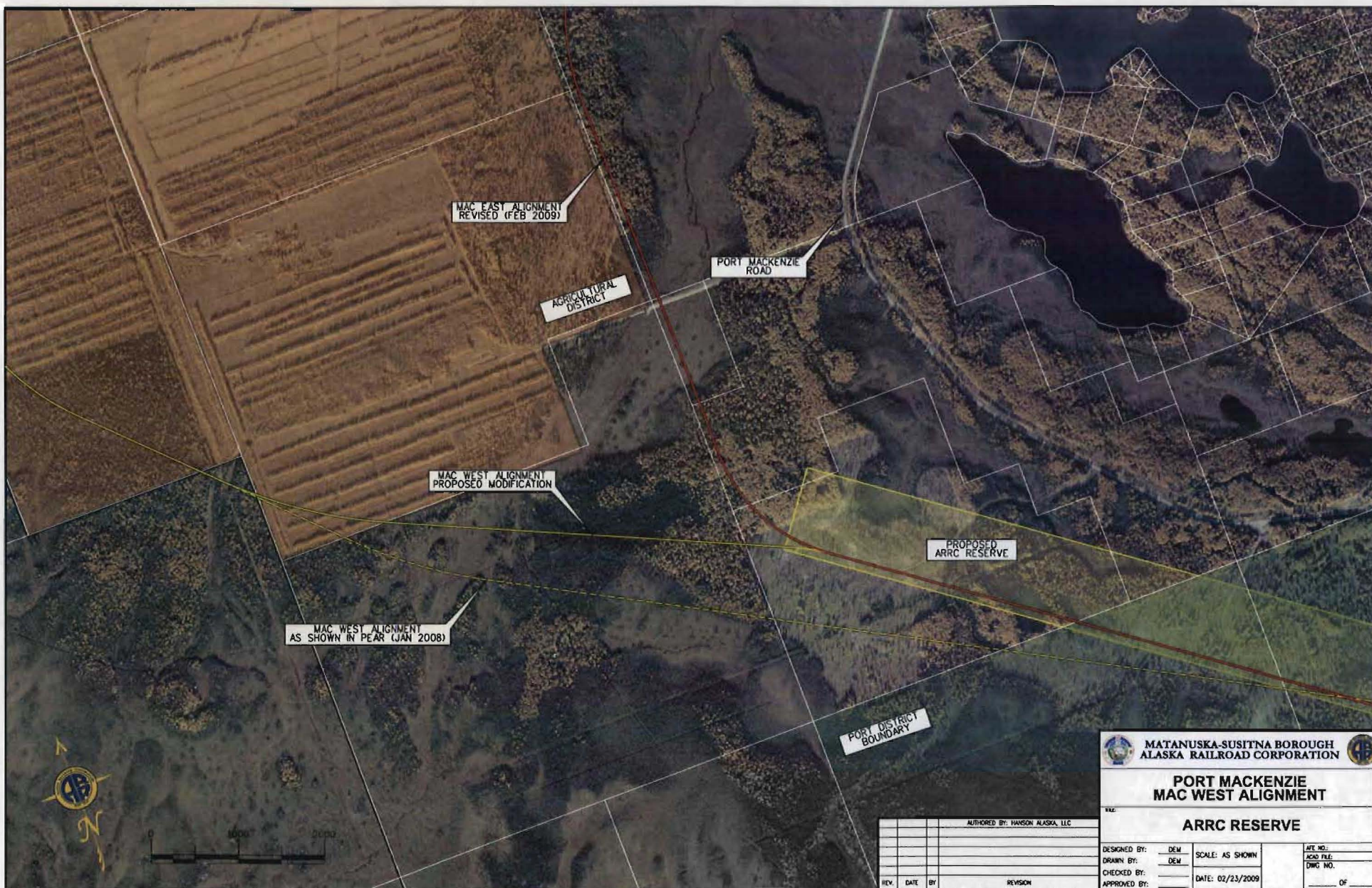
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**MATANUSKA-SUSITNA BOROUGH
ALASKA RAILROAD CORPORATION**

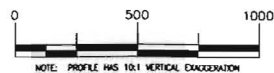
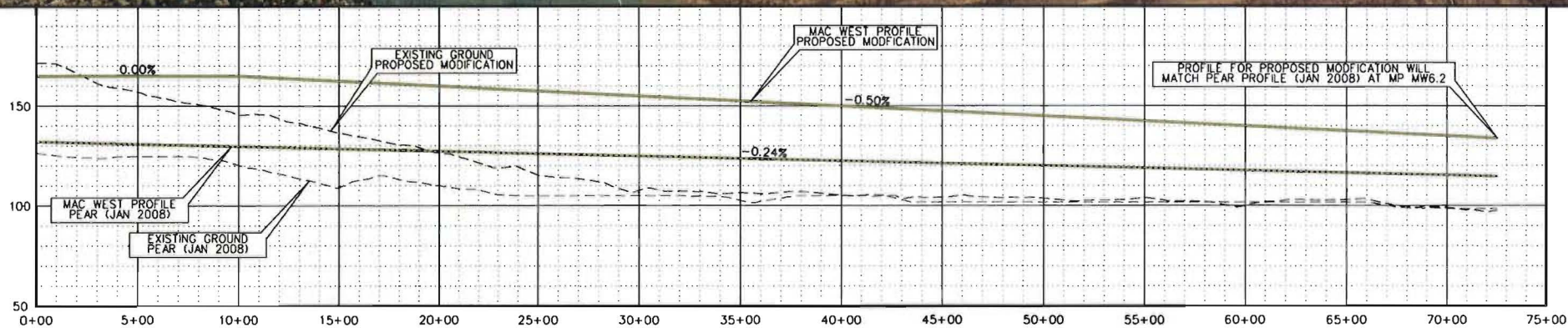


**PORT MACKENZIE
MAC WEST ALIGNMENT**

ARRC RESERVE

DESIGNED BY:	DEV	SCALE: AS SHOWN	DATE NO.
DRAWN BY:	DEV		ACAD FILE:
CHECKED BY:			DWG NO.
APPROVED BY:		DATE: 02/23/2009	OF

AUTHORED BY: HANSON ALASKA, LLC			
REV.	DATE	BY	REVISION



AUTHORED BY: HANSON ALASKA, LLC			
REV.	DATE	BY	REVISION

 MATANUSKA-SUSITNA BOROUGH ALASKA RAILROAD CORPORATION		
PORT MACKENZIE MAC WEST ALIGNMENT		
ARRC RESERVE CONNECTION PLAN AND PROFILE		
DESIGNED BY: DEM	SCALE: AS SHOWN	ATE NO.: _____
DRAWN BY: DEM		ACAD FILE: _____
CHECKED BY: _____	DATE: 03/02/2009	DWG NO.: _____
APPROVED BY: _____		_____ OF _____