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October 29, 2009

VIA EMAIL AND U.S. MAIL

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:

On behalf of the Alaska Railroad Corporation ("ARRC") and with the support of the Matanuska-Susitna Borough, enclosed please find updated project information for the above-captioned proceeding.

ARRC previously submitted to SEA its Preliminary Environmental and Alternatives Report ("PEAR"), dated January 2008. The PEAR included voluntary mitigation measures that ARRC envisioned for the project. Since that submittal, ARRC has continued to refine its proposal for voluntary mitigation measures. Attached hereto please find a document entitled "Port MacKenzie Voluntary Mitigation Measures" (dated October 2009) which ARRC intends as a replacement for the voluntary mitigation measures set forth in the PEAR.

ARRC would also like to clarify that the project description should include grade separation of trails where practicable under the following circumstances:

Where the proposed rail line would cross a trail whose status is specifically established within currently adopted plan(s) by ADNR and or MSB or is established within such plan(s) at the time of construction or ROW conveyance (whichever occurs first), and is located on state, MSB property, or whose location is provided for by recorded ROW or easement, public access would be provided by a separated grade crossing where practicable. The design of the crossing shall

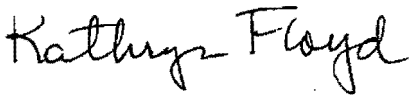
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accommodate existing trail users at the time of construction or ROW conveyance (whichever occurs first). The Applicant shall coordinate with the trail owner and consult with user groups as appropriate where the crossing location may have to be relocated to accommodate a grade separation, or multiple crossings within one mile might be consolidated.

By way of this clarification to the project description, ARRC is intending to update any information contained in the PEAR on this subject.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Kathryn Floyd".

Kathryn Kusske Floyd

Enclosure

Cc: Brian Lindamood, ARRC
Alan Summerville, ICF

Port MacKenzie Voluntary Mitigation Measures (October 2009)

- VM-1 The Applicant shall be subject to U.S. Environmental Protection Agency and Alaska Department of Environmental Conservation jurisdiction under the National Pollutant Discharge Elimination System (NPDES) for stormwater discharges resulting from construction activities. Requirements that are commonly part of a Stormwater Pollution Prevention Plan associated with a NPDES Stormwater Construction Permit include the following:
- Ground disturbance shall be limited to only the areas necessary for project-related construction activities.
 - During earthmoving activities, topsoil shall be reused wherever practicable and stockpiled for later application during reclamation of disturbed areas.
 - Appropriate erosion control measures shall be employed to minimize the potential for erosion of soil stockpiles until they are removed and the area is restored.
 - Disturbed areas shall be restored as soon as practicable after construction ends along a particular stretch of rail line, and the goal of restoration shall be the rapid and permanent reestablishment of native ground cover on disturbed areas to prevent soil erosion.
 - The bottom and sides of drainage ditches shall be revegetated using natural recruitment from the native seed sources in the stockpiled topsoil or a seed mix free of invasive plant species.
 - If weather or season precludes the prompt reestablishment of vegetation, temporary erosion control measures shall be implemented.
- VM-2 The Applicant shall design rail line and ancillary facilities in accordance with engineering criteria related to permafrost, seismic events, and other geologic hazards to comply with applicable design codes. For example, the Applicant shall design the project in accordance with the latest applicable seismic codes taking into account the region's potential for earthquake activity, to mitigate potential damage to bridges and tracks.
- VM-3 The Applicant shall develop a spill prevention, control, and countermeasure plan for petroleum products and/or response plan for hazardous materials, as required by applicable Federal and state regulations, prior to initiating any project-related construction activities. These plans shall address methods for preventing discharges and spill control, and containment and cleanup should a release occur. Plans shall include a requirement to conduct weekly inspections of equipment for any fuel, lube oil, hydraulic, or antifreeze leaks. The plan shall provide that, if leaks are found, the Applicant shall require the contractor(s) to immediately remove the equipment from service and repair or replace it.
- VM-4 The Applicant shall obtain Federal permits required by Section 404 of the Clean Water Act and Section 10 of the Rivers and Harbors Act, from the U.S. Army Corps of Engineers prior to initiation of project-related construction activities in wetlands and waterbodies. The Applicant also agrees to obtain necessary state permits and authorizations (e.g., Alaska Department of Fish and Game Fish Habitat Permit,

Alaska Department of Natural Resources Land Use Permit, and an Alaska Department of Environmental Conservation Section 401 water quality certification). The Applicant shall incorporate stipulations into construction contract specifications.

- VM-5 The Applicant shall avoid and minimize impacts to waters of the United States, including wetlands, to the extent practicable. The Applicant shall provide compensatory mitigation for unavoidable impacts to wetlands as part of the U.S. Army Corps of Engineers Section 404 permit, to the extent practicable in accordance with the reasonable requirements of the Clean Water Act.
- VM-6 The Applicant shall design and construct the new rail line in such a way as to maintain natural water flow and drainage patterns to the extent practicable. This shall include installing bridges or placing equalization culverts through the embankment as necessary, preventing impoundment of water or excessive drainage, and maintaining the connectivity of floodplains and wetlands.
- VM-7 The Applicant shall disturb the smallest area practicable around any streams and, as soon as practicable following construction activities, revegetate disturbed areas using native vegetation.
- VM-8 The Applicant shall minimize the number of temporary stream crossings constructed to provide access for contractors, work crews, and heavy equipment to the extent practicable. Where needed, temporary structures shall be placed to avoid overly constricting active channels and shall be removed as soon as practicable after the crossing is no longer needed.
- VM-9 The Applicant shall coordinate with the Matanuska Susitna Borough (MSB) Floodplain Administrator to ensure that new project-related stream and floodplain crossings are appropriately designed. For crossings within the mapped 100-year floodplain, drainage crossing structures shall be designed to pass a 100-year flood.
- VM-10 The Applicant shall evaluate construction water needs in relation to stream flow rates and groundwater recharge rates, as appropriate, and shall and minimize effects on surface water and groundwater. Water withdrawals shall be subject to prior written approval by the Alaska Department of Natural Resources Division of Mining, Land and Water, and also from the Alaska Department of Fish and Game Division of Habitat for withdrawals from fish-bearing waters.
- VM-11 For all project-related crossings of fish-bearing waters that incorporate bridges or culverts, the Applicant shall design, construct, and maintain the conveyance structures in accordance with the National Marine Fisheries Service (NMFS) 2008 publication, "Anadromous Salmonid Passage Facility Design" [NMFS (National Marine Fisheries Service). 2008. Anadromous Salmonid Passage Facility Design. NMFS, Northwest Region, Portland, Oregon] or equivalent and reasonable requirements.
- VM-12 The Applicant shall restrict its workers from (1) hunting or fishing while stationed at work camps; (2) harassing wildlife, including winter or calving concentrations of moose (cows with yearling calves can be particularly defensive); (3) approaching known occupied bear dens; and (4) feeding wildlife.

- VM-13 The Applicant shall obtain state permits and authorizations, including the Alaska Department of Fish and Game Fish Habitat Permit.
- VM-14 The Applicant shall time project-related construction in anadromous streams to minimize adverse effects to salmon during critical life stages when practicable. The Applicant shall incorporate timing windows [i.e., those time periods when salmon are least vulnerable to disturbances], as specified by the Alaska Department of Fish and Game Division of Habitat, into construction contract specifications for instream work. The Applicant shall design and construct stream crossings so as not to impede fish passage or impair the hydrologic functioning of the waterbody.
- VM-15 When project-related activities, such as culvert and bridge construction, require work in streambeds, the Applicant shall conduct activities, to the extent practicable, during either summer or winter low-flow conditions.
- VM-16 The Applicant shall implement Essential Fish Habitat (EFH) conservation measures as agreed upon with the National Marine Fisheries Service during the EFH consultation process.
- VM-17 The Applicant shall clear vegetation in preparation for project-related construction before or after the typical migratory bird nesting season as identified by the U.S. Fish and Wildlife Service (USFWS)(typically May 1 to July 15), to the extent possible to ensure compliance with the Migratory Bird Treaty Act. If clearing is required during the nesting season, the Applicant shall conduct a nest survey and consult with the USFWS, prior to clearing the vegetation, to identify additional appropriate compliance measures.
- VM-18 During the bald eagle nesting season (typically March through August), the Applicant and its contractor(s) shall use their best efforts to avoid bald eagle disturbance during project-related construction. Nests shall be protected in accordance with U.S. Fish and Wildlife Service guidelines.
- VM-19 Subject to consultation with the Alaska Department of Fish and Game and Alaska Department of Natural Resources, the Applicant shall work with adjacent land managers to develop alternative preferred habitat away from the proposed rail line and construct a widened embankment to allow moose a place to retreat on one side when a train passes in an effort to reduce the potential for moose strikes.
- VM-20 The Applicant shall develop protocols to inform and prepare construction supervisors of the importance of protecting archaeological resources, graves, and other cultural resources and how to recognize and treat the resources.
- VM-21 The Applicant shall comply with the Programmatic Agreement developed through the Section 106 process under the National Historic Preservation Act.
- VM-22 To minimize fugitive dust emissions created during project-related construction activities, the Applicant shall implement appropriate fugitive dust suppression controls, such as spraying water or other established measures. The Applicant shall also operate water trucks on haul roads as necessary to reduce dust.
- VM-23 To limit project-related construction emissions, the Applicant shall work with its contractor(s) to ensure that construction equipment is properly maintained and that required pollution-control devices are in working condition.

- VM-24 The Applicant shall work with its construction contractor(s) to minimize, to the extent practicable, construction-related noise disturbances near residential areas. Construction and maintenance vehicles shall be in good working order with properly functioning mufflers to control noise.
- VM-25 The Applicant shall consult with affected communities regarding its planned construction schedule to minimize, to the extent practicable, project-related construction noise and vibration disturbances in residential areas during evenings and weekends.
- VM-26 Prior to initiating construction activities related to the proposed rail line, the Applicant shall establish a Community Liaison to consult with affected communities, landowners, and agencies. Among other responsibilities, the Community Liaison shall assist communities or other entities with the process of establishing quiet zones, if requested.
- VM-27 The Applicant shall establish a Diagnostic Team comprising Applicant staff, community members, representatives of the Alaska Department of Transportation and Public Facilities and other entities regarding project-related roadway/rail line crossings in consultation with Federal Railroad Administration safety officials. This process shall result in appropriate safety measures for every roadway/rail line crossing.
- VM-28 The Applicant shall coordinate with Federal, state, and local emergency management officials in the project area. The Applicant shall provide, upon request, applicable hazardous-materials training and/or project-related information to enhance readiness. The Applicant shall incorporate the new rail line into its existing emergency response process and shall update its Oil Spill Contingency Plan to include the new rail line.
- VM-29 During construction of project-related tracks across existing roads, the Applicant shall notify road users of temporary road closings and other construction-related activities. The Applicant shall provide for detours and associated signage, as appropriate, or maintain at least one open lane of traffic at all times to allow for the quick passage of emergency and other vehicles. The Applicant shall display signs providing the name, address, and telephone number of a contact person onsite to assist the public in obtaining immediate responses to questions and concerns about project activities.
- VM-30 To the extent practicable, the Applicant shall confine all project-related construction traffic to project-specific roads within the right-of-way (ROW) or established public roads. Where traffic cannot be confined to these roads, the Applicant shall make necessary arrangements with landowners to gain access. The Applicant shall remove and restore upon completion of project-related construction any temporary access roads constructed outside the rail line ROW unless otherwise agreed to with the landowners.
- VM-31 The Applicant shall consult with appropriate state and local transportation agencies to determine the final design and other details of project-related grade crossings and warning devices.
- VM-32 For each of the public grade crossings on the new rail line, the Applicant shall provide permanent signs prominently displaying both a toll-free telephone number and a unique grade crossing identification number in compliance with Federal

Highway Administration regulations (23 Code of Federal Regulations Part 655). Applicant's personnel shall answer the toll-free number 24 hours a day.

- VM-33 The Applicant shall obtain a Section 9 Bridge Permit from the U.S. Coast Guard for construction of bridges over navigable rivers as identified in the EIS.
- VM-34 In coordination with the U.S. Coast Guard, the Applicant shall provide adequate clearances for navigation of recreational boats on navigable rivers.
- VM-35 The Applicant shall continue its ongoing community outreach efforts by maintaining a web site about the project throughout the construction period of the rail line.
- VM-36 In the event of any damage caused by project-related construction activities, the Applicant shall work with affected landowners to appropriately redress any damage to each landowner's property.
- VM-37 The Applicant shall work with affected businesses or farms to appropriately address project-related construction activity issues affecting any business or farm.
- VM-38 To the extent practicable, the Applicant shall ensure that entrances and exits for businesses are not obstructed by project-related construction activities, except as required to move equipment.
- VM-39 Depending on the routing alternative(s) that are approved, during construction of the crossings over navigable rivers, some short-term temporary restrictions of watercraft traffic could occur for safety purposes. In that event, the Applicant shall install warning devices to notify boaters of project-related bridge construction activities. The Applicant also shall display signs providing the name, address, and telephone number of a contact person onsite to help waterway users obtain immediate responses to questions and concerns about project activities.
- VM-40 The Applicant shall make reasonable efforts to minimize disruptions to utilities by scheduling project-related construction work and outages to low-use periods. The Applicant shall notify residents and other utility customers in advance of project-related construction activities requiring temporary service interruptions.
- VM-41 As part of the National Pollutant Discharge Elimination System Stormwater Construction Permit and Stormwater Pollution Prevention Plan, the Applicant shall:
- Restore land used for temporary staging areas during project-related construction to natural conditions if occurring on undeveloped Alaska Department of Natural Resources land or to its former uses if occurring on private land.
 - Restore public land areas that were directly disturbed by project-related construction equipment and not owned by the Applicant (such as temporary access roads, haul roads, and crane pads) to their original condition, as reasonable and practicable, upon completion of construction.
 - In business and industrial areas, store project-related equipment and materials in established storage areas or on the Applicant's property. The Applicant shall prohibit parking of equipment or vehicles, or storage of materials along driveways or in parking lots, unless agreed to by the property owner.

- Prohibit project-related construction vehicles, equipment, and workers from accessing work areas by crossing business or agricultural areas, including parking areas or driveways, without advance notice to/permission from the owner.
- VM-42 The Applicant shall make reasonable efforts to identify all utilities that are reasonably expected to be materially affected by the project-related construction within the right-of-way (ROW) or that cross the ROW. The Applicant shall consult with utility owners during design and construction so that utilities are protected during project-related construction activities. The Applicant shall notify the owner of each such utility identified prior to project-related construction activities and shall coordinate with the owner to minimize damage to utilities.
- VM-43 The Applicant shall use appropriate methods to handle, store, and dispose of waste generated during project-related construction activities. Food and garbage shall be secured and disposed in a manner to prevent bears from gaining access to such materials and in accordance with applicable and reasonable Federal, state, and local regulations.
- VM-44 In accordance with the Applicant's Oil Spill Contingency Plan and Emergency Response Plan, the Applicant shall make the required notifications to the appropriate Federal and state environmental agencies in the event of a reportable hazardous materials release. The Applicant shall work with the appropriate agencies, such as the Alaska Department of Environmental Conservation, the U.S. Environmental Protection Agency, and the U.S. Fish and Wildlife Service, to respond to and remediate releases.
- VM-45 Before the start of project-related operations, the Applicant shall contact appropriate local, state and Federal emergency response organizations and shall provide them with information concerning the proposed operations, schedules, and any site hazards or restrictions that could impact responders..
- VM-46 At least one month before initiating construction activities in the area, the Applicant shall provide the information described below regarding project-related construction of the new rail line, and other information, as appropriate, to fire departments within the project area, the Federal Emergency Management Agency, and the Matanuska Susitna Borough Emergency Operations Department:
- The schedule for construction throughout the project area, including the sequence of construction of public grade crossings and approximate schedule for these activities at each crossing;
 - A 24 hour emergency telephone number to reach the Applicant in the event of an emergency
 - The name and number of the Applicant's project contact, who shall be available to answer questions or attend meetings for the purpose of informing emergency-service providers about the project-related construction and operations; and
 - Revisions to this information, including changes in construction schedule, as appropriate.