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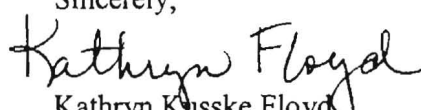
Ms. Victoria Rutson
Chief, Section of Environmental Analysis
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

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:

Enclosed please find information responsive to your letter request of January 30, 2009.

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'S
JANUARY 30, 2009 DOCUMENT REQUEST

At the onset of the Port MacKenzie Rail Extension project, there was under consideration the prospect of handling nearly 3 million tons of coal annually through Port MacKenzie to support a coal gasification project located on the Kenai Peninsula. If this project had come to fruition, the anticipated rail traffic for this customer alone would have equated to one 60 to 80-car unit train of coal per day in each direction. With the termination of the Kenai gasification project, and without any other firm shipping commitments from other potential new traffic sources, traffic projections must consider probable scenarios within the existing market.

Presently, the only rail-based bulk material movement in south-central Alaska is export coal shipment from Healey, Alaska to the ARRC terminal facility in Seward. The coal is sold on the spot market such that traffic has varied significantly since 2005, with only two vessels shipped, to 2008, with eight coal vessel calls. The ARRC is projecting eight to nine vessels to be ship from Seward in 2009. Historically, the highest traffic volumes were prior to 2005 when coal volume was based upon a long-term contract amounting to 800,000 tons per year.

The water-borne portion of the movement is handled by Panamax vessels with approximately 70,000 tons of capacity. Presently it takes about 4 days to load a vessel in Seward due to equipment and port configuration. It is no known how long it would take to load a similar vessel at Port MacKenzie, but it is presumed to be more efficient, thus taking less time. The maximum available volume, limited by the loading rate at the Healy coal mine, is about 2.7 million tons per year, about 74 cars, or one train per day.

Train service would be designed around demand and equipment availability. It takes between 9 and 12 unit trains to fill one Panamax vessel. Coal trains are cycled from Healy to the port location, and coal stockpiled port side such that the vessel time in port is minimized. Therefore, coal trains would be cycled daily for several weeks prior to the arrival of a vessel at Port MacKenzie, stockpiling material at Port MacKenzie for eventual loading. Train size and activity would then wane depending upon the next known port call.

It is presumed that rail service to Port MacKenzie will result in at least a portion of the Seward-based export coal being diverted. We believe that a reasonable assumption is half the existing traffic will move to Port MacKenzie, or about 5 vessels per year. Export coal traffic has not historically risen above this amount even with specific contracts in place, and there is no expectation for this to change in the reasonably foreseeable future. Presuming 60-car trains, there will be one train daily for nearly 4-weeks prior to a vessel call at Port MacKenzie. At

five trains per year, this would equate to one train daily for about 20 weeks per year.

The ARRC's petition for exemption for licensure for the construction and operation was based upon market opportunities at the time of filing and what is considered the reasonable maximum amount of train traffic given supply-based infrastructure and equipment limitations. The assessment of direct impacts associated with the rail line construction and operation under this assumption would then be certainly overstated, skewing the analysis towards conservatism. The ARRC does not see the value in changing the analysis of direct effects for a lesser traffic volume at this juncture of the analysis. However, as cumulative and indirect effects, are considered further, the reduction in anticipated traffic volume could be considered.