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Subject Revised Statement of Purpose and Need for Port MacKenzie
Rail Extension

Dave,

Below please find the Applicant's revised statement of purpose and need.

Please let me know if you have any questions.

Kathryn

1.1 Purpose and Need

The Applicant has stated that the purpose of the Port MacKenzie Rail Extension is to provide rail service to Port MacKenzie and connect the Port with the remainder of the ARRC rail system, providing Port MacKenzie customers with rail transportation between Port MacKenzie and Interior Alaska. Port MacKenzie is an existing deepwater facility on the north side of Knik Arm in upper Cook Inlet, in Southcentral Alaska which, unlike similar port facilities that serve Panamax and Cape class vessels, does not have rail service. The Port's market includes bulk commodities (e.g., wood chips, saw logs, sand/gravel, and cement), vans or containers, iron or steel materials (e.g., scrap metal), vehicles and heavy equipment, mobile or modular buildings. At present, freight truck is the only available mode of surface transportation for bulk materials and other freight to and from Port MacKenzie. Although bulk commodity shippers which already have access to the existing ARRC network might continue to utilize a combination of rail and transload to truck for delivery to Port MacKenzie, such intermediate movements and handling requirements are not efficient. Due to the economics and efficiencies offered by direct rail service, these and other bulk commodity movements would likely be all-rail. The proposed rail line would thus provide Port MacKenzie's customers with multi-modal options for the movement of freight to and from the Port similar to that offered by other ports handling large vessels. The proposed project would also support ARRC's statutory goal to foster and promote long-term economic growth and development in the State of Alaska.

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