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207727

May 1, 2003



Via HAND DELIVERY

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423

**RE: Finance Docket No. 30186 (Sub-No. 3), Tongue River
Railroad Company – Construction and Operation –
Western Alignment.**

Dear Secretary Williams:

Enclosed for filing in the above-captioned docket are the original plus ten
copies of the Supplemental Evidence of Tongue River Railroad Company.

I would appreciate it if you would date-stamp the additional copy of the
filing provided and return it to the messenger for our files. I appreciate your
attention to this matter.

Sincerely,

Betty Jo Christian

Betty Jo Christian
Attorney for Tongue River Railroad
Company

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Office of Proceedings

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Part of
Public Record

Encls.

01

WASHINGTON

PHOENIX

LOS ANGELES

LONDON

BRUSSELS

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 30186 (SUB-NO. 3)



**TONGUE RIVER RAILROAD COMPANY -- CONSTRUCTION AND
OPERATION -- WESTERN ALIGNMENT**

**SUPPLEMENTAL EVIDENCE
OF TONGUE RIVER RAILROAD COMPANY**

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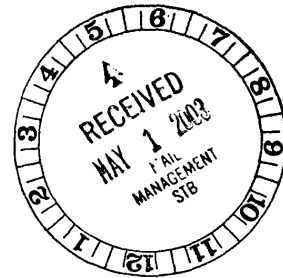
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Attorneys for Applicant
Tongue River Railroad Company

May 1, 2003

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 30186 (SUB-NO. 3)



**TONGUE RIVER RAILROAD COMPANY -- CONSTRUCTION AND
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**SUPPLEMENTAL EVIDENCE
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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 30186 (SUB-NO. 3)



**TONGUE RIVER RAILROAD COMPANY -- CONSTRUCTION AND
OPERATION -- WESTERN ALIGNMENT**

**SUPPLEMENTAL EVIDENCE
OF TONGUE RIVER RAILROAD COMPANY**

Pursuant to the decision of the Board served March 11, 2003 authorizing it to supplement the evidence in support of its April 27, 1998 Application for Construction and Operation Authority ("Application"), Tongue River Railroad Company ("TRRC") hereby submits this supplemental evidence.¹ This supplemental evidence will be confined to those relative modest elements of its Application, identified in the Board's March 11 decision, that warrant updating in light of the passage of time since the Application was originally filed. As supplemented herein, TRRC stands by its April 1998 Application and urges the Board to grant that Application.

¹ TRRC is simultaneously filing a petition to substitute Tongue River Railroad Company, Inc, ("TRRC, Inc.") a Montana corporation, as the applicant in this proceeding. TRRC, Inc. is described further in that petition and in the attached Supplemental Verified Statement of Mike T. Gustafson, President of TRRC, Inc.

By virtue of prior Board and Interstate Commerce Commission decisions, TRRC already holds authorization to construct an 89 mile line between Miles City, MT and Ashland, MT² and a contiguous 41 mile line between Ashland and Decker, MT.³ This Application concerns only the southernmost 17.5 miles of the Ashland-Decker line, and specifically seeks authorization to construct that section of the line over the so-called Western Alignment, rather than the Four Mile Creek Alternative previously approved by the Board in its 1996 decision approving the Ashland-Decker line. The Application was submitted in conformity with the Board's regulations at 49 CFR sections 1150.1-10 and was supported by several exhibits and verified statements.

In its Petition for Leave to File Supplemental Evidence TRRC identified the following matters as to which supplementation of its Application is appropriate: updates, if necessary, to descriptions of TRRC business and financial structure; updates, if necessary, to tonnage forecasts, financial forecasts and estimated costs of construction; the current status of the transfer pursuant to federal legislation of the federal minerals known as Otter Creek Tracts 1, 2, and 3 to the State of Montana; the effect (if any) of the Board's recent authorization of the DM&E Railroad's proposed construction of a rail line to serve the Southern Powder River Basin of Wyoming and updates to supporting statements from key Montana public officials. The Board's March 11 Decision authorizes updating on these matters, and also requests updating on an additional matter: TRRC's relationship with Burlington Northern Santa Fe Railway Company ("BNSF"), with which the proposed line connects.

² *Tongue River R.R. -- Rail Construction and Operation -- In Custer, Powder River and Rosebud Counties, MT*, Finance Docket No. 30186 (ICC served Sept. 4, 1985, modified May 9, 1986).

³ *Tongue River R.R. -- Rail Construction and Operation -- Ashland to Decker, Montana*, Finance Docket No. 30186 (Sub No. 2) (STB served Nov. 8, 1996).

TRRC has attached to this filing the Supplemental Verified Statement of Mike T. Gustafson, the President of TRRC, Inc. Mr. Gustafson's Supplemental Verified Statement addresses all of these points. A Verified Statement of Mark J. Morey, Managing Director of the coal consulting group of Platts Research and Consulting/RDI is also attached and updates the coal tonnage forecast. A Supplemental Verified Statement of Daniel R. Hadley, President of Mission Engineering, Inc. updates the construction cost estimates and a Supplemental Verified Statement of Robert H. Leilich updates the TRRC pro formas, the cost comparison of the Western Alignment and Four Mile Creek Alternative and certain elements of the Western Alignment Operating Plan.

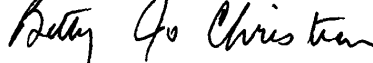
In addition, letters of support from the current Montana Governor, Judy Martz, and Montana's current Congressman, Dennis Rehberg, are also submitted herewith in an updated Appendix B to the Application. Montana's two Senators have previously submitted letters of support.

To facilitate the review by the Board and parties of record of the Supplemental Evidence, TRRC is also submitting herewith a chart showing the location of the changes made to the Application. Specifically, the chart cross-references, with respect to each item of updated evidence, the Supplemental Evidence and the page numbers and/or Exhibits and Attachments of the original Application.

Finally, TRRC notes that the Board stated in its March 11 Decision that it would establish a procedural schedule for the filing of replies to the TRRC Supplemental Evidence after such evidence was submitted. In view of the fact that it will undoubtedly take the Board some reasonable amount of time to formulate and issue a procedural schedule now that the Supplemental Evidence has been filed and served, the Board should take that amount of time into

account in setting a due date for responsive evidence. TRRC further submits that in light of the modest nature of the updating provided here and the fact that the other parties of record will have had the supplemental evidence for some period of time before the Board issues its procedural order establishing a schedule for responsive evidence, the total amount of time for the submission of such responsive evidence should not exceed 20 days from the service date of that procedural order. This should provide ample opportunity for any party of record to prepare an appropriate response. Further, TRRC requests that the Board also allow it a period not to exceed 20 days for the submission of any reply by TRRC to the responses received from other parties of record.

Respectfully submitted,



Betty Jo Christian

David H. Coburn

Scott M. Mirelson

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1330 Connecticut Avenue, N.W.

Washington, D.C. 20036

202 429-3000

Attorneys for Applicant

Tongue River Railroad Company

May 1, 2003

TONGUE RIVER RAILROAD COMPANY, INC.

UNANIMOUS RESOLUTIONS OF BOARD OR DIRECTORS

The undersigned, being all of the directors of Tongue River Railroad Company, Inc., a Delaware corporation (the "Corporation") do, in accordance with Delaware law, hereby unanimously adopt the following Resolutions:

WHEREAS, Tongue River Railroad Company, Inc. (the "Corporation") was incorporated in the State of Delaware on September 4, 1998;

WHEREAS, the Certificate of Incorporation of the Corporation provides that the purpose of the Corporation is, among others, "to project, design, plan, conduct engineering studies of, arrange financing for and obtain all applicable federal, state and local permits and authorizations for the construction and operation, of, to secure rights of way for, and to construct, equip and operate railroads";

WHEREAS, the Corporation is in the process of obtaining all federal, state and local permits required for the design, construction and operation of a line of railroad between Miles City and Decker, Montana; and,

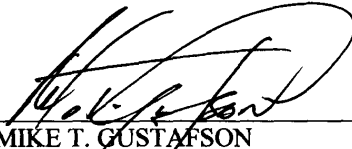
WHEREAS, the Board of Directors wishes to ratify and confirm the Corporation's authority to obtain all federal, state and local permits required for the design, construction and operation of a line of railroad between Miles City and Decker, Montana, as provided by its Certificate of Incorporation;

NOW, THEREFORE, IT IS RESOLVED that the Board of Directors hereby ratifies and confirms the Corporation's authority to obtain all federal, state and local permits required for the design, construction and operation of a line of railroad between Miles City and Decker, Montana, as provided by its Certificate of Incorporation;

FURTHER RESOLVED, that the Board of Directors hereby ratifies, confirms and adopts the actions of the officers of the Corporation taken prior to the date hereof in connection with the pursuit of, and authorizes the officers of the Corporation to continue to pursue, the federal, state and local permits required for the design, construction and operation of a line of railroad between Miles City and Decker, Montana; and

FURTHER RESOLVED, that the Corporation hereby authorizes the officers of the Corporation to (a) sign, execute, certify to, verify, acknowledge, deliver, accept, file and record any and all instruments and documents, and (b) take, or cause to be taken, any and all actions in the name and on behalf of the Corporation or otherwise, as in such officer's judgment shall be necessary or appropriate to effect the purposes of the foregoing resolutions.

Dated this 25th day of April, 2003.



MIKE T. GUSTAFSON

DOUGLAS A. DAY

REVISED EXHIBIT G TONGUE RIVER RAILROAD COMPANY BOOK PRO FORMA STATEMENT - CONSTANT 2002 DOLLARS OF INCOME												
	Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
REVENUE												
Freight Revenue		\$52,758,100	\$46,317,800	\$42,987,300	\$41,910,500	\$50,348,900	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900
Other Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE & OTHER INCOME		\$52,758,100	\$46,317,800	\$42,987,300	\$41,910,500	\$50,348,900	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900
OPERATING EXPENSES												
Maintenance of Way & Structures		\$747,175	\$755,725	\$850,853	\$947,458	\$1,155,983	\$1,328,558	\$1,452,056	\$1,638,325	\$1,840,331	\$2,022,631	\$2,022,631
Maintenance of Equipment		\$5,437,483	\$4,882,276	\$4,328,230	\$4,306,310	\$5,136,740	\$5,747,781	\$5,747,781	\$5,747,781	\$5,747,781	\$5,747,781	\$5,747,781
Subtotal Marketing & Sales		\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200
Subtotal Transportation		\$9,743,744	\$8,579,681	\$7,669,082	\$7,443,528	\$8,741,748	\$9,992,221	\$9,979,983	\$9,977,976	\$9,976,637	\$9,977,529	\$9,977,529
Subtotal General		\$1,394,483	\$1,312,993	\$1,276,743	\$1,282,674	\$1,406,627	\$1,534,650	\$1,538,736	\$1,542,673	\$1,548,183	\$1,550,583	\$1,550,583
Subtotal Other		\$5,677,213	\$5,157,979	\$4,706,128	\$4,601,708	\$5,273,881	\$5,909,884	\$5,914,497	\$5,922,025	\$5,930,272	\$5,937,686	\$5,937,686
TOTAL OPERATING EXPENSES		\$23,006,299	\$20,894,854	\$18,837,045	\$18,587,878	\$21,721,200	\$24,519,285	\$24,639,254	\$24,834,980	\$25,049,405	\$25,242,421	\$25,242,421
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION		\$29,751,801	\$25,622,946	\$24,150,255	\$23,322,622	\$28,627,700	\$33,997,605	\$33,877,646	\$33,681,920	\$33,467,495	\$33,274,479	\$33,274,479
Depreciation and Amortization		\$8,926,404	\$8,926,404	\$8,926,404	\$8,926,404	\$8,926,404	\$8,912,904	\$8,906,154	\$8,906,154	\$8,906,154	\$8,898,268	\$8,898,268
EARNINGS BEFORE INTEREST & TAXES		\$20,825,396	\$16,696,542	\$15,223,850	\$14,396,218	\$19,701,296	\$25,084,700	\$24,971,492	\$24,775,766	\$24,561,340	\$24,376,211	\$24,376,211
Interest Expense		\$17,307,675	\$17,973,061	\$16,944,064	\$15,841,777	\$14,860,979	\$13,396,079	\$12,041,087	\$10,589,585	\$9,034,700	\$7,369,069	\$7,369,069
EARNINGS BEFORE TAXES		\$3,517,721	(\$1,276,519)	(\$1,720,214)	(\$1,445,559)	\$5,040,316	\$11,688,621	\$12,930,405	\$14,186,181	\$15,526,640	\$17,007,142	\$17,007,142
Income Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET INCOME (LOSS)		\$3,517,721	(\$1,276,519)	(\$1,720,214)	(\$1,445,559)	\$5,040,316	\$11,688,621	\$12,930,405	\$14,186,181	\$15,526,640	\$17,007,142	\$17,007,142

REVISED EXHIBIT G TONGUE RIVER RAILROAD COMPANY PRO FORMA CASH FLOW STATEMENT										
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SOURCES OF CASH:										
From Operations:										
Freight Revenue	\$52,758,100	\$46,317,800	\$42,987,300	\$41,910,500	\$50,348,900	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900
Deor (Incr) in Accts Receivable	(\$4,336,282)	\$529,340	\$273,740	\$88,504	(\$683,587)	(\$671,342)	\$0	\$0	\$0	\$0
Cash Generated From Revenues	\$48,421,818	\$46,847,140	\$43,261,040	\$41,999,004	\$49,665,333	\$57,845,558	\$58,516,900	\$58,516,900	\$58,516,900	\$58,516,900
Operating Expenses and Non Cash Adjustments										
Operating Expenses	\$31,932,704	\$29,621,258	\$27,763,450	\$27,514,282	\$30,647,804	\$33,432,200	\$33,545,408	\$33,741,134	\$33,955,560	\$34,140,689
Increase in Mat., Suppl., & Other	\$267,948	(\$30,722)	(\$28,453)	(\$6,851)	\$35,407	\$34,653	\$2,733	\$5,744	\$5,418	\$6,192
Depreciation Expense	(\$8,436,153)	(\$8,436,153)	(\$8,436,153)	(\$8,436,153)	(\$8,436,153)	(\$8,422,653)	(\$8,415,903)	(\$8,415,903)	(\$8,415,903)	(\$8,408,077)
Amortization	(\$490,251)	(\$490,251)	(\$490,251)	(\$490,251)	(\$490,251)	(\$490,251)	(\$490,251)	(\$490,251)	(\$490,251)	(\$490,251)
Interest Expense	\$0	\$17,973,061	\$16,944,064	\$15,841,777	\$14,680,979	\$13,396,079	\$12,041,087	\$10,589,585	\$9,034,700	\$7,369,069
Deor (Incr) in Accounts Payable	(\$1,890,529)	\$189,982	\$152,697	\$20,480	(\$257,533)	(\$229,960)	(\$9,860)	(\$16,087)	(\$17,624)	(\$15,864)
Cash Disbursed for Expenses	\$21,383,319	\$38,827,175	\$35,907,353	\$34,443,284	\$36,180,053	\$37,720,048	\$36,673,214	\$35,414,222	\$34,071,900	\$32,601,817
Net Cash Generated by Operations	\$27,038,499	\$8,019,965	\$7,353,687	\$7,555,721	\$13,485,280	\$20,125,510	\$21,843,686	\$23,102,678	\$24,446,000	\$25,915,083
USES OF CASH:										
Payment of Debt Principal	\$0	\$14,447,131	\$15,476,127	\$16,578,415	\$17,759,212	\$19,024,112	\$20,379,104	\$21,830,606	\$23,385,491	\$25,051,123
Total Uses of Cash	\$0	\$14,447,131	\$15,476,127	\$16,578,415	\$17,759,212	\$19,024,112	\$20,379,104	\$21,830,606	\$23,385,491	\$25,051,123
NET INCREASE (DECREASE) IN CASH	\$27,038,499	(\$6,427,166)	(\$8,122,441)	(\$9,022,694)	(\$4,263,932)	\$1,101,398	\$1,464,581	\$1,272,072	\$1,059,509	\$883,960
CASH, BEGINNING OF YEAR	\$1,112,803	\$28,151,302	\$21,724,136	\$13,601,895	\$4,579,001	\$315,069	\$1,416,467	\$2,881,049	\$4,153,121	\$5,212,630
CASH, YEAR ENDING	\$28,151,302	\$21,724,136	\$13,601,895	\$4,579,001	\$315,069	\$1,416,467	\$2,881,049	\$4,153,121	\$5,212,630	\$6,076,589

APPENDIX A

VERIFIED STATEMENTS OF TRRC WITNESSES

Mike T. Gustafson, Tongue River Railroad Company

Mark T. Morey, Platts Research & Consulting/RDI

Daniel R. Hadley, Mission Engineering, Inc.

Robert H. Leilich

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 30186 (SUB-NO. 3)

**TONGUE RIVER RAILROAD COMPANY -- CONSTRUCTION AND
OPERATION -- WESTERN ALIGNMENT**

**SUPPLEMENTAL VERIFIED STATEMENT OF
MIKE T. GUSTAFSON**

My name is Mike T. Gustafson. I am the same person who submitted a verified statement in this proceeding in April 1998 in support of Tongue River Railroad Company's ("TRRC") Application for Construction and Operation ("Application"). I currently hold the position of President in Tongue River Railroad Company, Inc. ("TRRC, Inc."), an entity described further below which has succeeded to the transportation assets of TRRC.

The purpose of this Supplemental Verified Statement is to update various information set forth in my original Verified Statement. I will address, in the following order, updates to TRRC's business and financial structure; updates to various construction cost, tonnage, traffic and financial forecasts presented in the Application; the status of the transfer of the Otter Creek Tracts to the State of Montana; the status of TRRC's arrangements with BNSF; and, why the plans of the Dakota, Minnesota & Eastern Railroad ("DM&E") to expand into Wyoming will not affect the TRRC. I will also summarize the current public support for the TRRC.

I. Update to TRRC Business and Financial Structure

Current TRRC Ownership Structure. The ownership structure of TRRC described in my 1998 Verified Statement and at pages 8 to 9 of the Application has changed. In September 1998, TRRC, Inc., a Delaware general corporation, was formed to assume responsibility for construction and operation of the rail line at issue. On September 18, 1998, TRRC, Inc. filed a notice of exemption with the Board to acquire all of the transportation assets of the original Applicant (a partnership known as Tongue River Railroad Company), including the ICC and Board permits authorizing construction of the 89-mile line between Miles City, MT and Ashland, MT and the 41-mile line between Ashland and Decker, MT. Finance Docket No. 33644, Tongue River Railroad Company, Inc. -- Acquisition and Operation Exemption -- Tongue River Railroad Company (served October 8, 1998). That notice became effective on November 17, 1998. On November 13, 1998 the Board denied petitions to reject or revoke the exemption, and the transfer of assets to TRRC, Inc. was consummated on January 1, 1999. I understand that a motion to substitute TRRC, Inc. for TRRC as the applicant in this proceeding is concurrently being filed with the Board.

A copy of the certificate of incorporation of TRRC, Inc. is attached hereto as Exhibit 1. The current address of TRRC, Inc. (in lieu of the address reflected at page 6 of the Application) is 2280 Grant Road, Suite B, Billings, Montana 59102. The officers of TRRC, Inc. are as follows: President – Mike T. Gustafson; Vice-President – Douglas A. Day; Secretary – Douglas A. Day; and Treasurer – Douglas A. Day. The directors of TRRC, Inc. are Mike T. Gustafson and Douglas A. Day.

All of the stock of TRRC, Inc. is owned by TRR Limited Partnership, a Montana limited partnership. The general partner in TRR Limited Partnership is Transportation Properties LLP, a

Montana Limited Liability Partnership and the limited partner is Tongue River Holdings, Inc., a Montana corporation. The general partners of Transportation Properties LLP are WesRail, Inc., a Montana corporation, and Railco, LLC, a Montana limited liability company. Railco, LLC was established in place of The Pittsburg & Midway Coal Mining Co. which resigned from involvement in the TRRC project in April 1999. None of the officers, directors or major shareholders of TRRC, Inc. controls any other regulated carrier.

A new Exhibit A to the Application, a corporate resolution authorizing the construction of the line at issue, is being submitted herewith.

II. Update to Various Tonnage, Traffic and Financial Forecasts

Coal Production/Traffic Data. Information on the volumes of coal projected to be transported by the Applicant was set forth in the Application at pages 13-15 and at pages 21-22, as well as in my 1998 verified statement and in the 1998 Verified Statement of Ronald McMahan of Resource Data International, Inc ("RDI"). The data strongly supported the need for a new railroad to meet the demands of the market, including demands resulting from the need for low sulfur content "compliance" coal to meet requirements of the Clean Air Act Amendments of 1990. The TRRC, the evidence showed, is essential to allow for the development and production of vast coal reserves in southeastern Montana.

For purposes of updating the data presented in the Application and in Mr. McMahan's statement, TRRC recently asked Platts Research Consulting/RDI ("PRC/RDI"), the successor to RDI, to analyze the demand for southeastern Montana coal and to provide a future tonnage forecast for the TRRC. PRC/RDI has done so through the Verified Statement of Mr. Mark T. Morey, Managing Director of the PRC/RDI coal consulting group, which is being submitted as part of TRRC's Supplemental Evidence. Mr. Morey indicates in his statement that he expects,

due largely to changed economic circumstances since 1998, that demand will grow at a slower rate than predicted by Mr. McMahan. Mr. Morey nonetheless concurs with Mr McMahan's prior testimony that there will be sufficient demand for Northern Powder River Basin ("NPRB") coal to warrant the development of new mines in southeastern Montana, and sufficient demand to support the proposed TRRC rail line. In fact, Mr. Morey predicts that essentially the same coal capacity deficit in excess of 20 million tons predicted by Mr. McMahan will develop over the course of the next decade. To alleviate this deficit, it is essential that new reserves be developed such as Otter Creek. I believe that the construction of the TRRC line is essential for the development of the substantial coal resources in the Otter Creek area, as discussed further below.

Mr. Morey also provides a Total Tonnage Forecast table, reflecting a coal tonnage forecast for the TRRC for the railroad's first eleven operating years. The total volumes reflected on that table are largely similar to those reflected in the table that appeared at page 14 of the Application, which Mr. Morey's Total Tonnage Forecast table supersedes.

In short, applying conservative assumptions about growth and demand, Mr. Morey predicts ample coal tonnage for transportation by the TRRC line. The Western Alignment will facilitate the efficient transportation of this coal by shortening the number of miles on the line and thus reducing operating and maintenance costs.

Construction Cost Estimates/Completion Date Estimate. The estimated cost of constructing the Western Alignment is described at pages 12-13 of the Application and in the 1998 Verified Statement of Daniel R. Hadley, President of Mission Engineering, Inc., which was submitted with the Application. A detailed breakdown of these costs was set forth at Attachment 1 to that Verified Statement. At my request, Mr. Hadley has recently updated the estimated construction cost of the Western Alignment from 1998 escalated dollars to 2002 escalated

dollars. Based on this update, which is attached as Attachment 1 to Mr. Hadley's Supplemental Verified Statement, the estimated construction cost of the Western Alignment is approximately \$108,963,467, including all costs associated with excavation, major structure installation, construction reclamation, track installation, signals and communication system, and railroad infrastructure.

An estimate of the completion schedule/dates for the construction of the Western Alignment is set forth at page 20 of the Application. The projection of a 21 month construction period over the course of three years (given a seven month construction season) remains unchanged. TRRC will be prepared to commence construction once it receives all regulatory approvals, including secondary approvals that may be required from other agencies, and final engineering and design work, as well as environmental reviews, have been completed.

Financial Data. A pro forma statement of income and cash flow statement for TRRC were presented at Exhibit G of the Application, and this data is discussed at page 24 of the Application and at pages 8-10 of the 1998 Verified Statement of Mr. Robert Leilich of Corporate Strategies, Inc. In addition, Mr. Leilich presented at pages 5-7 and in Attachment I to his 1998 Verified Statement an analysis of the operating and economic benefits of the proposed Western Alignment versus the Four Mile Creek Alternative.

In his attached Supplemental Verified Statement, Mr. Leilich has updated the above data and restated, in current dollars, and in light of the modified traffic projections and construction costs described above, both the Exhibit G pro formas and the statement of Western Alignment benefits. Mr. Leilich's updated data demonstrates that the TRRC, Inc. proposal is viable and that the Western Alignment benefits remain substantial. In fact, Mr. Leilich's updated analysis shows that the operating and economic advantage of the Western Alignment over the Four Mile

Creek alternative is now about \$4.4 million, versus the \$2.8 million reflected in his 1998 testimony.

In addition, information concerning the plans for financing construction of the line was presented at pages 23-24 of the Application and discussed in the Verified Statement of Mr. Francis Cox of Chase Securities, Inc. The financing assumptions remain unchanged. To the extent that the capital construction cost estimate has increased, the approximate amount of capital and long term debt will increase accordingly.

Operating Plan. The Operating Plan set forth at Exhibit D of the Application remains largely unchanged, as discussed in Mr. Leilich's Supplemental Verified Statement. Mr. Leilich describes only some very modest changes, resulting from the modified coal tonnage forecasts, the predicted number of trains, the number of TRRC employees and (based on the new comparison of Western Alignment versus Four Mile Creek costs) the expected operating economies.

III. Transfer of Otter Creek Tracts to State of Montana

The Otter Creek Tracts consist of three tracts of land (Otter Creek 1, 2, and 3) comprising approximately 19,880 acres located southeast of Ashland, MT, in the area that would be served by TRRC's proposed rail line. There are significant coal reserves located beneath the Otter Creek Tracts, but at the present time those reserves are undeveloped. As explained in the Application, a principal purpose of the TRRC line is to provide rail transportation to the mines to be developed in the Ashland area, including new mines in the Otter Creek Tracts. Indeed, as a practical matter, the resources in these Tracts cannot be developed until the TRRC line has been constructed.

At the time the Application was filed, the mineral rights underlying Otter Creek Tracts 1, 2 and 3 were owned by the federal government. Since then, those mineral rights have been transferred to the State of Montana. The transfer of the federal mineral rights in the three Otter Creek Tracts to the State of Montana evolved from President Clinton's August 1996 announcement of an agreement between the federal government and Crown Butte, Inc. The Agreement required Crown Butte to abandon further development efforts of a gold mine near Yellowstone National Park in exchange for unspecified federal assets. Following discussions between federal and state officials on a transfer of assets, in October 1997, Section 503(a) of the Department of Interior and Related Agencies Appropriations Act of 1998 was enacted (Pub. Law. No.105-83), providing \$65 million for the purchase of the Crown Butte holdings and authorizing the transfer of \$10 million in federal mineral properties to the State of Montana as compensation for the economic opportunity lost to the people of Montana. Section 503(b) of this same measure directed that the Secretary of the Interior and the Governor of Montana enter into negotiations to determine which mineral rights owned by the United States should be transferred to the State of Montana. Further, the legislation provided that if the Secretary and the Governor could not come to agreement by January 2, 2001, then the federal mineral rights in Montana – referred to as Otter Creek Tract numbers 1, 2, and 3 – would transfer to the State of Montana by operation of law. Following a state assessment demonstrating the economic benefit to Montana of the transfer of those Tracts, on February 24, 1999, then Montana Governor Racicot gave formal notice to the Secretary of Interior of the State's selection of the federal mineral rights in the Otter Creek Tracts.

In August 2001, the Northern Cheyenne Tribe ("NCT"), which had raised objections to the proposed transfer of the Tracts on financial and environmental grounds, among others,

circulated a proposed settlement of NCT's objections to state and federal officials. When settlement was not reached, the NCT, in January 2002, sought to enjoin the transfer through a suit filed in U.S. District Court for the District of Columbia. However, on February 19, 2002, the Montana State Land Board voted to accept the terms of NCT's settlement proposal, resulting in NCT's withdrawal of its suit. Thereafter, the US Department of Interior, Bureau of Land Management, finalized its Environmental Assessment on the transfer of the three Otter Creek Tracts. The transfer to the State of Montana of the federal mineral rights in the three Otter Creek Tracts was finalized on April 10, 2002.

As noted in Governor Judy Martz's letter dated April 2, 2003, the Otter Creek Tracts represent an important asset to the State of Montana and provide the opportunity to provide future funding for K through 12 education. The Governor notes that the state intends to continue its efforts to bring the Otter Creek Tract assets into timely production in order to provide economic opportunity for the people of Montana. Further, the Governor notes the importance of the Tongue River Railroad as an essential transportation feature necessary for the State to recognize the economic potential offered by the State's ownership of the Otter Creek coal assets.

I want to emphasize the critical importance of TRRC to the accomplishment of the purpose sought to be achieved by the federal government's transfer of the Otter Creek mineral rights to the State of Montana. The Otter Creek coal reserves can benefit the state only if they are commercially developed. But commercial development will not -- and indeed cannot -- occur until there is a means of getting the coal to market. As a practical matter, rail continues to be the only feasible way of transporting that coal to potential customers, but at the present time no rail line reaches the Otter Creek tracts. Thus until the Tongue River Railroad is built, the

Otter Creek coal reserves will remain undeveloped and the state will be unable to realize the benefits to the people of Montana that the transfer was designed to achieve.

IV. Relationship Between BNSF and TRRC

TRRC's proposed line will connect with BNSF's line at Decker, Montana in the south and at Miles City, Montana in the north. TRRC will not connect with any other railroad and virtually all TRRC traffic will be interchanged with BNSF. The ongoing discussions between BNSF and TRRC with respect to a commercial operating agreement for operations over the TRRC line were described at pages 7 to 8 of the Application. An agreement has not yet been finalized. However, now that this application is again moving forward, BNSF and TRRC have resumed discussions and anticipate that an agreement will be in place prior to the time that operations over the line are ready to begin. In addition, BNSF has entered into a loan agreement with TRRC under which it is providing funds to TRRC for expenses incurred in the federal and state regulatory processes.

TRRC has continued to coordinate with BNSF with respect to issues of interest to both railroads. TRRC is consulting with BNSF engineering personnel with respect to various technical issues concerning construction of the line, and continues regular discussions with BNSF marketing personnel concerning developments affecting the upper midwest utility market.

V. The DM&E Extension Will Not Impact TRRC

The DM&E gained final Surface Transportation Board ("STB") authority in January 2002 to construct and operate a new 280 mile rail line from a point on its existing line near Wasta, South Dakota into Wyoming, where it would serve coal mines located in the Southern Powder River Basin ("PRB") south of Gillette, Wyoming. *See Dakota, Minnesota & Eastern Railroad-Construction into the Powder River Basin*, STB Finance Docket No. 33407 (STB

served Jan. 30, 2002). In connection with the new construction, DM&E plans to rebuild and comprehensively upgrade 598 miles of its existing rail lines in Minnesota and South Dakota.

Currently, the Union Pacific and BNSF serve the southern PRB in Wyoming. In addition, the BNSF rail line extends north into Montana. The DM&E is intended to provide a more direct east-west service into the southern Wyoming PRB, increasing regional rail capacity and strengthening rail competition for delivery of low-sulfur Wyoming southern PRB coal. In its decision, the STB found that the DM&E would be competitive in a number of markets for Wyoming southern PRB coal transportation and that there would be transportation benefits resulting from the proposed rail line due to providing increased competition for southern PRB coal traffic and improved service to DM&E's existing shippers. In its application, the DM&E reasoned that, because of its mileage advantage in certain markets, it will have a competitive edge and will take traffic away from BNSF and UP based on prevailing market rates. The STB found that the DM&E would be in a competitive position to gain an approximate equal market share with the UP and BNSF of the Wyoming southern PRB coal shipments currently being hauled by the UP and BNSF.

The principal commodity to be transported by TRRC will be coal moving from the northern PRB, and specifically existing mines near Decker, Montana and proposed coal mines in the vicinity of Ashland, Montana. Use of the TRRC line will reduce the present transportation distance for coal mined in the northern Powder River Basin (primarily in Montana and more modestly in Wyoming) to electric utilities in the upper Midwest, Great Lakes and the Pacific Northwest regions. The TRRC will provide, for the first time, rail service to largely undeveloped reserves of low-sulfur, sub-bituminous coal situated in the vicinity of Ashland, Montana and the Otter Creek area to the south and east of Ashland, MT.

The DM&E would not have access to coal production from the operating mines located near Decker, Montana or to the coal reserves situated in the vicinity of Ashland, Montana. Conversely, the TRRC would not have access to coal production from mines located to the south of Gillette, Wyoming, where DM&E would provide service. Thus, TRRC and DM&E will not be able to compete for coal from any particular mine. While there may be some source competition between mines served by TRRC and mines served by DM&E, there is already a significant amount of source competition for coal among the PRB mines and between mines in the PRB and mines in other areas. I do not anticipate that the DM&E extension will result in any significant change in the nature or level of that source competition. Depending on whether an agreement is finalized between the BNSF and TRRC, the BNSF could route coal traffic originating from mines in the vicinity of Gillette, Wyoming by way of the TRRC. It appears unlikely based on available information that the DM&E would be able to access the mines nearest to Gillette, WY.

Based on the above, I do not believe the DM&E's proposed extension will have any effect on the TRRC, nor should the construction of the TRRC line have any effect on DM&E.

VI. Public Support for the TRRC

I stated in my 1998 Verified Statement that TRRC's Application was supported by Montana's Governor, its two US Senators and its Congressman. This remains the case, even though the Governorship and Congressional seat for Montana have now changed hands. Letters of support from Governor Martz and Congressman Dennis R. Rehberg are attached, and letters from Senators Conrad Burns and Max Baucus were filed with the 1998 Application.

In sum, for all of the reasons set forth in the 1998 Application and updated here, the Board should conclude that construction of the Western Alignment will benefit TRRC, its prospective shippers and the public. This concludes my verified statement.

CERTIFICATE OF INCORPORATION
OF
TONGUE RIVER RAILROAD COMPANY, INC.

To form a corporation pursuant to the Delaware General Corporation Law, the undersigned hereby certifies as follows:

ARTICLE 1.

The name of this corporation is Tongue River Railroad Company, Inc.

ARTICLE 2.

The purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, including, without limitation, to project, design, plan, conduct engineering studies of, arrange financing for and obtain all applicable federal, state and local permits and authorizations for the construction and operation of, to secure rights-of-way for, and to construct, equip and operate railroads.

ARTICLE 3.

The corporation shall have perpetual duration.

ARTICLE 4.

The registered office of this corporation in Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, and the name of its registered agent is The Corporation Trust Company.

ARTICLE 5.

The total number of shares of stock which this corporation is authorized to issue is 50,000 shares of nonassessable common stock with a par value of \$1.00 per share.

ARTICLE 6.

In furtherance, and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, amend, alter, change, add to or repeal bylaws of this corporation, without any action on the part of the stockholders. The bylaws made by the directors may be amended, altered, changed, added to or repealed by the stockholders. Any specific provision in the bylaws regarding amendment thereof shall be controlling.

ARTICLE 7.

A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that this article shall not eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the corporation or its stockholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) for the unlawful payment of dividends or unlawful stock repurchases under Section 174 of the Delaware General Corporation Law; or (d) for any transaction from which the director derived an improper personal benefit. This article shall not eliminate or limit the liability of a director for any act or omission occurring prior to the effective date of this article.

If the Delaware General Corporation Law is hereafter amended to authorize any further limitation of the liability of a director, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as amended.

Any repeal or modification of the foregoing provisions of this article by the stockholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

ARTICLE 8.

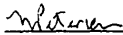
The initial board of directors shall be comprised of:

<u>Name</u>	<u>Address</u>
Mike T. Gustafson	550 N. 31st Street, Suite 250, Billings, MT 59101
Donald C. Mielke	905 Hills Creek Dr., McKinney, TX 75070-5231
James G. Di Zerega	6400 S. Fiddler's Green Circle, Englewood, CO 80111
Davin L. Anderson	6400 S. Fiddler's Green Circle, Englewood, CO 80111

ARTICLE 9.

The name and mailing address of the incorporator is: L. W. Petersen, 1200 First Interstate Center, 401 North 31st Street, Billings, Montana 59101.

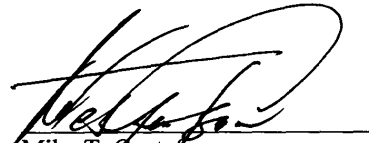
Dated: September 4, 1998



L. W. Petersen, Incorporator

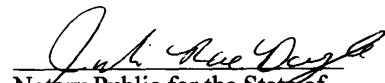
STATE OF MONTANA)
)
COUNTY OF YELLOWSTONE) ss:

Mike T. Gustafson, being first duly sworn, deposes and says he has read the foregoing statement, knows the contents thereof, and that the same are true and correct to the best of his knowledge and belief.


Mike T. Gustafson

SUBSCRIBED AND SWORN TO before me this 25th day of April, 2003.

SEAL


Notary Public for the State of
Montana.
Residing at *Shepherd, Montana*
My commission expires: *January 29, 2007*

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 30186 (Sub No. 3)

**TONGUE RIVER RAILROAD CO.
RAIL CONSTRUCTION AND OPERATION -- WESTERN ALIGNMENT**

**VERIFIED STATEMENT OF
MARK T. MOREY**

My name is Mark T. Morey, and I reside at 11837 Clara Way, Fairfax Station, VA 22039. I am Managing Director of the coal consulting group within Platts Research & Consulting/RDI (PRC/RDI). Platts is a division of the McGraw-Hill Companies. PRC/RDI is an energy consulting unit of Platts with offices in Boulder, Colorado and Washington, D.C. PRC/RDI is the successor company to Resource Data International and Financial Times Energy (RDI). Platts purchased RDI on September 1, 2001.

I have been an energy consultant for the past eight years, specializing in the analysis of U.S. coal and electricity markets. Prior to entering consulting, I spent twelve years within the coal industry, working in the areas of market planning for two large producers of coal. As Managing Director of the coal consulting group within PRC/RDI I perform essentially the same coal consulting functions as those that were performed by Mr. Ronald L. McMahan, the former President of Resource Data International, who prepared a verified statement on behalf of the Tongue River Railroad Company's Rail Construction and Operation application in Finance Docket No. 30186 (Sub No. 3), dated April 22, 1998.

I have been asked by Tongue River Railroad Company to review Mr. McMahan's verified statement and to update it. The McMahan verified statement addressed projections of coal volume to be transported by the Tongue River Railroad (TRR) to electric utility, industrial, and export markets from coal originating from the Decker/Spring Creek mine area and from new mines in the Ashland, MT area. It also includes projections of coal traffic with Wyoming mine origins that would be diverted from current all-Burlington Northern Santa Fe Railway (BNSF) routings to a combination of BNSF-TRR routings due to mileage savings that TRR will afford such traffic.

Based on my assessment, the McMahan verified statement remains accurate subject to the following.

1. Mr. McMahan assumed that Northern Powder River Basin (NPRB) coal demand would grow at an average annual growth rate of 2.7% through 2015 with growth concentrated in compliance quality coal. PRC/RDI's updated projections of NPRB coal demand reflects a significantly lower growth rate of 1.5% per year due in part to modest gross state product growth, reduced industrial activity, higher natural gas

and electricity prices, and lower than average electric sales growth experienced in recent years, which we expect to continue. PRC/RDI develops econometric forecasts of electric sales growth by correlating historical energy sales to historical population growth, gross state product, and weather information. These correlations, and forecasts of population growth (from Global Insight, Inc. – formerly DRI*WEFA), gross state product (from Global Insight, Inc.), and weather information (from the National Oceanic and Atmospheric Administration) are then used to create a forecast of energy sales by market sector.

In the current PRC/RDI forecast, slower growth in electric sales translates to a slower growth rate in coal demand. In the McMahan verified statement, long-term economic conditions in key Montana compliance coal markets were expected to remain strong, suggesting that economic and population growth would stimulate above average electric sales growth within the core market territory. PRC/RDI's updated projections are for lower than average electric sales growth in these key markets due to low population growth and weak growth in gross state product. Our projections are shown on attached Table 1, which supersedes Table 1 on page 3 of Mr. McMahan's statement.

Furthermore, PRC/RDI has taken a more conservative approach in forecasting the growth in demand for NPRB coal by assuming that growth will be concentrated on existing users of NPRB coal. While the PRC/RDI forecast does not ignore the possibility of NPRB coal penetrating new markets, we have conservatively chosen to focus primarily on customer accounts where the coal has a decided competitive advantage. We see NPRB coal maintaining its share of the northern tier market, including that involving final delivery by Great Lakes vessels. We also see NPRB coal growing its future share of the market at selected plants where both NPRB and Southern Powder River Basin (SPRB) coal is currently used.

Despite this conservative approach, PRC/RDI forecasts sufficient demand for NPRB coal to warrant the development of new compliance coal mines in the NPRB. In addition, we remain of the view that there is sufficient demand to support the construction of a railroad (TRR) to serve those mines and that, absent construction of the TRR, the mines would not be developed. In that setting, the capacity shortfall discussed below would develop.

2. In the McMahan verified statement, it was assumed that most growth in demand for Montana coal would occur in the higher quality compliance coal beginning in the year 2000. PRC/RDI's updated projections indicate that demand growth will also occur primarily for compliance coal as plants seek to increase capacity factor to meet electricity demand. Compliance coal demand growth will also occur at select plants burning both SPRB and NPRB coal.

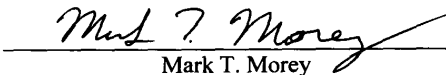
3. In the McMahan verified statement, the productive capacity of Montana compliance coal was based on production from the Spring Creek mine through 2005, at which time this mine was forecast to close, and the Decker mine through 2015. Mr. McMahan's forecast led him to conclude that there would be a growing capacity deficit in which coal demand would exceed coal supply. Based on more recent developments, we now anticipate that production from the Spring Creek mine will continue through 2012, while production from the Decker mine -- which has already declined substantially -- will cease earlier. This declining capacity will allow for development of new capacity in the region and thus the development of one or more mines at East Decker, CX Ranch, Young's Creek, Ash Creek, and Otter Creek.

PRC/RDI is in agreement with Mr. McMahan, and the more recent data confirms, that a supply deficit will develop. We agree too that the deficit will be in excess of 20 million tons by the next decade, as is forecast by McMahan and shown on Table 2 of his verified statement. Therefore, PRC/RDI agrees, on the basis of its review of the projected capacity deficit, that the market will support the development of new NPRB coal production capacity in the Tongue River Railroad corridor, and therefore the proposed new rail service, as existing mines cease operations.

4. In the McMahan verified statement, it was assumed that the earliest that new compliance coal production could be brought into operation was 2005. PRC/RDI now forecasts that new compliance coal production capacity will be brought on line in 2009 and will ramp up production through 2013. The delay is due to slower than previously projected demand growth. New production can be expected to occur at the mines noted above.

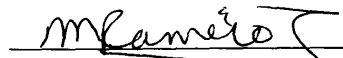
5. I have also been asked to update the table that appears at page 14 of the Application, showing the expected coal tonnage that would be transported by the TRR. See attached Total Tonnage Forecast table. Like Mr. McMahan, we forecast that new NPRB compliance coal mine development will be required in the area that would be served by the TRR in order to meet total NPRB demand. PRC/RDI also forecasts that as the new mines are developed, new NPRB production will maintain its current share of the existing market, which is projected to grow overall. As a result, PRC/RDI forecasts that the ultimate size of the market expected to use the Tongue River Railroad is similar to that forecast in the Application.

While our forecast of the total coal tonnage that would be available for transport by the TRR is similar to Mr. McMahan's forecast, it bears note that our model apportions a somewhat higher percentage (about one third) of the total traffic to coal originating in Wyoming and using the TRR to reach the marketplace. We believe our figures are reasonable in light of predicted levels of Wyoming coal production and contractual commitments for the coal. However, we also believe that the availability of the TRR may cause production to shift to the NPRB. The timing of a shift in production would depend on factors such as how quickly the new mines in the Decker and Ashland areas would be able to ramp up production and the extent to which contractual commitments would allow a shift in production to the NPRB. To the extent there is more of a shift in production to the NPRB mines, the percentage of NPRB coal transported by the TRR could exceed the amount shown in our table. Regardless of the origin of the traffic, however, our table shows a sufficient volume of coal to demonstrate the need for the TRR.


Mark T. Morey

District of Columbia

Subscribed and sworn before me this 30th day of April 2003.


Notary Public for the District of Columbia

Residing at 14522 Almanac Drive

My commission expires August 31, 2007

MIRNA J. ROMERO
NOTARY PUBLIC, DISTRICT OF COLUMBIA
My Commission Expires 8/31/07

TABLE 1						
Forecast of Potential Montana Coal Demand by Market and by Sulfur Content (Millions of Tons per Year)						
	2003	2004	2005	2009	2014	2019
Electric Utility						
Compliance	19.6	18.9	19.1	20.1	24.7	24.7
Non-compliance	21.4	21.7	21.7	22.1	22.3	22.3
Industrial/Export						
Compliance	0.1	0.1	0.1	0.1	0.1	0.1
Non-compliance	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal						
Compliance	19.7	19.0	19.2	20.2	24.8	24.8
Non-compliance	21.5	21.8	21.8	22.2	22.4	22.4
Total	41.2	40.8	40.9	42.4	47.1	47.1

TOTAL TONNAGE FORECAST¹

Coal Tonnage Forecasts (Millions of Tons) Tongue River Railroad

Operating Year	Year	ORIGIN			Total
		Decker/Spring Creek Area ²	(BNSF) Wyoming	Ashland Area Mines ³	
1	2009	15.3	16.6	0.3	32.1
2	2010	11.5	16.8	0.5	28.8
3	2011	9.8	12.3	4.8	26.9
4	2012	7.3	12.2	7.3	26.9
5	2013	9.8	12.3	9.8	31.9
6	2014	12.3	12.2	12.3	36.9
7	2015	12.3	12.2	12.3	36.9
8	2016	12.3	12.2	12.3	36.9
9	2017	12.3	12.2	12.3	36.9
10	2018	12.3	12.2	12.3	36.9
11	2019	12.3	12.2	12.3	36.9

¹ Updated from table on page 14 of the Application

² From potential sources such as Youngs Creek, Ash Creek, CX Ranch, and/or East Decker

³ From potential sources such as Otter Creek

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO.30186 (SUB-NO. 3)

TONGUE RIVER RAILROAD COMPANY – CONSTRUCTION AND
OPERATION – WESTERN ALIGNMENT

SUPPLEMENTAL VERIFIED STATEMENT OF
DANIEL R. HADLEY

My name is Daniel R. Hadley. I am the same person who submitted a verified statement in this proceeding in April 1998 in support of Tongue River Railroad Company's Application for Construction and Operation ("Application"). I am currently the President of Mission Engineering, Inc.

The purpose of this Supplemental Verified Statement is to update Attachment – 1 to my previous verified statement. Attachment – 1 to my initial verified statement reported the Tongue River Railroad (Alternate Cost Comparison) Construction Program Capital Costs in 1998 escalated dollars. The updated Attachment – 1 to this supplemental verified statement reflects construction capital costs in 2002 escalated dollars.

The remaining general design and operational criteria and construction criteria for TRRC's proposed Western Alignment indicated in my verified statement dated April 22, 1998 are current and require no updates. This concludes my verified statement.

**UPDATED ATTACHMENT - 1
TONGUE RIVER RAILROAD
(ALTERNATE COST COMPARISON)
CONSTRUCTION PROGRAM CAPITAL COSTS
(2002 ESCALATED DOLLARS)**

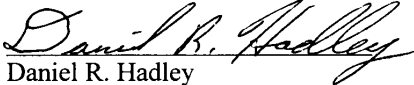
3/31/03

CONSTRUCTION ITEM	CONST. YEAR	WEST ALIGNMENT TO SPR. CREEK	MILES CITY TO WEST ALIGNMENT	MILES CITY TO SPR. CREEK
Engineering/Geotechnical Design	1	\$3,920,000	\$11,760,000	\$15,680,000
	2			
	3			
Subtotal		\$3,920,000	\$11,760,000	\$15,680,000
Mobilization/Demobilization	1	\$805,000	\$920,000	\$1,725,000
	2			
	3	\$805,000	\$920,000	\$1,725,000
Subtotal		\$1,610,000	\$1,840,000	\$3,450,000
Movement of Ex. Utilities	1	\$517,500	\$2,932,500	\$3,450,000
	2			
	3			
Subtotal		\$517,500	\$2,932,500	\$3,450,000
Civil (Earthwork)	1	\$24,324,381	\$32,119,004	\$56,443,385
	2	\$23,255,290	\$30,828,204	\$54,083,494
	3	\$15,503,526	\$20,552,136	\$36,055,662
Subtotal		\$63,083,197	\$83,499,344	\$146,582,541
Major Structures (Bridges)	1	\$961,200	\$2,572,200	\$3,533,400
	2	\$961,200	\$2,572,200	\$3,533,400
	3	\$640,800	\$1,714,800	\$2,355,600
Subtotal		\$2,563,200	\$6,859,200	\$9,422,400
Minor Structures (Culverts)	1	\$3,159,070	\$5,138,925	\$8,297,995
	2	\$3,159,070	\$5,138,925	\$8,297,995
	3	\$2,106,047	\$3,425,950	\$5,531,997
Subtotal		\$8,424,187	\$13,703,800	\$22,127,987
Signals & Communications	1			
	2			
	3	\$5,768,280	\$32,686,920	\$38,455,200
Subtotal		\$5,768,280	\$32,686,920	\$38,455,200
Rail, Switches, Ties, Etc.	1			
	2	\$3,642,586	\$20,641,321	\$24,283,907
	3	\$7,285,172	\$41,282,641	\$48,567,813
Subtotal		\$10,927,758	\$61,923,962	\$72,851,720
Buildings	1			
	2		\$690,000	\$690,000
	3			
Subtotal		\$0	\$690,000	\$690,000
Fencing, Signs, Seeding, Mulching, Slope Protection, Etc.	1	\$508,955	\$1,019,914	\$1,528,869
	2			
	3	\$462,301	\$1,036,224	\$1,498,525
Subtotal		\$971,256	\$2,056,138	\$3,027,394
Contingencies	1			
	2	\$7,665,184	\$10,795,848	\$18,461,032
	3			
Subtotal		\$7,665,184	\$10,795,848	\$18,461,032
OPTIONS				
Ties at Decker & Miles City	3	\$3,512,905	\$3,638,880	\$7,151,785
YEAR TOTALS	1	\$34,196,106	\$56,462,543	\$90,658,649
	2	\$38,683,330	\$70,666,498	\$109,349,828
	3	\$36,084,031	\$105,257,551	\$141,341,582
TOTAL		\$108,963,467	\$232,386,592	\$341,350,059

Daniel R. Hadley

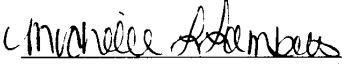
STATE OF MONTANA)
) ss:
COUNTY OF YELLOWSTONE)

Daniel R. Hadley, being first duly sworn, deposes and says he has read the foregoing statement, knows the contents thereof, and that the same are true and correct as stated.


Daniel R. Hadley

SUBSCRIBED AND SWORN TO before me this 17th day of April 2003.

SEAL


Notary Public for the State of
Montana. MICHELLE L. LAMBERT
Residing at NOTARY PUBLIC for the State of Montana
My commission expires Residing at Shepherd, Montana
My Commission Expires Oct 15, 2003

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 30186 (Sub-No. 3)

**TONGUE RIVER RAILROAD COMPANY -- CONSTRUCTION
AND OPERATION -- WESTERN ALIGNMENT**

**SUPPLEMENTAL VERIFIED STATEMENT OF
ROBERT H. LEILICH**

My name is Robert H. Leilich. I am the same person who prepared the Operating Plan (Exhibit D) and Verified Statement submitted in this proceeding in April 1998. Since that time, I sold my firm to CANAC, Inc., but continue to offer consulting services to railroads. I have remained a rail operations consultant to the Tongue River Railroad Company (TRRC).

I have been asked by the TRRC to examine the Operating Plan previously prepared in connection with the April 1998 TRRC Application to construct the Western Alignment and to update, as may be needed, the staffing and financial plan for the proposed railroad, incorporating the most current traffic forecasts, construction costs, and other cost related factors. The purpose of this Supplemental Verified Statement is to update my 1998 verified statement, which discusses the Operating Plan, the advantages of the Western Alignment and the financial model used by TRRC to formulate the financial statements used in support of the Application.

A. Update to Operating Plan (Exhibit D)

The 1998 Operating Plan found at Exhibit D of the Application remains essentially unchanged. The Plan requires adjustment only for traffic forecast changes prepared by Mr. Mark T. Morey and presented in his Verified Statement.

On page 3 of the Operating Plan, the updated Traffic Projection estimates, based on the revised tonnage figures, are as follows: first year of operation -- 32.1 million estimated tons of coal will require 46.8 round trips per week or an average of 6.7 trips per day, 6.6 of those daily round trips operating over the entire main line between Decker/Spring Creek and Miles City.

In the third year of operation, 26.9 million estimated tons of coal will be handled, requiring 39.1 round trips per week or an average of 5.6 round trips per day, 4.6 of those operating over the entire main line.

In the sixth through the eleventh year of operation, 36.9 million estimated tons of coal will be handled, requiring 53.5 round trips per week or an average of 7.6 round trips per day, 5.1 of those trips operating over the entire main line.

Page 8 of the Operating Plan sets forth a table showing the estimated number of TRRC employees by position for the initial year of operations. Based on an increase in the estimated tonnage for this first year of operation, I have revised Table 1 as follows:

UPDATED TABLE 1 TO OPERATING PLAN
ESTIMATE OF TRRC EMPLOYEES BY POSITION –
INITIAL YEAR OF OPERATIONS

POSITION	NUMBER OF EMPLOYEES*	POSITION	NUMBER OF EMPLOYEES*
Train Crew Members	47 (8.6)	Administrative	
General Manager	1 (0.0)	Administrative Assistant	2 (0.0)
Supervising Trainmasters	2 (0.0)	Clerical and Office Staff	7 (1.0)
Equipment Maintenance		Maintenance of Way (Miles City)	
Foreman and Assistant	2.5 (0.5)	Track Supervisor	1 (0.0)
Diesel Mechanics	3 (1.0)	Foreman	1 [#] (0.0)
Electricians	2 (0.0)	Crew	6 (2.0)
Welder	1 (0.0)	Maintenance of Way (Ashland)	
Mechanic Helper	3 (1.0)	Section Foreman	1 (0.0)
Carmen/Inspectors	6 (0.5)	Section Gang	9 (4.0)
Signal/Communication Technician	1 (0.0)	Track Inspectors	3 (1.0)
TOTAL	98.5 (19.6)		

* The figures in parentheses represent the increase in employees compared to Table 1 in the 1998 Operating Plan Submittal.

The number of Foreman should have been 1 in the 1998 submittal, instead of 2.

The required physical plant remains unchanged, as does the proposed method of operation previously presented. Further, the discussion on pages 8 and 9 of the Operating Plan concerning specific positions required to run TRRC remains accurate except for changes noted in Table 1 above.

The 1998 Operating Plan discusses, at page 11, the number of cars in the TRRC trains and the power needed to haul those cars. Neither the size of the average coal train (104 to 125 cars), nor the power required is expected to be different. Only the number of trains handled has changed to reflect projected traffic volumes.

Pages 16 and 17 of the Operating Plan discuss the expected operating economies associated with the Western Alignment. The discussion is based on savings shown in Attachment 1 to my 1998 verified statement. As discussed below, I have restated that Attachment to reflect additional savings based on the revised tonnage and construction cost estimates. Based on these revised figures, annual avoidable costs total about \$16.7 million for the Western Alignment and about \$21.3 million for the Four-Mile Creek Alternative. The difference produces a net operating cost saving of about \$4.4 million per year compared to the projected \$2.8 million annual savings reflected in Attachment 1 of my 1998 statement.

B. Update to My 1998 Verified Statement

My 1998 verified statement discusses the Operating Plan, the operating advantages of the Western Alignment, and the TRRC Financial Analysis. The facts and views set forth in my 1998 statement remain valid today, and require updating only as follows:

The last bullet point on page 4 of my verified statement, concerning the Operating Plan, should be restated as follows to reflect the current tonnage estimates:

- The volume of coal projected to be initially handled is about 69 percent greater (32.1 million tons versus 19 million tons), but the number of trains is only about 46 percent greater, due to increased transportation productivity (46.8 versus 32 round trips per week).

On pages 5 through 8 of my verified statement, I discuss the operating advantages of the Western Alignment. That discussion is based largely on the figures presented in Attachment 1 to my statement. As noted above, I have revised Attachment 1 on the basis of the new tonnage figures. As a result of the figures set forth on Revised Attachment 1 (which is attached hereto), the following numbers appearing in Attachment 1 of my 1998 Verified Statement should be revised as follows:

- Total Annual Equipment Capital Cost (locomotives and cars) savings increase from \$0.5 million to \$1.0 million due to increase in equipment unit costs and the amount of equipment required.
- Total Annual Fuel Cost savings increase from \$1.3 million to \$2.2 million due to increase in number of trains operated, longer average hauls (more trains running the full length of the railroad) and the cost of fuel.
- Total Annual Track Maintenance savings increase from \$0.2 million to \$0.3 million due to higher unit costs and increased tonnages handled.
- Total Annual Train Labor Cost savings increase from \$0.5 million to \$0.6 million due to increase in labor unit costs and the number of trains operated.
- Total Annual Avoidable Cost savings increase from \$2.8 million to \$4.4 million due to the above reasons.

Concerning Revised Attachment 1, this contains the inputs and outputs from the pro forma financial model used in all studies I have made for the TRRC. I have updated all cost factors based on my experience, judgment, and previous research. The pro forma statements use constant 2002 dollars for the first ten years of operation, 2009 through 2018. Revised construction cost estimates were provided by Mr. Dan Hadley, as discussed in his supplemental verified statement.

Though capital and operating costs are higher due to inflation and changes in traffic, lower interest costs and increased traffic volume (with more of it moving the full length of the railroad) allow the TRRC to keep the same coal traffic rates used in the 1998 study, without any increase for inflation. Cash flow is sufficient to pay off the required debt in twelve years or less and provide a return on investment to the owners that is comparable with other railroads. It is

expected that cost efficiencies can be further improved through negotiations with BNSF for the use of run-through crews instead of dedicated TRRC crews.

Finally, pages 8 through 10 of my 1998 verified statement discuss the financial model used by TRRC. The general statements made in this section of the verified statement concerning the formulation of the TRRC pro formas (Exhibit G to the Application) remain unchanged. The values in Exhibit G have changed, however, based on changes in unit costs due to inflation and changes in traffic volumes. Based on the updated tonnage and construction cost data, I have revised this Exhibit and attach hereto a Revised Exhibit G.

Revenues are higher in all but the second through the fifth year solely due to higher traffic volume, as the rate formula applied is the same. Operating expenses are significantly higher in all but the fourth year due to increases in unit operating costs, longer average length of haul and, in most years, higher traffic volume. Depreciation and amortization expenses are higher due to the increase in construction costs. Earnings before interest and taxes are lower because total operating expenses have increased more than revenues. Interest costs are significantly lower due to much lower current interest rates, even though debt to finance the construction is expected to be higher.

Based on my assessment of TRRC costs and traffic levels, I remain of the opinion that the TRRC will be a financially viable operation.

REVISED ATTACHMENT 1
SUMMARY OF OPERATING AND ECONOMIC
ADVANTAGES OF PROPOSED WESTERN
ALIGNMENT - 6.6 TRAINS PER DAY (EACH WAY, YEAR 1)
- AVOIDABLE COST BASIS (4TH QTR 2002) -

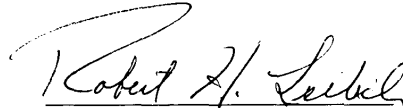
	Note	Western Alignment	4-Mile Creek Alternative	Difference
Operating Statistics				
Trains Per Day (Each Way)		6.6	6.6	
One Way Miles - Train		120.4	132.8	(12)
Cars Per Train		113.0	113.0	
No. of Head End Loco Units		2	2	
Helper Units	(1,24)	2	3	(1)
One Way Miles - Helper Locos	(1,24)	5.3	26.6	(21)
Gross Tons Per Train: Empty	(1)	3,443	3,443	
Loaded	(1)	16,651	16,651	
Fuel - Total Gallons Per Train - Empty	(1)	896	1,039	(143)
Loaded	(1)	930	1,759	(829)
Operating (Train) Employees (Table 1)	(2)	47.2	59.0	(12)
Estimated Annual Wage + Fringe Cost per Person		\$52,540	\$52,540	
Total Annual Train Miles	(3)	572,141	631,066	(58,925)
Total Annual Train Gross Ton-Miles (1,000)	(4)	5,748,299	6,340,316	(592,017)
Total Annual Train Helper Gross Ton-Miles (1,000)	(5)	9,785	73,946	(64,161)
Total Annual Locomotive Unit Miles - Head End	(6)	1,144,282	1,262,131	(117,850)
Total Annual Locomotive Unit Miles - Helpers	(7)	50,181	379,210	(329,028)
Locomotive Capital Costs				
Round Trip Hours - Per Train	(8)	10.7	12.3	(1.6)
Locomotive Unit Hours/Yr - Head End	(9)	55,693	63,059	(7,366)
Loco Units Required to Protect Service	(10)	10	12	(2)
Round Trip Hours - Helper Set	(11,24)	1.1	3.5	(2.5)
Trains Helped Per Day	(12,24)	4.0	6.6	(2.6)
Helper Units Required	(13)	3	4	(1)
Estimated Average Value per SD70MAC		\$2,800,000	\$2,800,000	
Annual Capital Cost per SD70MAC Unit	(14)	319,981	319,981	
Estimated Average Value per SD40-2		\$500,000	\$500,000	
Annual Capital Cost per SD40-2 Unit	(15)	102,294	102,294	
Head End Power Cost Per Year (\$Millions)	(15)	\$3.2	\$3.8	(\$0.6)
Helper Power Cost Per Year (\$Millions)	(16)	\$0.3	\$0.4	(\$0.1)
Total Locomotive Capital Costs (\$Millions)		\$3.5	\$4.2	(\$0.7)
Car Capital Costs				
Estimated Average Value per Coal Car		60,000	60,000	
Capital Cost Per Car Hour On Line	(17)	\$0.860	\$0.860	
Annual Car Hours On Line	(18)	2,878,191	3,294,348	(416,156)
Annual Car Capital Cost (\$Millions)	(19)	\$2.5	\$2.8	(\$0.3)
Total Annual Capital Costs (\$Millions)		\$6.0	\$7.0	(\$1.0)
Locomotive Maintenance Costs				
Per 1000 GTM	(20)	0.203	0.203	
Per Loco Unit Mile	(20)	0.517	0.517	
Annual Head End Power Maint. Cost (\$Millions)	(21)	\$1.8	\$1.9	(\$0.1)
Annual Helper Power Maint. Cost (\$Millions)	(21)	\$0.03	\$0.21	(\$0.2)
Total Annual Maintenance Costs (\$Millions)		\$1.8	\$2.1	(\$0.3)
Fuel Costs				
Estimated Cost Per Gallon (Delivered at Miles City)		\$0.98	\$0.98	
Gallons per Year (Millions)	(22)	4.3	6.6	(2.3)
Annual Fuel Cost (\$Millions)		\$4.3	\$6.5	(\$2.2)
Track Maintenance - Main Line Only				
Estimated Ave Unit Cost per: 1000GTM	(23)	0.38172	\$0.3817	
LUM	(23)	0.01210	\$0.0121	
Annual Maintenance Cost (\$Millions)	(21)	\$2.2	\$2.5	(\$0.3)
Train Labor				
Annual Train Labor Costs (\$Millions)		\$2.5	\$3.1	(\$0.6)
Total Annual Avoidable Costs		\$16.8	\$21.2	(\$4.4)

Notes to Revised Attachment 1

1. Based on CSI's TPC. Helpers also Used for Braking on Four-Mile Creek Alternative
2. 4-Mile Estimated Based on Ratio of Total Train Hours x No. of Employees + 5 Additional Helper Engineers
3. Trains Per Day x 2 x One-Way Miles x 360 Days per Year
4. (Gross Tons (Empty + Loaded Train) x Miles
5. Helper Lococ Tons (195 Each x)Number of Units x One Way Miles x 2) x No. Trains/Day x 360/1000
6. Train Miles x 2 Units
7. One-Way Helper Miles x 2 x No. Units x Trains/Day x 360 Days per Year
8. TPC Running Time Plus 4 Hours at Decker/Spring Creek and 1 Hour En Route Delay
9. 2 SD70MAC Units x (RT Hours + 1 Hr Idle Time) x 5.5 Trips Per Day x 360 Days per Year
10. Total Locomotive Unit Hours Divided by Average Hours in Service per Unit (360 days per year x 24 hours x 65 Percent Time in Service = 5616), 'Rounded up to Nearest Whole Number.
11. Approximate Running Time (Loaded) with Helpers (30 Minutes for Western Alignment, 100 Minutes for 4-Mile Alternative) plus 1/2 Running Time for Return Trip Plus 1 Hour Delay Per Cycle
12. 24 Hours / Helper Hours per RT, Rounded Down
13. Helper Units Required: Western Alignment = 2 Units Plus 1 Spare
4-Mile Alternative - 3 Units to Protect Service Plus 1 Spare
14. Estimated Value amortized over 30 years at 11 Percent.
15. Assume Older Unit with Initial Value, Amortized over 15 Years at 11 Percent
16. Cost per Year per Unit x No. Loco Units.
17. Estimated Value per Car, Amortized over 20 Years at 11 Percent, Converted to Hourly Cost
18. Round Trip Time On Line x Cars Per Train x Trains per Day x 360 Days per Year
19. This Might be Considered an Economic Cost, Since about 60 Percent of Cars are Shipper - Not Railroad - Owned.
20. BNSF 1997 Unit Cost Escalated to 4th Qtr 2002 Level
21. Sum of Unit Cost x Annual Units for GTM and LUM Portions
22. Gallons per Round Trip x No. Trains x 360 Days per Year Divided by 1 Million.
23. One-half of BNSF 1997 Unit Cost Escalated to 4th Qtr 2003 Level
24. On Western Alignment, Helpers are Needed Only on Trains from Decker and Wyoming, or Roughly 60 Percent of Trains. Trains from Spring Creek do not Require Helpers. To Model Economic Effect, One-Way Helper Miles and Hours are Assumed at 60 Percent of Their Actual Value. On the Four-Mile Creek Alternative, all Trains Need Helpers. Part-Time Helper Train Crew Labor is Assumed for the Western Alignment. Full time will be Required for the Four Mile Creek Alternative.

VERIFICATION

I, Robert H. Leilich, hereby declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief. This Verification is executed pursuant to 28 U.S.C. § 1746.


Robert H. Leilich

Dated this 1st day of May, 2003

APPENDIX B

SUPPORTING LETTERS FROM ELECTED OFFICIALS

Judy Martz, Governor, State of Montana

Dennis Rehberg, United States Congressman -- Montana

OFFICE OF THE GOVERNOR

STATE OF MONTANA

JUDY MARTZ
GOVERNOR



STATE CAPITOL
PO BOX 200801
HELENA, MONTANA 59620-0801

April 2, 2003

Mr. Roger Nober
Chairman
Surface Transportation Board
1925 K Street NW
Washington, DC 20423-001

RE: Finance Docket
FD 30186 Sub No. 3
Tongue River Railroad

Dear Chairman Nober:

I am writing to express my support for the Tongue River Railroad Company's application to the Surface Transportation Board for authority to construct and operate the Western Alignment. I understand the Western Alignment is an approximate 17-mile rail line proposed as an alternative routing for the portion of the Ashland to Decker line referred to as the "Four Mile Creek Alternative" approved by the Board in 1996. The Tongue River Railroad project and particularly the Western Alignment has been the subject of in-depth evaluations by the Governor's office dating back to 1995.

The Tongue River Railroad is an important piece of rail infrastructure for the State of Montana economic growth. The proposed Western Alignment allows the design and construction of a rail link from Miles City, Montana to Decker representing a state of the art transportation facility and emphasizing both operating efficiency and safety. In addition to the operational and safety features offered by the Western Alignment, I believe the alignment and mitigation plan contained in the application ensures continued protection of Montana's environment.

In my statement supporting the Tongue River Railroad's Petition for leave to file supplemental evidence, I reiterated the State of Montana's support of this project and the Western Alignment application. I remain convinced that the Western Alignment is the most efficient and dependable rail alignment and I urge the Board's timely decision on this important transportation feature.

Mr. Roger Nober
April 2, 2003
Page 2

My previous statement of support for Tongue River Railroad's petition also addressed the transfer of the federal coal mineral rights in the three Otter Creek Tracts to the State of Montana. These transferred coal reserves are an important asset to the State and our ability to provide future funding for K-12 education. We continue our efforts to bring these assets into timely production in order to provide positive economic opportunities for the people of Montana. The Tongue River Railroad provides the only opportunity for rail transportation development to the Otter Creek coal reserves and is essential for Montana to recognize the economic potential presented by the state's ownership of the coal assets in the Otter Creek Tracts.

Once again, I urge your timely action and support of the Tongue River Railroad's pending Western Alignment application.

Sincerely,



JUDY MARTZ
Governor

Denny Rehberg
State of Montana

Transportation and
Infrastructure Committee
Water Resources and
Environment, Vice Chairman
Highways and Transit
Aviation

Congress of the United States
House of Representatives
Washington, DC 20515

Agriculture Committee
Department Operations, Oversight,
Nutrition and Forestry
General Farm Commodities and
Risk Management
Specialty Crops and Foreign
Agriculture Programs

Resources Committee
Energy and Mineral Resources

February 12, 2003

Mr. Roger Nober
Chairman
Surface Transportation Board
1925 K Street N.W.
Washington, D.C. 20423

Dear Mr. Nober:

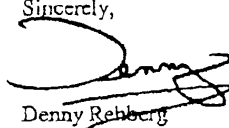
The purpose of this letter is to express my support for the Tongue River Railroad Company's (TRRC) petition for leave to file supplemental evidence to bring the record current in the Finance Docket No. 30183 (Sub-No. 3) regulatory proceedings. I fully support this Petition and believe the submittal of updated information by the TRRC will bring the record current and ensure the Surface Transportation Board's decision in this proceeding is based on current information and fact.

I was elected as Montana's representative to the U.S. House of Representatives in 2000. As a member of the House Committees on Resources, Agriculture, and Transportation & Infrastructure, I recognize the importance of coal in the nation's energy portfolio and the necessity of transportation infrastructure. Montana, particularly as a result of the transfer of the federal minerals in the Otter Creek Tracts to the State of Montana, can play an important role in providing the country's energy needs. In April 1998, my predecessor Representative Rick Hill submitted a letter of support for the Western Alignment application in this proceeding. I am taking this opportunity to express my support for the project and belief that the Western Alignment is the most efficient and dependable rail alignment and urge the Board's timely action on TRRC's current application.

I urge your support of the Tongue River Railroad Company's Petition to File Supplemental Evidence in these proceedings and timely action on the Tongue River Railroad Company's application.

Thank you for your consideration. If I can provide additional information, please contact Julia Gustafson in my Washington office at 202-225-3211.

Sincerely,


Denny Rehberg

516 Cannon House Office Building
Washington, DC 20515
(202) 225-3211

1201 Grand Avenue, Suite 1
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**IDENTIFICATION OF PAGES IN APPLICATION
AFFECTED BY SUPPLEMENTAL EVIDENCE**

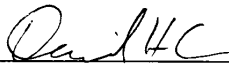
PAGE(S) IN ORIGINAL FILING	SUBJECT	PAGE(S) IN SUPPLEMENTAL EVIDENCE
P.P. 6 - 9	Name and Address, Organizational Form and Descriptive Information about Applicant	Supplemental Gustafson V.S. P.P. 2-3
P.P. 7-8, 20	BNSF/TRRC Relationship	Supplemental Gustafson V.S. P. 9
P.P. 12 - 13	Projected Construction Cost	Supplemental Hadley V.S. and Updated Attachment 1 to Hadley V.S.
P. 14	Tonnage Forecast	Supplemental Gustafson V.S. PP. 3-4 and Morey V.S. P. 3 and Attachments to Morey V.S.
P. 15	Coal Sourcing	Morey V. S. and Tonnage Forecast Table attached to Morley V.S.
P.P. 17 - 18	Projected Cost Savings due to Construction over Western Alignment	Supplemental Gustafson V.S. P.P. 5-6 and Supplemental Leilich V.S. P.P. 3-5 and Revised Attachment 1 to Leilich V.S.
P. 20	Estimated Construction Completion Schedule	Supplemental Gustafson V.S. P. 5
P.P. 21-22	Coal Traffic Forecasts	Morey V. S. P.P. 2-3 and Tonnage Forecast and Table 1 attached to Morey V.S.
P. 22	Developments regarding Otter Creek Tracts	Supplemental Gustafson V.S. PP. 4, 6-9 and Appendix B Letter from Governor Martz P. 2
P.P. 23-24	Financing of the Transaction	Supplemental Gustafson V.S. P. 6

PAGE(S) IN ORIGINAL FILING	SUBJECT	PAGE(S) IN SUPPLEMENTAL EVIDENCE
P.P. 24 - 25	Pro Forma Statement of Income and Pro Forma Cash Flow Statement	Supplemental Gustafson V.S. P. 5, Supplemental Leilich V.S. at 6 and Revised Exhibit G
P. 25, part (c)	Construction Cost	Supplemental Hadley V.S. and Updated Attachment 1 to Hadley V.S.
P. 25, part (d)	Pro Forma Statement of Income	Supplemental Gustafson V.S. P. 5 and Revised Exhibit G
P.P. 27 - 28	Support of Public Officials	Supplemental Gustafson V.S. P. 11
Exhibit D P.P. 2 - 3	Tonnage Forecasts and Traffic Projection Studies	Supplemental Leilich V.S. P. 2
Exhibit D P.P. 7 - 10	Employees	Supplemental Leilich V.S. P.P. 2-3
Exhibit D P.P. 16 - 17	Expected Operating Economies	Supplemental Leilich V.S. P.P. 3-5 and Revised Attachment 1 to Leilich V.S.
Exhibit G	Pro Forma Statement of Income and Pro Forma Cash Flow Statement	Revised Exhibit G
Gustafson V.S. P. 1	Change from Partnership to Corporation	Supplemental Gustafson V.S. P. 1
Gustafson V.S. P.P. 4 - 5	Traffic Forecasts	Supplemental Gustafson V.S. P.P. 3-4
McMahan V.S. P. 3	Coal Production/Demand Forecasts	Morey V.S. Table 1
Hadley V.S. Attachment 1	Construction Costs	Supplemental Hadley V.S. and Updated Attachment 1 to Hadley V.S.
Leilich V.S. Attachment 1	Western Alignment Comparative Financial Analysis	Supplemental Leilich V.S. Revised Attachment 1

PAGE(S) IN ORIGINAL FILING	SUBJECT	PAGE(S) IN SUPPLEMENTAL EVIDENCE
Appendix B	Supporting Letters from Elected Officials	Supplemental Appendix B
N/A	Impact of DM&E Extension on Tongue River	Supplemental Gustafson V.S. P.P. 9-11
N/A	Corporate Resolution	Exhibit A

CERTIFICATE OF SERVICE

I, David H. Coburn, hereby certify that on this 1st day of May, 2003, I have caused a copy of the foregoing "Supplemental Evidence of Tongue River Railroad Company" to be served by first-class mail, postage prepaid, on all parties of record in Finance Docket No. 30186 (Sub-No. 3).



David H. Coburn