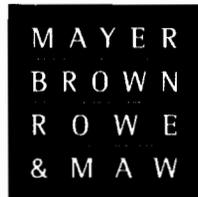


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September 8, 2006

VIA HAND-DELIVERY

Ms. Victoria J. Rutson
Chief, Section of Environmental Analysis
Surface Transportation Board
1925 K Street, N.W., Room 504
Washington, D.C. 20423

Re: Finance Docket No. 34658, The Alaska Railroad Corp. -- Petition For Exemption From 49 U.S.C. §10901 To Construct and Operate a Rail Line Between North Pole, Alaska and Delta Junction, Alaska, Response to STB letter dated February 3, 2006

Dear Ms. Rutson:

The Alaska Railroad Corporation (ARRC) has reviewed your letter request dated February 3, 2006. Our Alternatives Analysis Study (July 2006), previously submitted to SEA on July 25, 2006, responded to most of the questions in your letter. However, in addition to the Alternatives Analysis Study, we have the following information to offer:

- 1) In the area of the northern alignments (designated as N1a, N2a and N3 in the November 2005 Preliminary Alignments Map Set), what is the feasibility of a new alignment closer and parallel to Eielson Air Force Base (AFB), on either the east or west side of the Richardson Highway, to avoid Pile Driver Slough and private property in the Eielson farm district? Would the feasibility of this potential alignment be affected by Eielson AFB land holdings or Air Force activities?*

ARRC has reviewed the feasibility of alignments closer to, and parallel with, the Richardson Highway. Based on information obtained, ARRC determined that alignments east of the highway in the proximity of the AFB were infeasible due to encroachment on the operating runway/taxi areas. The Air Force also has indicated to ARRC that it has a potential plan to add a runway parallel to, and south of, the existing runway, that will

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likely require relocation of a portion of the Richardson Highway. Because of these constraints, ARRC has developed two additional alignments west of the highway. These alignments are detailed in the Alternatives Analysis Study, Sections 4.4 and 5.0.

- 2) *For alignment N1a, what is the feasibility of an alternative crossing of the Tanana River downstream (north) of the current N1a crossing, either downstream or upstream of the floodway? Would the feasibility of this potential crossing be affected by the need to use land in the Tanana Flats Training Area (TFTA) for the rail line, and if so, why (e.g., would rail line activity in the TFTA be acceptable to the military)?*

ARRC has reviewed the feasibility of alternate crossings at the north end of the project. Potential crossing locations north of the floodway were found to be impracticable due to a lack of favorable crossing locations of the Tanana River. An additional crossing of the Tanana River was reviewed as part of the Alternatives Analysis Study. However, due to ARRC's understanding of military concerns and potential habitat issues, such a crossing is not proposed to be carried forward for further consideration. See Alternatives Analysis Study, Sections 4.4 and 5.0.

- 3) *For alignments N2 and N3, what is the feasibility of providing culverts or other measures for existing dog sled trails?*

There are numerous examples of multi-use trail crossings of ARRC using culvert-type structures. ARRC intends to provide similar structures where existing land use and need are demonstrated and where topography provides the opportunity for reasonable and feasible separation of grades.

- 4) *For alignments N2 and N3, what is the feasibility of making further adjustments to these routes to avoid or minimize the need to take private property, or to avoid or minimize the need to bisect private property parcels?*

Refinements to alignments north of the Tanana River crossing continue to be evaluated with regard to private property impacts. Both alignments N2 and N3 have been retained for further consideration. As shown in the Alternatives Analysis Study, significant changes in alignment locations have already been made to address private property impacts. As the engineering efforts continue to develop, the alignment(s) will be further refined to minimize potential impacts, to the extent practicable, considering design, cost, construction, and operational design guidelines.

- 5) *For alignment N2b, what is the feasibility of adjusting this alignment so that it "hugs" the Tanana River with the objective to avoid private property?*

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The north bank of the Tanana River, particularly through Salcha, remains transient and unstable as the river continues to shift to the east along major portions of the north end of the project. This naturally occurring phenomena associated with braided rivers is at least in part responsible for the flooding difficulties in Salcha. Although this issue has been studied at length by the Corps of Engineers and others, there have not been any practicable solutions other than the planned acquisition and/or relocation of residences along the river. One of ARRC's principal project objectives for the line extension is that the railroad "be designed and constructed to standards that allow Federal Railroad Administration Class 5 Track Standards to be easily maintained." The situation along the east bank of the Tanana River north of Flag Hill is, therefore, directly contrary to one of the main objectives of the line extension project. Additionally, it is generally believed that the location of the railroad closer to the river's edge will have a potentially greater impact upon habitat concerns. For these reasons, ARRC believes that any shifting of the northern alignments closer to the Tanana River is neither reasonable nor practicable.

6) What is the feasibility of a new alignment roughly parallel to the Richardson Highway on the east side of the Tanana and Delta Rivers to reach Delta Junction, recognizing that such an alignment would need to have a spur that bridges the Tanana River to meet the purpose and need?

This potential alignment was already considered during ARRC's initial corridor development. The topography on the east side of the Tanana River is considerably less favorable south of Flag Hill. Further, there remains a large number of private land holdings along the highway, requiring potentially significant mitigation for continued vehicular access and posing potential impacts to private property. In addition, as noted in your request, a bridge across the Tanana River would still be required to provide access to the range complex. Because the bridge is such a major investment, it is reasonable that once across the Tanana River, ARRC make use of the more favorable topography. Alignments on the east side of the Tanana River to the south of Flag Hill were, therefore, determined to be not reasonable relative to other available corridors.

7) For alignment S1b, what is the feasibility of providing rail access to the Whitestone Farm Community (recognizing that the method of financing a potential spur is not known and that the ARRC's primary plans do not currently propose a spur as a component of the NRE project)? If a spur appears feasible, please provide information on the approximate location.

ARRC has adjusted the alignments in the vicinity of the Whitestone Farm Community area to pass in close proximity to areas near potential shippers. Given the proximity of these adjusted alignments, it should be feasible to accommodate potential rail facilities adjacent to the proposed alignment to serve the Whitestone area. There should be no need to construct a spur.

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8) *For alignments S1c and S2c, what considerations are being made concerning historical flooding in the Delta Junction area and what actions may be needed to address potential future flooding?*

Information presently available suggests that the flooding in Delta Junction is largely the result of the Jarvis Creek overflowing its banks east of town, with overflows to the north and inundating Delta Junction from the east. It is ARRC's view that the proposed Delta South alignment would have little or no impact on the historical flooding conditions.

There has been some interest in the rail line being constructed in some sort of flood attenuation structure (e.g., a levee) along the north and east sides of Delta Junction to help alleviate flooding events. Two concerns are raised by this approach. First, grade separations would be needed for the proposed rail line to cross the Richardson Highway and Trans-Alaska Pipeline. The cost of the grade separations raise issues of practicability. Second, it is not clear whether such a structure would even be effective in decreasing the flooding conditions. Because of these issues, ARRC is proposing to design and construct the Delta Central or Delta North alignments in accordance with Federal Emergency Management Agency guidelines. ARRC will attempt to achieve a "flood neutral" condition (i.e., one which does not materially affect flood water elevations). If a flood neutral condition is not practicable, then ARRC would endeavor to pursue design and construction of such alignments in accordance with applicable federal and state regulations addressing changes in flood water elevation.

Your letter of February 3, 2006, also requests information concerning spurs that may be required to reach potential shippers. During the development of alignment alternatives, ARRC attempted to locate the rail line in close proximity to known potential shippers. At present, there are no spurs planned to serve potential shippers along the alignment other than the possible spur to Blair Lakes.

Finally, you asked for information on construction-related activities. ARRC has provided SEA with what has been come to be known as the "Scroll Map." That map details ARRC's preliminary estimation of potential work camps, staging areas, and materials sources.

Please contact me if you have any questions.

Sincerely,



Kathryn Kusske Floyd

cc: David C. Navecky, SEA
Alan Summerville, ICF
Eileen Reilly, ARRC
Brian Lindamood, ARRC