



➤ Alaska Railroad Preparations for the Alaska Natural Gas Pipeline Senate Resources Committee, February 11, 2026

Bill O'Leary, President and CEO
Clark Hopp, Chief Operating Officer
Meghan Clemens, External Affairs Director



Photo courtesy: Dillon Goble

➤ Structure and Mission

STRUCTURE: The Alaska Railroad (ARRC) is an independent corporation owned by State of Alaska. Mandated to operate without state funds; responsible for financial and legal obligations.

MISSION: Through excellent customer service and sound business management practices, provide safe, efficient and economical transportation and real estate services that support and grow economic development opportunities for the State of Alaska.



Photo courtesy: Frank Keller



➤ Critical Role in Alaska's Transportation Infrastructure

Operating Data

- 683 Total miles of track
- 1030 Freight cars (owned & leased)
- 45 Passenger cars
- 55 Locomotives
- Port facilities in Seward and Whittier
- Terminals in Anchorage, Seward and Fairbanks
- 36,000 acres of land (operating & reserve)

Operating Statistics

- Half a million+ passengers
- 3.9 million tons of freight (2025)

Employees

- 695 Full-time year-round employees
- 109 Seasonal employees
- 2/3 are members of 5 unions

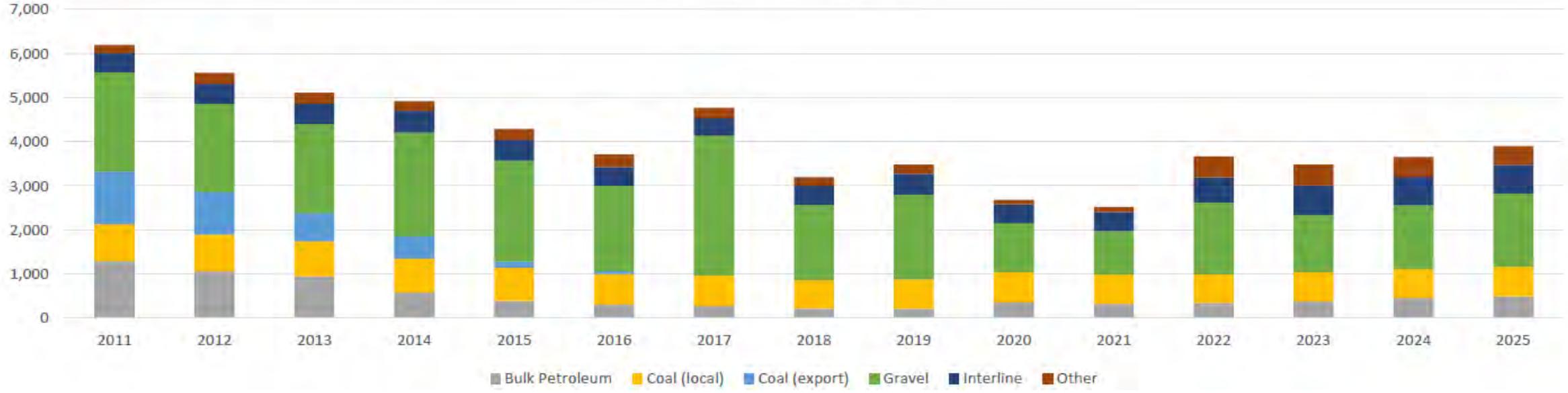
Alaska Railroad Route and Connecting Carriers

- Alaska Railroad
- Alaska Rail-Marine Service
- Highway System
- Yukon & Tanana Rivers



Annual Freight Summary, 2011-2025

Types of Rail-hauled Cargo by Volume
(in thousands of tons)



➤ Experience Moving Pipe by Rail



ARRC has considerable experience in pipe logistics:

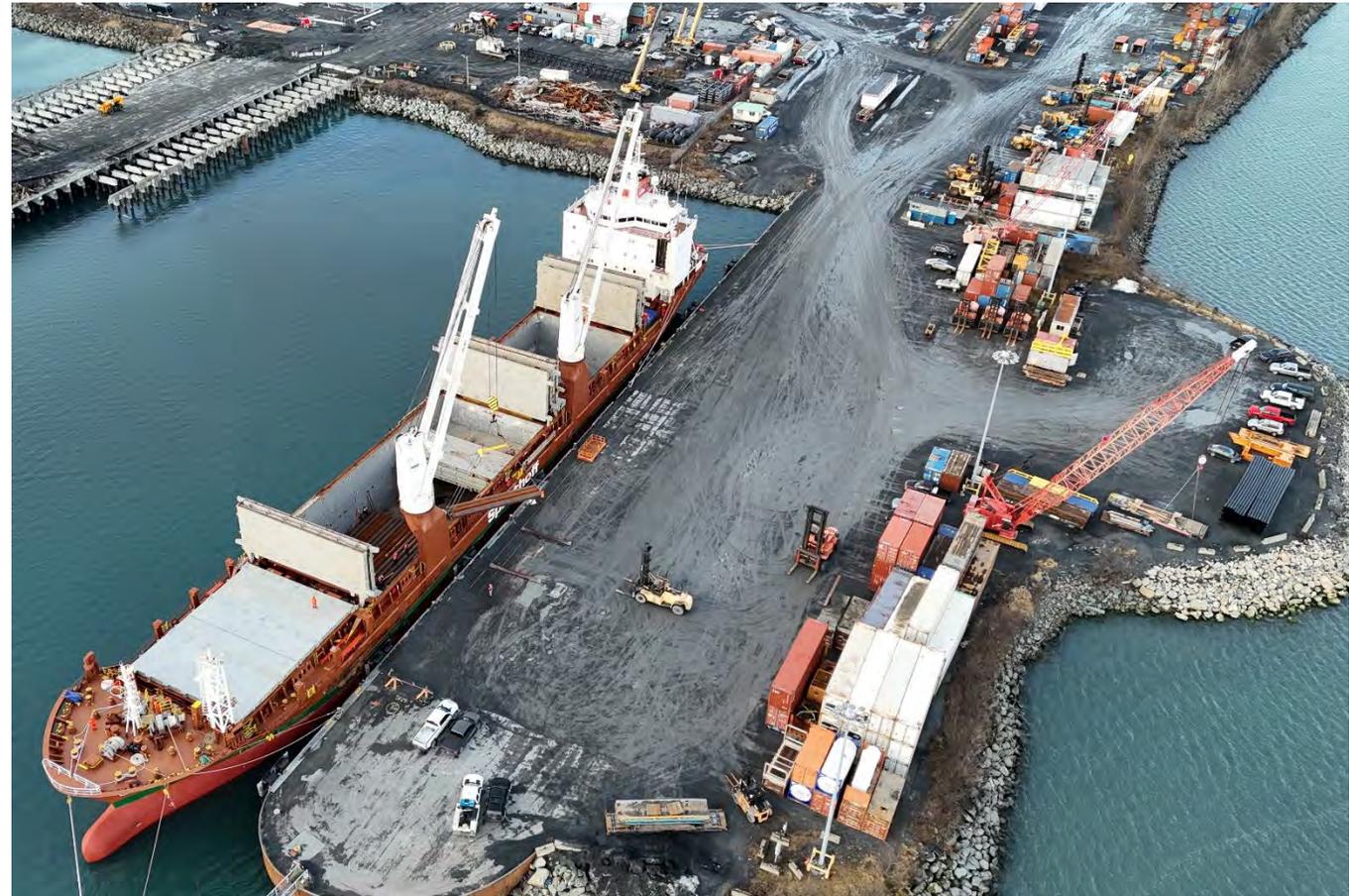
- ARRC served as a primary transporter of pipe, machinery, and other supplies in support of the Trans-Alaska Pipeline construction
- 2023-25, ARRC received 34 ships delivering pipe to Port of Seward for transport to North Slope facilities

Rail offers substantial efficiencies to high volume, heavy cargo

Reduced impacts (congestion and damage) to highway infrastructure

➤ Alaska LNG Project – Operating Concept

- Primary pipe intake: Seward. Supplementary and surge capacity at Anchorage, Whittier, Port MacKenzie
- 89-ft flatcars with engineered rack/bunk systems, targeting 6-7 80-ft double joints per car
- Pipe moves operate as fixed weekly train schedules (2x steady, 3-4x surge), either direct transfer to spur locations or to Fairbanks rail terminal for transloading
- Anticipating ~175 pipe train starts over 18-month window
- Fuel trains planned as dedicated sections and/or locals, coordinated to avoid interference with pipe train schedules
- Additional project cargo: leverage capacity on existing freight service between Anchorage and Fairbanks



➤ Capital Planning for Alaska LNG Project

Projected capital investments following a project commitment:

6-8 Spur Extensions - \$3-5 million

- Estimated at ~2600 ft each; would extend from existing sidings to accommodate pipe delivery to Railbelt locations, and mitigate congestion on mainline
- Tiered funding identified in ARRC's 2026 capital budget

Terminal Improvements - \$2-4 million

- Increased laydown space, improved efficiencies in Seward, Anchorage and Fairbanks
- Tiered funding identified in ARRC's 2026 capital budget

Rolling Stock - \$18-24 million

- 12 leased locomotives - \$3-4 million
- 300 leased 89-foot flatcars - \$15-20 million
- No allocation in 2026 capital budget due to lease structure

➤ Ongoing Capital Investments to Increase Capacity

Port of Seward Improvements

- \$25M Freight Dock expansion
Passenger Dock surge capacity
- Undergrounding utilities
- Increased laydown space

Bridge Rehabilitation Program

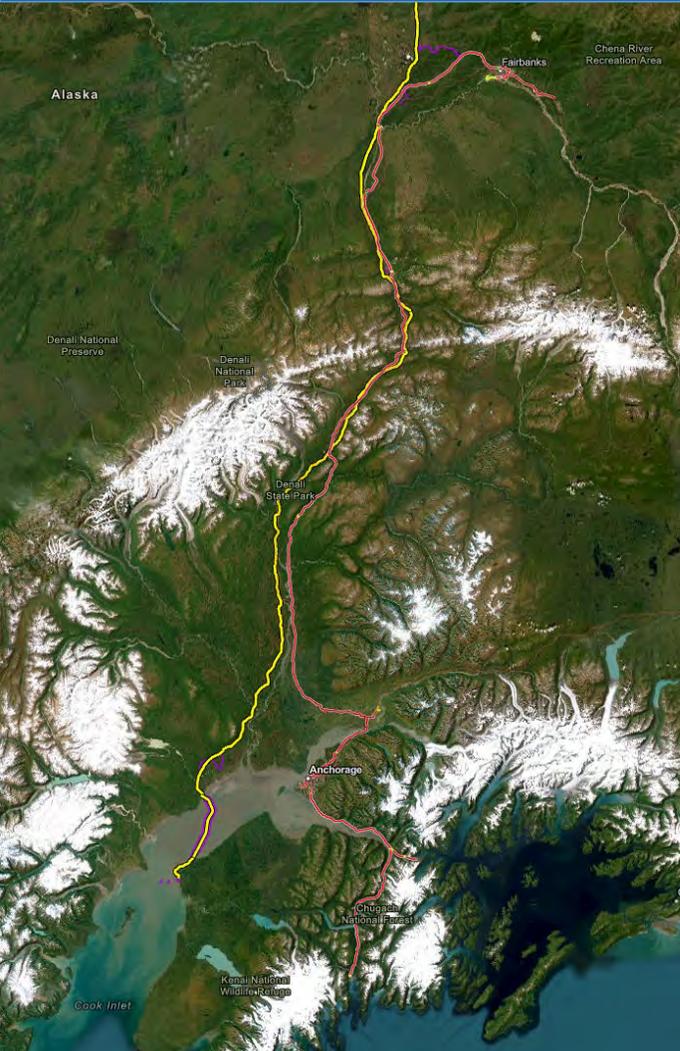
- \$500M, decade-long program improving 100+ bridges
- Will increase ARRC's load capacity from 263,000 lbs to industry standard 286,000 lbs, improving operational efficiency

Increased Service & Equipment

- 2024: \$10M investment in four SD70Mac locomotives and thirty flatcars
- Increase to 6 day/week freight service Anchorage-Fairbanks



Corridor & Reserve Permitting



- ARRC Board recently approved a corridor permit for 8 Star Alaska, LLC
- The permit area is roughly 28,000 ft, extending from ARRC MP 279.6 (south of Hurricane) north to the western border of ARRC's Healy Reserve
- ARRC continues to work with 8 Star to accommodate corridor and reserve permits in support of planned construction of the Alaska LNG Project

➤ Revenue Ruling

IRS Revenue Ruling 2026-4 clarifies key exemptions from the federal tax code.

- Sections 141-147 of the tax code related to private activity bonds would not apply to ARRC conduit bonds issued to finance construction, acquisition, or improvements related to facilities in support of the Alaska LNG Project.
- As conduit bond issuer, neither ARRC nor the State of Alaska would be obligated for security of the bonds; there would be no recourse to either ARRC or the State.
- ARRC's statutory obligation to secure legislative authorization to issue bonds would apply.

Summary

- ARRC is focused on comprehensive preparations to support the Alaska LNG Project
- Tiered capital planning and lease structure ensure ARRC is prepared to move quickly following project commitment
- ARRC can reliably move Alaska LNG pipe at scale using a repeatable, year-round unit-train plan that overlays and leverages current freight operations



Thank You

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Photo courtesy: Ray Bulson