

February 22, 2024

Rep. Kevin McCabe, Chair
House Transportation Committee

Members of the Transportation Committee:

At the Alaska Railroad, we're proud of our vital role in Alaska's modern development. The construction of our main line fast-tracked the economic development of Southcentral and Interior Alaska, as safe and reliable transportation unlocked the potential of the region. From the founding of Alaska's largest city, to supporting critical projects such as the development of Prudhoe Bay and construction of the Trans-Alaska Pipeline, the Alaska Railroad has been a key driver of growth and progress in our state over the last century.

Recognizing the importance of the rail corridor, the State of Alaska bought the Alaska Railroad from the federal government in 1985. Since then, we've remained committed to our mission of safety and service for the benefit of Alaska – and to fulfill that mission as a self-sustaining corporation. Profitability is critically important for our organization, as the maintenance of a 100-year old railroad is no small undertaking; 100% of earnings are plowed directly back into repairs and improvements of our tracks, bridges, facilities and rolling stock.

Whether freight or passenger, rail is the safest and most environmentally sustainable transportation option – and frequently the most cost-efficient. It's part of why the Alaska Railroad remains so important to the state today, and why we believe we have an important role to play in the years to come.

We see great potential in Port MacKenzie, both as an asset for future export industries, as well as providing security in redundancy for the most heavily populated part of the state. Multi-modal transportation infrastructure is key for the vitality of a port, an area where Port MacKenzie is currently lacking. The state had already made a significant investment in the 35-mile rail extension from Houston to the port before funding stalled and construction came to a halt. Completing the project, currently estimated at roughly \$240 million, is too big for the Alaska Railroad to take on alone, but we believe it's important for Alaska's future.

Similarly, the Northern Rail Extension is not a new project; Phase 1 (of four phases) was completed in 2014, constructing a 3,300-foot bridge over the Tanana River near Salcha. Full completion of the project, at a projected expense of \$1.7 billion, would entail 89 new miles of track connecting North Pole down to Delta Junction, enhancing military access to training at the Joint Pacific Alaska Range Complex and potentially supporting future commercial opportunities

in the Interior — something that would be good for industry without increasing the burden on the state's limited highway system.

These are statewide economic development initiatives in both scope and benefit, and well beyond the Alaska Railroad's ability to achieve alone. That's why we're looking for partnerships across the state to advance these and other key projects, and engaging with private industry, state government, and Alaska's congressional delegation to identify a path forward to new rail infrastructure.

While the Railroad cannot shoulder the initial capital investment of a major rail extension, we are uniquely positioned to support these projects in critically important ways: through technical expertise, project management, competitive grant applications, and a proven track record of infrastructure maintenance and successful rail operations. We've seen the impact of connecting our state's rich natural resources with steel tracks to ports, and the opportunities that increased transportation infrastructure can bring to small Alaska communities, and believe the Alaska Railroad continues to have an important role to play in new economic development in our state.

Sincerely,



Bill O'Leary
President and CEO
Alaska Railroad Corporation