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THE ALASKA RAILROAD ACT,
signed into law March 12, 1914,
(38 Stat. 305) states:

"The President of the United States is empowered, authorized, and directed to designate and cause to be located in the Territory of Alaska not to exceed in the aggregate one thousand miles, to be so located as to connect one or more of the open Pacific Ocean harbors on the southern coast of Alaska with the navigable waters in the interior of Alaska, and with a coal field or fields so as best to aid in the development of the agricultural and mineral or other resources of Alaska, and the settlement of the public lands therein...."

RAILROADS, TELEGRAPH, AND TELEPHONES

§ 1. Railroad; location, construction, and operation.—The President of the United States is empowered, authorized, and directed to adopt and use a name by which to designate the railroad or railroads and properties to be located, owned, acquired, or operated under the authority of sections 301 to 305 of this title; to employ such officers, agents, or agencies,

in his discretion, as may be necessary to enable him to carry out the purposes of sections 301 to 305; to authorize and require such officers, agents, or agencies to perform any or all of the duties imposed upon him by the terms of sections 301 to 305; to detail and require any officer or officers in the Engineer Corps in the Army or Navy to perform service under sections 301 to 305; to fix the compensation of all officers, agents, or employees appointed or designated by him; to designate and cause to be located a route or routes for a line or lines of railroad in the Territory of Alaska not to exceed in the aggregate one thousand miles, to be so located as to connect one or more of the open Pacific Ocean harbors on the southern coast of Alaska with the navigable waters in the interior of Alaska, and with a coal field or fields so as best to aid in the development of the agricultural and mineral or other resources of Alaska, and the settlement of the public lands thereof, and so as to provide transportation of coal for the Army and Navy, transportation of troops, arms, munitions of war, the mails, and for other governmental and public uses and for the transportation of passengers and property; to construct and build a railroad or railroads along such route or routes as he may so designate and locate, with the necessary branch lines, feeders, sidings, switches, and spurs; to purchase or otherwise acquire all real and personal property necessary to carry out the purposes of sections 301 to 305; to exercise the power of eminent domain in acquiring property for such use, which use is declared to be a public use, by condemnation in the courts of Alaska in accordance with the laws now or hereafter in force there; to acquire rights of way, terminal grounds, and all other rights; to purchase or otherwise acquire all necessary equipment for the construction and operation of such railroad or railroads; to build or otherwise acquire docks, wharves, terminal facilities, and all structures needed for the equipment and operation of such railroad or railroads; to fix, change, or modify rates for the transportation of passengers and property, which rates shall be equal and uniform, but no free transportation or passes shall be permitted except that the provisions of the interstate commerce laws relating to the transportation of employees and their families shall be in force as to the lines constructed under sections 301 to 305; to receive compensation for the transportation of passengers and property, and to perform generally all the usual duties of a common carrier by railroad; to make and establish rules and regulations for the control and operation of said railroad or railroads; in his discretion, to lease the said railroad or railroads, or any portion thereof, including telegraph and telephone lines, after completion under such terms as he may deem proper, but no lease shall be for a longer period than twenty years, or in the event of failure to lease, to operate the same until the further action of Congress. If said railroad or railroads, including telegraph and telephone lines, are leased under the authority given under sections 301 to 305, then and in that event they shall be operated under the jurisdiction and control of the provisions of the interstate commerce laws; to purchase, condemn, or otherwise acquire upon such terms as he may deem proper any other line or lines of railroad in Alaska which may be necessary to complete the construction of the line or lines of railroad designated or located by him. The price to be paid in case of purchase shall in no case exceed the actual physical value of the railroad; to make contracts or agreements with any railroad or steamship company or vessel owner for joint transportation of passengers or property over the road or roads herein provided for, and such railroad or steamship line or by such vessel, and to make such other contracts as may be necessary to carry out any of the purposes of sections 301 to 305; to utilize in carrying on the work herein provided for any and all machinery, equipment, instruments, material, and other property of any sort whatsoever used or acquired in connection

with the construction of the Panama Canal, so far and as rapidly as the same is no longer needed at Panama, and the successors to the Isthmian Canal Commission are authorized to deliver said property to such officers or persons as the President may designate, and to take credit therefor at such percentage of its original cost as the President may approve, but this amount shall not be charged against the fund provided for in said sections. (Mar. 12, 1914, c. 37, § 1, 38 Stat. 305.)

302. *Telegraph and telephone lines.*—The authority granted under section 301 of this title shall include the power to construct, maintain, and operate telegraph and telephone lines so far as they may be necessary or convenient in the construction and operation of the railroad or railroads as herein authorized and they shall perform generally all the usual duties of telegraph and telephone lines for hire. (Mar. 12, 1914, c. 37, § 1, 38 Stat. 305.)

303. *Townsites.*—The President is authorized to withdraw, locate, and dispose of, under such rules and regulations as he may prescribe, such area or areas of the public domain along the line or lines of such proposed railroad or railroads for townsite purposes as he may from time to time designate. (Mar. 12, 1914, c. 37, § 1, 38 Stat. 305.)

304. *Terminals, stations and rights of way.*—Terminal and station grounds and rights of way through the lands of the United States in the Territory of Alaska are granted for the construction of railroads, telegraph and telephone lines authorized by sections 301 to 303 of this title, and the President may, in such manner as he deems advisable, make reservation of such lands as are or may be useful for furnishing materials for construction and for stations, terminals, docks, and for such other purposes in connection with the construction and operation of such railroad lines as he may deem necessary and desirable. (Mar. 12, 1914, c. 37, § 1, 38 Stat. 305.)

305. *Patents to contain reserve for right of way.*—In all patents for lands taken up, entered, or located in Alaska after March 12, 1914, there shall be expressed that there is reserved to the United States a right of way for the construction of railroads, telegraph and telephone lines to the extent of one hundred feet on either side of the center line of any such road and twenty-five feet on either side of the center line of any such telegraph or telephone lines. (Mar. 12, 1914, c. 37, § 1, 38 Stat. 305.)

306. *Disposition of proceeds of lease or sale of public lands.*—All moneys derived from the lease, sale, or disposal of any of the public lands, including townsites, in Alaska, or the coal or mineral therein contained, or the timber thereon, and the earnings of said railroad or railroads, together with the earnings of the telegraph and telephone lines constructed under authority of sections 301 to 303 of this title, above maintenance charges and operating expenses, shall be paid into the Treasury of the United States as other miscellaneous receipts are paid, and a separate account thereof shall be kept and annually reported to Congress. (Mar. 12, 1914, c. 37, § 3, 38 Stat. 307.)

307. *Authority of President.*—It is the intent and purpose of Congress through the provisions of sections 301 to 303 of this title to authorize and empower the President of the United States, and he is fully authorized and empowered, through such officers, agents, or agencies as he may appoint or employ, to do all necessary acts and things in addition to those specially authorized in such sections to enable him to accomplish the purposes and objects of such sections. (Mar. 12, 1914, c. 37, § 1, 38 Stat. 305.)

308. *Officers, agents, etc., to make annual report to President; transmission to Congress.*—The officers, agents, or agencies placed in charge of the work by the President shall make to the President annually, and at such other periods as may be required by the President or by either House of Congress, full and complete reports of all their acts and doings and of

all moneys received and expended in the construction of said work and in the operation of said work or works and in the performance of their duties in connection therewith. The annual reports provided for in this section shall be by the President transmitted to Congress. (Mar. 12, 1914, c. 37, § 4, 38 Stat. 307.)

ALASKA OVERVIEW: LEGISLATIVE HISTORY

The Alaska State Legislature enacted House Joint Resolution 27 in 1975, directing Governor Jay Hammond to convene an international conference to discuss possible railroad connection between Alaska and Canada. However, only through constant pressure by legislative leaders on the Governor's office did it finally occur. On April 8, 1976 (one year later), a meeting was held in municipal offices in Juneau, attended by members of state, federal and Canadian governmental agencies, and representatives of industry and rail companies from Alaska, Canada and the Western United States.

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It was learned that Alaska was far behind Canada in transportation planning, particularly for rail, and that an official commitment to perform such planning was essential. That commitment came in the form of a special legislative appropriation. To show good faith to both the Canadian and the U.S. Federal governments, resolutions were enacted that declared Alaska's support for the project. The Alaska State Legislature appropriated the sum of \$50,000, to perform a review of the project's potentials. Further, it was agreed that there was great potential in the State, and that it appeared to be a most viable project. The major hurdle would be the assurance that continued efforts would be made to pursue the idea, and that a formal commitment be made by the State of Alaska. The majority of those in attendance were clearly in favor of further work on this project.

In 1977, the Alaska State Legislature appropriated \$865 000 for the purpose of reconnaissance photography and studies, field surveys, mapping, engineering work and cost comparisons to delineate a utility corridor and railroad right-of-way for extension of the Alaska Railroad. Governor Jay Hammond line-item vetoed all but \$150,000 of the money appropriated. The Department of Transportation was only able to perform minimal route reconnaissance in 1977.

At the opening of the next legislative session in January 1978, the members restored the full dollar amount of the original appropriation by overriding the veto. By this time, however, the most important factor controlling success of this project was time, since a great amount of work needed to be completed before June 30, 1979, at which time the funding was scheduled to expire.

In 1978, the Governor again line-item vetoed \$265,000 out of this same appropriation, and the Alaska State Legislature immediately appropriated these same dollars to the Legislative Council, in order to complete the work as planned. Thus, the authority of the Governor to control these dollars was taken away. The assurance that the necessary work would be completed was accomplished.

In 1979, the Governor once more attempted to line-item veto the \$265,000 from the budget, but this time was forced to replace the ~~money~~ because contracts were already committed on these dollars, and substantial legal liabilities would have been incurred by himself and his office. The Alaska State House and Senate issued a joint statement in 1979 giving full support to the rail extension project.

CHAP. 34.—An Act To repeal an Act regulating the construction of bridges across the Muskingum River in Ohio.

March 9, 1914.
[H. R. 11571.]

[Public, No. 65.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of Congress entitled "An Act regulating the construction of bridges over the Muskingum River in Ohio," approved April second, eighteen hundred and eighty-eight, be, and the same is hereby, repealed.

Muskingum River, Ohio.
Restrictions on bridges across, removed.
Vol. 25, p. 74, repealed.

Approved, March 9, 1914.

CHAP. 35.—An Act To authorize the construction, maintenance, and operation of a bridge across the Tombigbee River near Old Cotton Gin Port, in Monroe County, Mississippi.

March 9, 1914.
[H. R. 11565.]

[Public, No. 67.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the board of supervisors of Monroe County, Mississippi, is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Tombigbee River, at a point suitable to the interests of navigation, near Old Cotton Gin Port, in Monroe County, Mississippi, in accordance with the provisions of an Act entitled "An Act to regulate the construction of bridges over navigable waters," approved March twenty-third, nineteen hundred and six.

Tombigbee River, Monroe County, Miss., may bridge, at Old Cotton Gin Port.
Construction.
Vol. 34, p. 64.

SEC. 2. That the right to alter, amend, or repeal this Act is hereby expressly reserved.

Amendment.

Approved, March 9, 1914.

CHAP. 36.—An Act To extend the time for constructing a bridge across the Mississippi River at the town site of Sartell, Minnesota.

March 11, 1914.
[H. R. 11545.]

[Public, No. 68.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the time for commencing and completing the bridge authorized by the Act of Congress approved August twenty-fourth, nineteen hundred and twelve, to be built across the Mississippi River, at the town site of Sartell, Stearns County, Minnesota, is hereby extended to one year and three years, respectively, from date of approval hereof.

Mississippi River.
Time extended for bridging, by Sartell, Minn.
Vol. 37, p. 194, amended.

SEC. 2. That the right to alter, amend, or repeal this Act is hereby expressly reserved.

Amendment.

Approved, March 11, 1914.

CHAP. 37.—An Act To authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes.

March 12, 1914.
[S. 45.]

[Public, No. 69.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is hereby empowered, authorized, and directed to adopt and use a name by which to designate the railroad or railroads and properties to be located, owned, acquired, or operated under the authority of this Act; to employ such officers, agents, or agencies, in his discretion, as may be necessary to enable him to carry out the purposes of this Act; to authorize and require such officers, agents, or agencies to perform any or all of the duties imposed upon him by the terms of this Act; to detail and require any officer or officers in the Engineer Corps in the Army or Navy to perform service under this Act; to fix the compensation of all officers, agents, or employees appointed or designated by him; to designate and cause to be located a route or routes for a line or lines of railroad in the Territory of Alaska not to exceed in the aggregate one thousand

Alaska.
President authorized to operate, etc., railroads in.

Location and purpose.

miles, to be so located as to connect one or more of the open Pacific Ocean harbors on the southern coast of Alaska with the navigable waters in the interior of Alaska, and with a coal field or fields so as best to aid in the development of the agricultural and mineral or other resources of Alaska, and the settlement of the public lands therein, and so as to provide transportation of coal for the Army and Navy, transportation of troops, arms, munitions of war, the mails, and for other governmental and public uses, and for the transportation of passengers and property; to construct and build a railroad or railroads along such route or routes as he may so designate and locate, with the necessary branch lines, feeders, sidings, switches, and spurs; to purchase or otherwise acquire all real and personal property necessary to carry out the purposes of this Act; to exercise the power of eminent domain in acquiring property for such use, which use is hereby declared to be a public use, by condemnation in the courts of Alaska in accordance with the laws now or hereafter in force there; to acquire rights of way, terminal grounds, and all other rights; to purchase or otherwise acquire all necessary equipment for the construction and operation of such railroad or railroads; to build or otherwise acquire docks, wharves, terminal facilities, and all structures needed for the equipment and operation of such railroad or railroads; to fix, change, or modify rates for the transportation of passengers and property, which rates shall be equal and uniform, but no free transportation or passes shall be permitted except that the provisions of the interstate commerce laws relating to the transportation of employees and their families shall be in force as to the lines constructed under this Act; to receive compensation for the transportation of passengers and property, and to perform generally all the usual duties of a common carrier by railroad; to make and establish rules and regulations for the control and operation of said railroad or railroads; in his discretion, to lease the said railroad or railroads, or any portion thereof, including telegraph and telephone lines, after completion under such terms as he may deem proper, but no lease shall be for a longer period than twenty years, or in the event of failure to lease, to operate the same until the further action of Congress: *Provided*, That if said railroad or railroads including telegraph and telephone lines, are leased under the authority herein given, then and in that event they shall be operated under the jurisdiction and control of the provisions of the interstate commerce laws; to purchase, condemn, or otherwise acquire upon such terms as he may deem proper any other line or lines of railroad in Alaska which may be necessary to complete the construction of the line or lines of railroad designated or located by him: *Provided*, That the price to be paid in case of purchase shall in no case exceed the actual physical value of the railroad; to make contracts or agreements with any railroad or steamship company or vessel owner for joint transportation of passengers or property over the road or roads herein provided for, and such railroad or steamship line or by such vessel, and to make such other contracts as may be necessary to carry out any of the purposes of this Act; to utilize in carrying on the work herein provided for any and all machinery, equipment, instruments, material, and other property of any sort whatsoever used or acquired in connection with the construction of the Panama Canal, so far and as rapidly as the same is no longer needed at Panama, and the Isthmian Canal Commission is hereby authorized to deliver said property to such officers or persons as the President may designate, and to take credit therefor at such percentage of its original cost as the President may approve, but this amount shall not be charged against the fund provided for in this Act. X

Construction, etc.

Rights of way, terminals, etc.

Transportation rates, etc.

Common carrier duties.

Lease after completion.

Provision. Subject to interstate commerce laws if leased.

Purchase of existing lines.

Price. Joint agreements with other carriers.

Use of Panama Canal machinery, etc., for construction.

A PRELIMINARY STUDY

ALASKA-CANADA TRANSCONTINENTAL RAIL CONNECTION TO CONTIGUOUS UNITED STATES

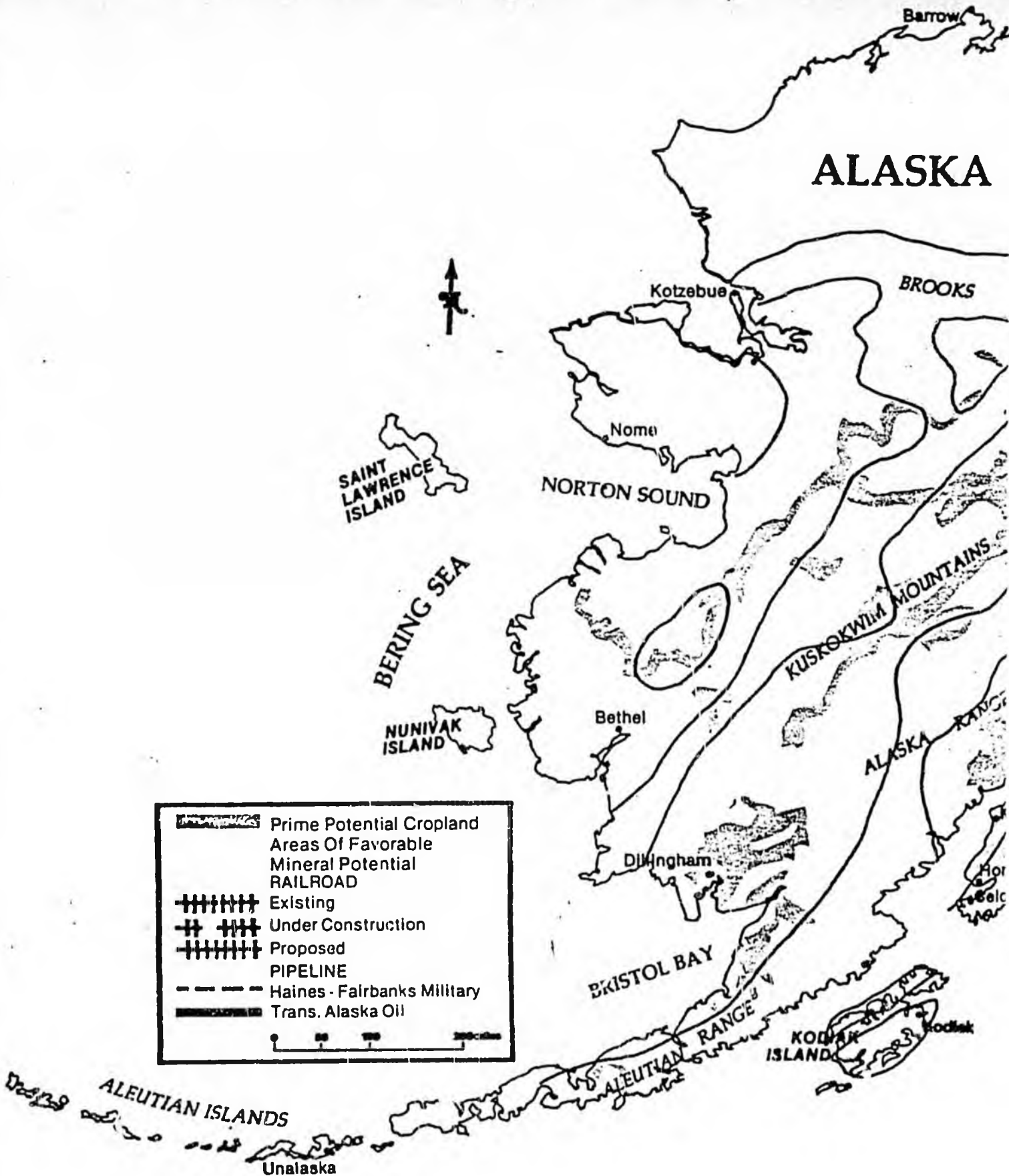


STATE OF ALASKA
DEPARTMENT OF
COMMERCE
&
ECONOMIC DEVELOPMENT

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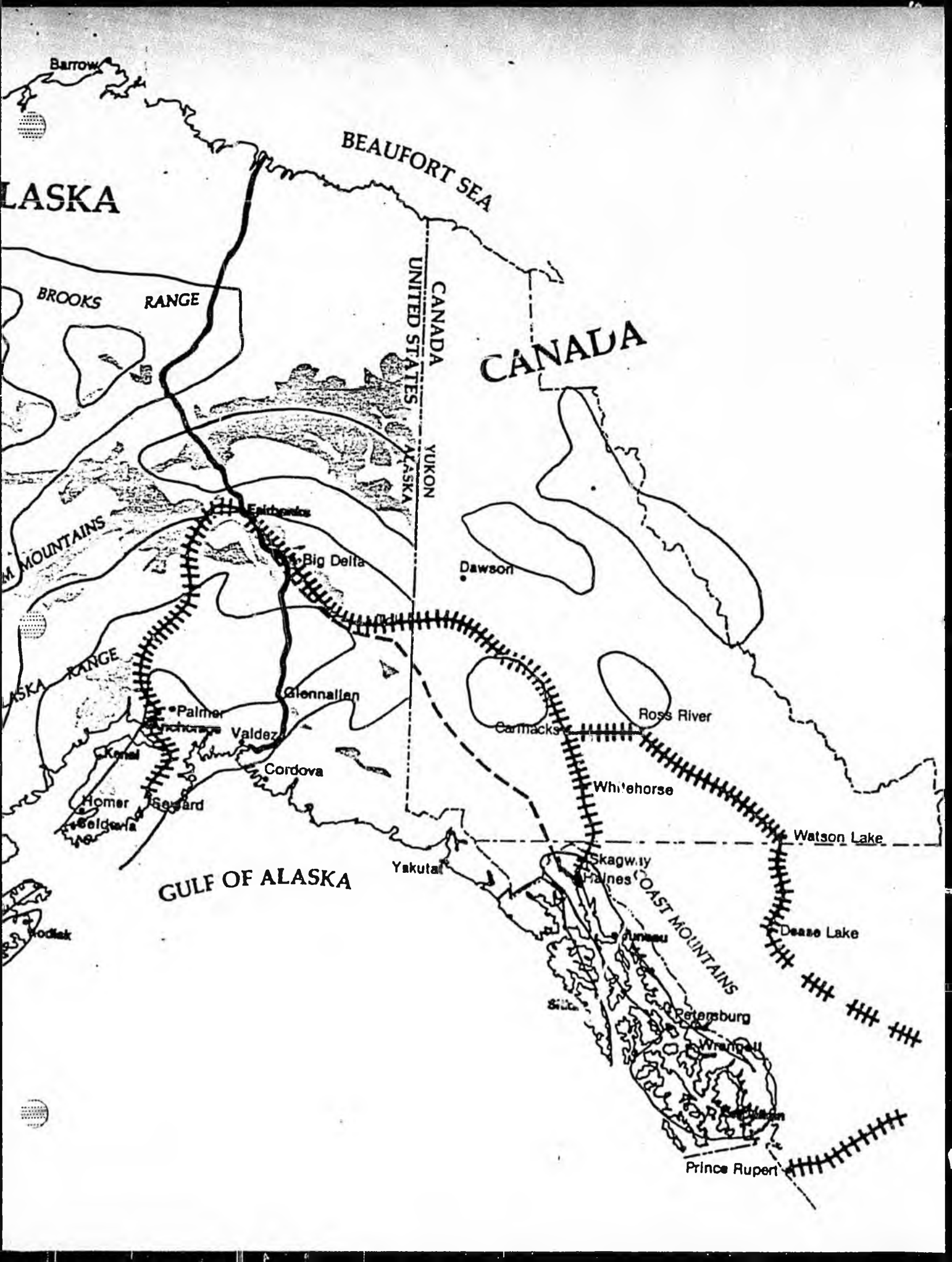
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ALASKA



| | |
|--|--------------------------------------|
| | Prime Potential Cropland |
| | Areas Of Favorable Mineral Potential |
| | RAILROAD |
| | Existing |
| | Under Construction |
| | Proposed |
| | PIPELINE |
| | Haines - Fairbanks Military |
| | Trans. Alaska Oil |

0 100 200 300 miles



Barrow

BEAUFORT SEA

ALASKA

BROOKS RANGE

CANADA
UNITED STATES
YUKON

CANADA

MOUNTAINS

Fairbanks

Big Delta

Dawson

ASKA RANGE

Glennallen

Palmer

Valdez

Cordova

Ross River

Carmacks

Whitehorse

Watson Lake

GULF OF ALASKA

Yakutat

Skagway

Paines

Leavenworth

Petersburg

Wrangell

Dease Lake

Prince Rupert

I. THE ROUTE

The British Columbia Railroad is scheduled to complete a 400 mile northern extension of their track in 1978, from near Prince George to Dease Lake - about 120 air miles east-northeast of Juneau and 100 miles southwest of Watson Lake located on the Yukon border. A potential route to Alaska through the Yukon would be first, an extension from Dease Lake to Watson Lake, then following first the Laird and then the Pelly Rivers to a point below Ross River where it turns East on the Magundy and Little Salmon River drainages to the community of Carmacks on the Yukon, then down the Yukon and a short distance up the White River until it reaches the West Fork of the Ladue River from which it crosses the Alaska border east of Tetlin Junction. It is assumed that the railroad will generally parallel the Alaska Highway from Tetlin into Fairbanks. This route is considered to be "relatively easy" terrain for rail construction, down river valleys and with no major mountain passes to be crossed. This route describes 297 miles of track in Alaska, 568 miles in the Yukon, and about 100 miles remaining to be constructed in B.C. after the Dease Lake extension is completed. If current proposals before the White Pass and Yukon and Alaska Railroads are brought to completion some 250 miles along the route would be placed under construction. The Alaska and part of the Yukon sections were first identified by the Army Corps of Engineers during the construction of the Alaska Highway. The Bureau of Land Management, in their November 1974 report entitled "Multimodal Transportation and Utility Corridor System in Alaska," describes the rail route as Option #27. The land area for the entire route in Alaska may be selected through the eminent domain authority of the Alaska Railroad.

II. THE TYPE OF RAILROAD

The following cost estimates are for a general purpose standard gauge railroad with a good bed structure. The type of track bed should be of such a quality as to be readily upgradeable to unit train capability (unit trains are point-to-point, single bulk commodity, uniform car load trains that are usually not altered between origin and destination. Unit trains haul heavy tonnage and are particularly hard on track and equipment). Currently however, it is the State's policy to promote the processing of raw ores and crude oil within Alaska's boundaries. Most immediate demand for unit trains in Alaska will probably be placed for coal shipments along the existing track of the Alaska Railroad.

III. THE COST

Any estimate of costs at this point are ballpark figures. Cost also has several facets. One is dollar construction costs which, as of this date, are estimated to average \$1.2 million per mile by the railroads closest to the project. Total cost relates also to numbers of miles remaining to be constructed at the time the decision is made to make the through connection.

Officials of the White Pass and Alaska Railroads have agreed that the incremental increase in maintenance and operational structure supporting their railroads now, would be relatively less for the new mileage than for a less isolated railroad in the "lower 48" operating more miles of track and having contract shop facilities available to it nearby.

Another facet is that some costs such as social, environmental, etc., cannot be measured by dollars. They need to be evaluated, weighed, and placed in their proper perspective. It is clear that costs relate to time, and the longer construction is delayed, the higher the cost.

Who will pay? New rail construction clearly generates its costs at the front end. The larger the number of groups sharing the costs, the lower the cost will be to each.

One who asserts the expense will be too high by the time the railroad is built should remember revenue and demand also rises. In short, all the people who will benefit from the railroad, will in some way pay for the railroad.

IV. THE ECONOMIC, SOCIAL, AND POLITICAL CONSIDERATIONS

This area is beyond the scope of this study. However, it is reasonable to assume that the benefits in the form of new jobs and businesses, lower costs for consumer and durable goods, increased revenue for government et al, might far exceed the cost for a through rail connection. The governments and people of Alaska, Canada and the Northern states of the "lower 48" would be receiving most of these benefits. Only a well funded, comprehensive study of the total impact resulting from a rail connection could measure the total effect, and therefore, the viability of the proposal and the route.

V. ENVIRONMENTAL CONSIDERATIONS

The measurement of this impact is not within the funding of this study, but most certainly should be weighed with the other factors in a cost-benefit analysis. Initial reaction is described in the "Other Opinions" section later in this report.

VI. THE REVENUE

Those benefiting from the Railroad include the public, the operator of the railroad, the users of the railroad, and the local, state, provincial and federal governments. When the first tons of cargo move across a portion of the new track the operator will draw some salary and costs out of the rates charged to the shipper for hauling. A substantial volume will have to move, however, before what is collected in rates will pay for the original construction costs of the railroad-though this may happen (see the section on "Full Potential").

VII. THE RATE

In order for a transcontinental railroad to be effective, it must be competitive with existing modes of transportation. Competitiveness for the railroad also suggests the ability to provide tighter schedules and less handling of goods. A shipment could be placed on a rail car in the Midwest and not touched again until it reaches Fairbanks or Anchorage. Additional benefits include less chance for damage, delay, misrouting, and fewer transshipments.

Someone else has been receiving revenue before that first ton of cargo moved, however, perhaps millions of dollars. This revenue is in the form of income, property and business taxes paid to all levels of government during construction. This revenue will decline as the railroad nears completion unless the operator can put the railroad into operation. When operation begins, three revenues or benefits will flow - the revenue termed "public good and convenience," the rate revenue - particularly when it is reinvested, and the governmental tax revenue on all the primary and secondary economic activities.

The total of 1) public good, 2) charges and 3) taxes, versus the original construction and operational costs is what needs to be measured when asking whether the railroad will pay for itself and should be the subject of future study. It is clear the governments will initially have to participate in the construction because the railroad operator himself has not as yet had access to any revenue.

When a potential shipper is asked how much he might ship on a through rail route to the Midwest, his logical reply is: "How much will you charge me?" The answer is, there is presently no way of telling. This department has prevailed upon the railroads to construct a purely hypothetical rate under which they might be able to operate at today's costs. The Alaska Railroad prepared the first draft and the British Columbia and White Pass and Yukon Railroads are still in the process of evaluating this rate structure. It is understood that railroads only in very special circumstances could compete with an all water shipment. However, the question is could the railroads compete today once transshipments to interior points in Alaska and the mid-continent regions are required. When one approaches total tonnages in the modest range of three to four million tons a year, the hypothetical rates answer this question in the affirmative. This is however, only one measure of revenue generated by a railroad (see section on "Revenue"). Cost recovery in this tonnage range can be significant however as seen in the accompanying table.

The Alaska Railroad's estimates do not include profit margins, however, the profit increment is estimated to be 15 percent or less (profitability can also be achieved through operating procedures).

It is common practice that these rates vary among commodities, and that the estimated rate represents an average rate. Understandably these rates are negotiable to individual shippers based on volume and distance. Since a rate structure is already in effect to Prince George, negotiations would produce transcontinental through rates and other through rates to Northern Canada and Alaska destinations, which are usually lower.

Estimated Rate Structure - Prince George to Fairbanks
Capital and Operating Recovery

| <u>Tonnage</u> | <u>Canadian Segment</u> | <u>Alaska Segment</u> | <u>Rate/ton</u> | <u>Rate/cwt</u> |
|----------------|-------------------------|-----------------------|-----------------|-----------------|
| 1,000,000 | \$112.26 | \$61.36 | \$173.62 | \$8.68 |
| 2,000,000 | 64.91 | 38.62 | 103.53 | 5.18 |
| 3,000,000 | 49.93 | 31.25 | 81.08 | 4.05 |
| 4,000,000 | 42.95 | 27.77 | 70.72 | 3.54 |
| 5,000,000 | 39.53 | 25.89 | 65.42 | 3.27 |
| 6,000,000 | 38.00 | 24.86 | 62.86 | 3.14 |

Operating Expense Recovery Only

| <u>Tonnage</u> | <u>Canadian Segment</u> | <u>Alaska Segment</u> | <u>Rate/ton</u> | <u>Rate/cwt</u> |
|----------------|-------------------------|-----------------------|-----------------|-----------------|
| 1,000,000 | \$37.33 | \$23.18 | \$60.51 | \$3.03 |
| 2,000,000 | 27.45 | 19.53 | 46.98 | 2.35 |
| 3,000,000 | 24.85 | 18.53 | 43.38 | 2.17 |
| 4,000,000 | 24.22 | 18.23 | 42.45 | 2.12 |
| 5,000,000 | 24.54 | 18.25 | 42.79 | 2.14 |
| 6,000,000 | 25.51 | 18.50 | 44.01 | 2.20 |

VIII. THE VOLUME

There are two types of volume that are of interest in this study; current and future volume. The most readily accessible current volume statistics were those compiled by the Alaska Railroad. Future volume had to be identified through research and contacts with various potential shippers.

In estimating future volume, it was necessary to make three basic assumptions:

1. That traffic originating from inland points east of the Rocky Mountains would probably move along an all land rail route to Alaska, given competitive service.
2. That the present Alaska traffic, excluding pipeline traffic will continue to grow on the average of 7 percent a year.
3. That 1985 would be the earliest normal completion date for the construction of a through rail route between Alaska and the Midwest.

Only a general idea of what commodities are moving and the point of origin and destination appeared necessary for purposes of this study. The large Alaska highway tonnage carried is mostly pipeline oriented to date and it is assumed that most of the commodities carried by air will continue to move in that manner. Consequently, waterborne tonnage into Alaska was the only tonnage gathered in detail for this report.

CURRENT VOLUME

1975 Tonnage

Data gathered from the Alaska Railroad, reveals that 24 percent of their freight originated east of the Rocky Mountains in 1975. That is probably conservative since billing figures were used and Seattle offices are often billed for freight destined for Alaska, regardless of origin.

The Alaska Railroad handled 9,516 car loads of interline traffic in 1975 of which 2,284 car loads or 91,360 tons could be identified by billings as originating east of the Rocky Mountains.

An additional 51,600 tons arrived at Seward by water. Applying the 24 percent factor developed from the Railroad statistics, an estimated 12,384 tons of cargo received at Seward had origins east of the Rockies. The Port of Anchorage received 2,222,169 tons in 1975. Of this total 1,368,192 tons were petroleum products. Of the remaining 853,977 tons, mostly from Sea-Land, it might be assumed that 24 percent, or an estimated 204,954 tons, originated east of the Rockies. Combining the tonnage volume from the Railroad, Seward, and Anchorage, approximately 308,698 tons had origins east of the Rockies. This volume, projected at a 7 percent annual increase, reaches 607,255 tons in 1985, for a good base tonnage.

1976 Tonnage

These figures are incomplete and are displayed as a matter of interest.

The general cargo continues a modest increase over 1975. Column A is interline freight received and Column B is freight tendered to the Railroad by Sea-Land and TOTE for movement to Fairbanks.

Alaska Railroad

| Tons of Freight | A | B | Total |
|----------------------|---------|---------|---------|
| FY 1976 | 395,670 | 110,609 | 506,279 |
| July - November 1976 | 122,705 | 51,586 | 174,291 |

The Port of Anchorage in 1976 processed the tonnages displayed in the following table. The total general cargo handled was 1,072,149 tons. Some of this cargo is transshipped by the Alaska Railroad to Fairbanks and is included in the Railroad's statistics.

Port of Anchorage
Waterborne Commerce by Commodity, 1976
(in tons)

| Commodity | Local | | Domestic | | Foreign | |
|--------------------------------|---------|----------|-------------|-----------|-----------|----------|
| | Inbound | Outbound | Inbound | Outbound | Inbound | Outbound |
| Freight, N.O.S. | 2.0 | 7.0 | 4,927.3 | 11.6 | 1,199.2 | |
| Cement, Drilling Mud, etc. | | | 40,329.1 | | 31.4 | |
| Iron or Steel Articles | | 52.0 | 120.1 | | 7,248.7 | |
| Lumber | | | 266.4 | | | |
| Plastic Material Insulation | | | 1,273.0 | | | |
| Petroleum, Bulk | | | 1,300,521.6 | 7,623.7 | 386,854.2 | |
| Petroleum, N.O.S. | | 1,395.0 | | | | |
| Scrap, Iron or Steel | | | | | | |
| Vans, Flats, Containers | | | 884,211.5 | 94,398.7 | | |
| Vehicles | | | 22,779.7 | 11,192.9 | 2,703.9 | |
| Totals | 2.0 | 1,454.0 | 2,254,428.7 | 113,226.9 | 398,037.4 | |

The White Pass and Yukon Railroad is projecting 100,000 tons outbound from the Yukon Territory ultimately destined to interior Canadian points in 1981. Yukon tonnage is chiefly mineral concentrates and may or may not grow at 7 percent annually to 1985. However, these figures are biased downward since tonnages in the opposite direction have not been considered. Therefore, it would seem very conservative to estimate that a million tons would flow across the route by 1985, given competitive service and no new development.

A million tons means about a train a day to the Alaska Railroad. If you exclude fuel related tonnages, like petroleum and coal, the Alaska Railroad presently hauls less than one million tons of general cargo a year. This is also true of the White Pass and Yukon Railroad. The new route would probably increase the tonnage of both railroads and it certainly would offer a good base for the through route.

FUTURE VOLUME

In attempting to identify the future volume of such a rail route, potential shippers were contacted (see the following letter). The letter was sent to 131 firms in the United and Canada. To date, a 39 percent response has been received, which is a good response. This is not to be considered a poll. It is simply an admittedly incomplete sampling of opinions. The reader can gather the tenor of the comments from these potential customers of a rail route. The letter did not ask for nor guarantee confidentiality, however, it was decided to publish the excerpts separate from the authors in order that any presumed confidences would not be violated. Those eight individuals identified with their statements have been done so with their permission.

These letters suggest the railroad itself may trigger the development of some of the mines mentioned. Certainly the respondents seem to overwhelmingly agree that a through railroad would be a plus factor for the economy and a boon to mineral development. It is interesting to note that some companies have stated that they have not even bothered to explore in areas lacking transportation. Of additional importance is the fact that most of the respondents hold high executive positions within their company structure. Read each comment entirely to judge for yourself the support for this route. Some significant potential is suggested.