

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 100 cont. 255

Ms. Penelope Weyhrauch
January 12, 1987
Page 3

- (9) AS 37.25;
- (10) AS 38;
- (11) AS 44.62.040 - 44.62.320.

A careful review of these statutes demonstrates how each conflicts with ARCA or ARTA. Titles 19 and 35 set forth the powers and duties of the Department of Transportation and Public Facilities ("DOT/PF") to plan, construct, maintain and operate transportation facilities, including state ferries, airports and water and harbor facilities, and to plan and construct public buildings, boat harbors, dikes and breakwaters. Since ARRC operates as a self-sustaining public corporation, exemptions from Titles 19 and 35 insure that ARRC is responsible for its own facilities and operations.

AS 30.15 provides for state grants of monies and land for construction of local port facilities. ARRC's exemption precludes municipalities from using ARRC funds or lands for port facility development.

Exemptions from portions of Title 37 are required by ARTA which states that "revenues generated by the state-owned railroad shall be retained and managed by the state-owned railroad for railroad and related purposes." 45 U.S.C. §1207(a)(5). AS 37.05, the Fiscal Procedures Act, establishes uniform accounting, purchasing, post auditing, and related financial provisions for all "state agencies" and requires state agencies to submit reports, documents, and statements to the Department of Administration for accounting purposes, requires federal funds received by state agencies to be deposited in the state treasury, makes the Department of Administration responsible for all accounts and purchases of state agencies, requires competitive bidding procedures, and imposes other financial and reporting requirements. The exemption from AS 37.05 conforms to ARTA by allowing ARRC to maintain and control its own accounts and to act as its own purchasing agent.

The exemption from AS 37.07, the Executive Budget Act, also conforms to ARTA by allowing the ARRC to budget and manage its revenues as a separate economic entity.

AS 37.10.010 - .060 designates the Department of Administration as the custodian of state funds and requires all officers, boards and commissions to account to the Department of Revenue for moneys received. Again, an exemption from AS 37.10.010 to 37.10.060 allows ARRC to manage its own revenues.

AS 37.25 determines which unexpended appropriations lapse and which do not. This exemption insures that all ARRC's monies are available to it from year to year.

AS 37.10.035 prohibits political subdivisions from subscribing to the stock of a corporation and from joining credit or

Ms. Penelope Weyhrauch
January 12, 1987
Page 4

borrowing money for a corporation's use. Exemption from AS 37.10.085 permits ARRC to manage its revenues by placing its funds in a wide range of investments, including lending its credit and borrowing money for the use of a corporation.

AS 37.20 authorizes the governor to accept federal grants and transfers of property. Transferred land falls within the jurisdiction of the Department of Natural Resources. ARRC's exemption from AS 37.20 insured that federal railroad property, including land, building, monies, personnel property and structures, would be directly conveyed to ARRC rather than to the Departments of Administration, Natural Resources and Transportation and Public Facilities.

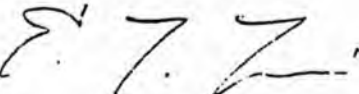
Title 38 states that the lands of the state are to be managed by the Department of Natural Resources. Exemption from Title 38 conforms to ARTA's and ARCA's mandate that ARRC manage railroad real estate.

AS 44.62.040 to 44.62.320, much of the Administrative Procedures Act, provide procedures for adopting and implementing regulations in state government. These provisions are supplanted by ARCA's AS 42.40.170 - .270, which call for publicly adopted rules by ARRC's board of directors.

The eradication of one or more of the ARCA exemptions will substantially change the model of a self-sufficient, competitive and accountable public railroad corporation that was created by Alaska's state and federal leadership. Furthermore, through the development of its own personnel, procurement, surplus property, budget, accounting, and land and lease plans, policies, and procedures, ARRC stands ready for expeditious transfer to the private sector. The short history of ARRC operations have underscored the wisdom of the legislature's original direction. We very much support that mission and would most appreciate the opportunity to comment upon proposed legislation to change or amend it.

I hope this adequately answers your question. Please feel free to call if you have any further questions.

Yours very truly,



E. Thaddeus Lewis
Associate General Counsel

cc: F. G. Turpin
L. D. Wood, Esq.

3505L

Questions asked to the Alaska
Railroad Corporation by the House
Labor & Commerce Committee, 1987

26. Describe each instance since February 1985 in which the Board has invoked an executive session to discuss the subjects described in A.S. 42.40.170(b)(7).

Response: Those instances included the following Board meetings:

February 15, 1985 - Board Mtg. - Tariff Increase
November 21, 1985 - Board Mtg. - Corporation Marketing Plan
- Costing Procedures
December 19, 1985 - Board Mtg. - Corporation Marketing Plan
February 20, 1986 - Board Mtg. - Marketing Update
April 17-18, 1986 - Board Mtg. - Marketing and Financial
Projections
May 21, 1986 - Board Mtg. - Marketing Update

Such information was also discussed in executive session as part and parcel of litigation reports. For example, a state case, City of Valdez v. ARRC, unsuccessfully sought protected pipe rate costing information, and an ICC boxcar exemption proceeding was an unsuccessful effort by watercarriers to deny ARRC the benefit of ICC deregulation of railroad boxcar movements.

27. Describe those specific categories of documents which the ARRC does not make public.

Response: ARRC does not specifically designate by type those documents that are open for public inspection and those that are not. Rather, when a particular request for information is received, ARRC first determines the nature of the request and then provides the information if it is not within the scope of those matters set forth in AS 42.40.210(b) and Board Rule No. 4.

ARRC's Board of Directors has adopted Rule 4, a copy of which is attached as an exhibit, which elaborates upon matters not available for public inspection.

28. Describe those specific categories of documents which the ARRC does make public.

Response: See response to Question No. 27.

29. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with specific shippers consistent with the standards and practices of the ICC.

Response: The types of documents which fall into the category relating to proprietary information, divisions and

contract rate agreements would include cost studies, cost data, contract rate agreements, exempt rate quotations, divisions sheets, bills of lading, waybills, any documents relating to a shipper's business, and any notes or correspondence relating to any of the above.

30. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with divisions consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

31. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with contract rate agreements consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

32. Other than the specific types of documents described, describe other specific types of documents which the ARRC withholds from the public as "proprietary information" consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

33. List each rule pursuant to which the ARRC has designated documents as privileged or proprietary under A.S. 42.40.220 or otherwise, and describe the types of documents and information withheld from the public pursuant to each rule.

Response: See response to Question No. 27.

34. Describe the rationale of the ARRC in refusing to provide the Transportation Committee with documents requested by that committee in 1985 and 1986.

Response: It is our recollection that the information requested was operating costs for movement of freight via trailers on flat cars. Railroads in the United States have not been required by law to divulge costs. Such information has always been considered proprietary, and confidentiality has been protected. Clearly, such rules promote competition by allowing railroads the same business advantages and marketing mechanisms enjoyed by other transportation modes. In those instances where it was necessary for the Interstate Commerce Commission to have the costs in order to arrive at a conclusion, the cost data was submitted to the Commission on a confidential basis, was not divulged to the complainant or to the public, and did not appear in any printed report. Federal and state laws provide ARRC the same rights and benefits to

protect confidential information. This enables the company to price and contract its services on a businesslike basis and to respond quickly to market conditions.

35. Describe the documents and categories of information the ARRC refused to give to the Transportation Committee.

Response: Although we are not certain at this date what documents were refused, they were most probably those which would divulge confidential contract rates or operating costs, and which could be attributed to any freight service segment.

Categories of information which must remain confidential:

- contract rates
- operating costs for specific freight moves
- any information which would identify shipments concerning one shipper or consignee

36. Describe all procedures and practices by which the ARRC attempts to minimize the adverse effect of the operation of the railroad on wildlife.

Response: In cooperation with the Alaska Department of Fish and Game ("ADF&G"), the ARRC has experimented with numerous methods to minimize the adverse effects of its operations on wildlife, specifically big game. Historically, moose are the game population most affected by the railroad, primarily in years of deep snow (3 to 5 feet) for long periods of time. Unfortunately, many of the experiments have failed to demonstrate a reliable way to discourage moose usage of the plowed track (see response to Question No. 39 below). Presently, the effort is concentrated on plowing the right-of-way as wide as possible, and a combination of lights, horns and bells to frighten them away from the track. Where possible, the train engineers slow down to reduce the chance of a strike.

ARRC is again cooperating with ADF&G in its ongoing study of the moose mortality along the tracks. For example, arrangements are being made for game biologists to accompany a locomotive on several trips north this season. The corporation has also engaged a private consultant to develop electronic equipment to frighten the moose and drive them away from the track. Research and equipment design under that contract are scheduled for completion within the current winter season, with construction and installation of equipment to follow depending on the results of research.

37. Describe all actions taken by the ARRC if a train hits a moose, including names of people to whom the information is reported, reports made, and attempts to salvage meat.

RULE NO. 4 - PUBLIC DISCLOSURE OF INFORMATION

(Adopted 12-17-84
Amended 7-18-85)

A. Public Information:

As provided in AS 42.40.220, information in the possession of the Corporation is public and available to public inspection at reasonable times.

B. Restrictions on Disclosure:

As further provided under such provision and as required by the Alaska Railroad Transfer Act of 1982 (ARTA) (45 U.S.C. 1204), the following information is hereby designated to be of a privileged or proprietary nature and shall be withheld from public inspection:

- 1.) As required under Sec. 605(b) (ARTA), certain information of the Federal Alaska Railroad available to the Corporation, including, "proprietary business data, personnel records, and other information, the public disclosure of which is prohibited by law;"
- 2.) personnel records of the Corporation including but not limited to each employee's original application for employment and employment memorandum, resume, any and all salary information, reports of other employment investigations, tests, any letters of recommendation, reports of work performance, reports of the employee's progress, disciplinary actions, and such other records as may be created in the employee's initial employment and continued service to the Alaska Railroad Corporation. Personnel records may be released upon receipt of written authorization from the employee, former employee, or applicant whose records are requested. Such authorization shall specifically identify the information authorized for release.

For employees who transferred to the Corporation pursuant to P.L. 97-468, personnel records shall include the employee's Official Personnel Folder, Emergency Medical Folder, and any copies thereof. Disclosure of information contained in the Official Personnel Folder and Emergency Medical Folder shall be governed by applicable Federal law and regulation;
- 3.) communications with and work product of counsel;
- 4.) all other records, documents, data or information of a privileged or proprietary nature, including but not limited to proprietary information associated with specific shippers, divisions and contract rate agreements, and specifically including all information that may be withheld or protected from discovery in proceedings before the Interstate Commerce Commission consistent with the Commission's standards and practices;
- 5.) other information the subject of which could be discussed in executive session under AS 42.40.170;
- 6.) any other information or records required to be kept confidential by Federal or State law or regulations.

Introduced: 2/2/87
Referred: Transportation and
Finance

1 IN THE HOUSE

BY CATO

2 HOUSE BILL NO. 100

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the annual report of the Alaska
7 Railroad Corporation."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 42.40.260(a) is amended to read:

10 (a) Within 90 days following the end of the fiscal year of the
11 Alaska Railroad the board shall distribute to the governor and to the
12 legislature a report describing the operations and financial condition
13 of the corporation during the preceding fiscal year. The report may
14 include suggestions for legislation relating to the structure, powers,
15 or duties of the corporation or to the operation or facilities of the
16 corporation. Subject to AS 42.40.220, the report shall itemize the
17 cost of providing each category of service offered by the railroad and
18 the income generated by each category. The report shall also include

19 (1) the goals and objectives of the board for the preceding
20 fiscal year and modifications of the goals and objectives for the
21 current fiscal year;

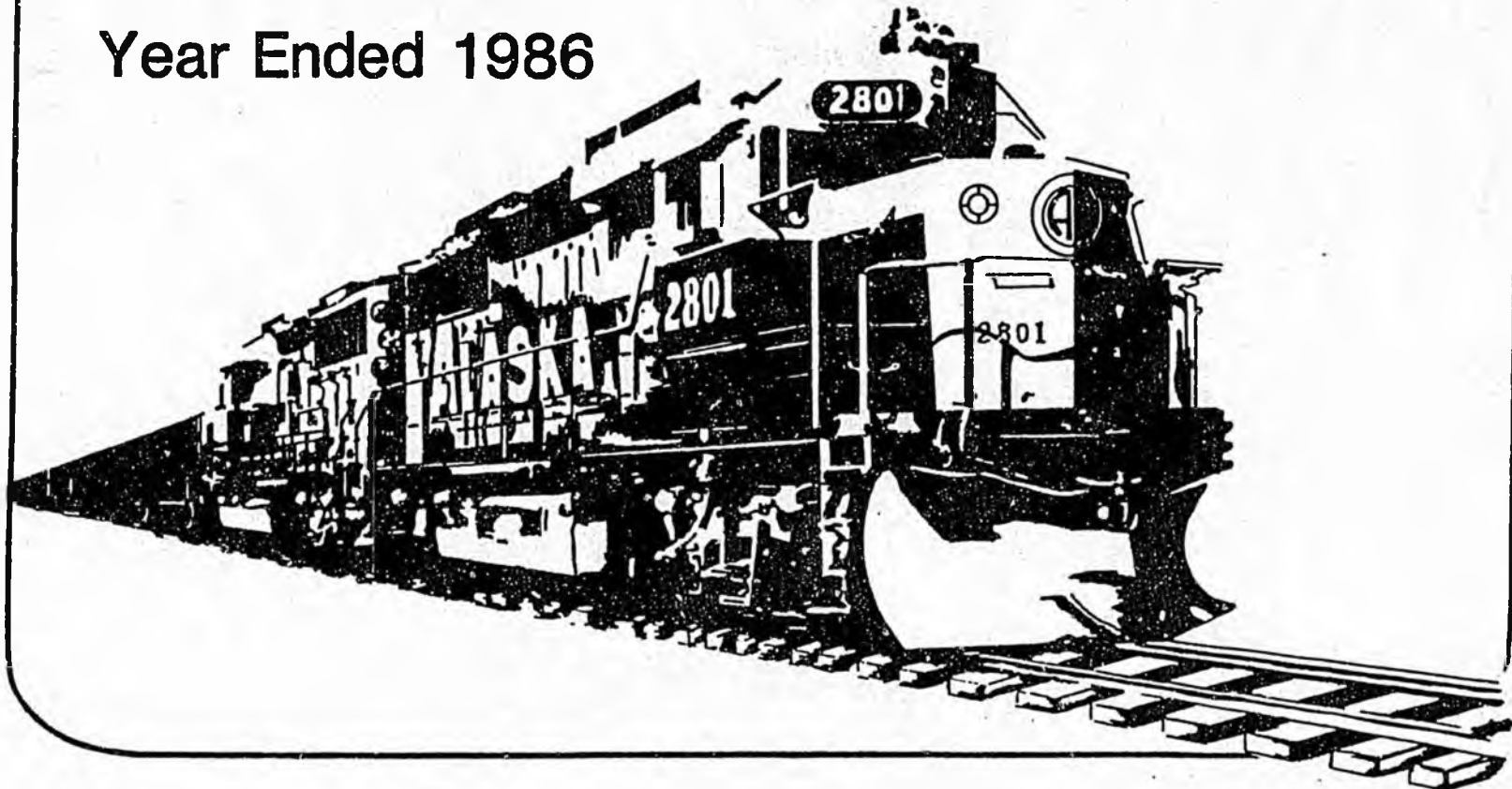
22 (2) proposed plans to implement goals and objectives, in-
23 cluding estimates of future service needs, proposed modifications of
24 existing services and establishment of new services, and estimates of
25 financial and personnel resources necessary to carry out the proposed
26 plans;

27 (3) a budget to carry out proposed plans in the current
28 fiscal year including an explanation of services to be provided, the
29 need for the services, the cost of the services, the total number of

ALASKA RAILROAD CORPORATION



**Report to Legislative Transportation Committees
Year Ended 1986**



ALASKA RAILROAD CORPORATION
REPORT TO LEGISLATIVE TRANSPORTATION COMMITTEES
TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE NO.</u>
• 1986 GOALS AND ASSUMPTIONS	1 - 4
• 1987 GOALS AND ASSUMPTIONS	5 - 8
• 1986 FINANCIAL STATEMENTS	9 - 14
• PERSONNEL ACTIVITY	15 - 17
• 1987 BUDGET	3 - 53

III. ASSUMPTIONS AND GOALS

GOALS:

The long-range goals encompassed in the Five-Year Plan are as follows:

- To improve, operate, and maintain the Railroad on a self-sustaining basis.
- To enhance and upgrade the Railroad's facilities, property, and equipment to an attractive and well-maintained condition.
- To develop a highly motivated, productive work force.
- To be responsive to market opportunities and customer needs.
- To develop a public image that the Alaska Railroad Corporation is an effective and efficient corporation serving the transportation needs of Alaska.

III. ASSUMPTIONS AND GOALS (cont'd)

BASIC PLANNING ASSUMPTIONS:

Basic assumptions for the 1986 Five-Year Plan are divided into the following categories:

- Physical Plant
- Revenue
- Personnel
- General

BASIC PLANNING ASSUMPTIONS (continued)

Physical Plant

- No expansion of the rail line that we (ARRC) will pay for is scheduled to begin during the planning period.
- Major effort to upgrade equipment to improve efficiency and lower maintenance costs will continue throughout the planning period.
- Obsolete facilities, equipment, and track structures will be vacated, dismantled, removed, or torn down.
- Significant expenditures will be required to comply with OSHA requirements. Deficiencies will be resolved in the planning period.
- Obsolete and excess materials/equipment will be surplus and sold.
- Efforts to maintain the physical integrity of the Railroad will continue at or above the present level.
 - Specifically to maintain the integrity of bridges, tunnels, docks, and track structures.

Revenue

- Export coal from Healy to Seward will continue at the contract rate of 800,000 metric tons a year, plus or minus 20 percent.
- The Alaska economy will continue a slight decline during 1987 and remain stable throughout the planning period.
- Gravel shipments to Anchorage from Palmer will continue declining until 1988 and then level off in the final years of the plan.
- Continued expansion of tourist travel throughout the planning period.
- Expanded involvement in Alaska petroleum distribution.
- Expanded involvement in leasing and developing corporate real estate.
- Expansion of interline rail and terminal service through Whittier, Anchorage, and Seward will be emphasized through increased market share.

BASIC PLANNING ASSUMPTIONS (continued)

Personnel

- The Corporation will negotiate Collective Bargaining Agreements during the planning period.
- Baseline requirements will be performed as much as possible by permanent full-time Corporation employees. The only exceptions will be traditional support services.
- Seasonal and project workloads above the normal baseline will be handled with temporary Corporation or contract personnel.
- The Corporation will relate to the Alaskan transportation industry in establishing and maintaining wages, salary, and benefit practices.

General

- There is a high degree of probability that the Railroad will remain under State ownership for the planning period.
- There will be continued emphasis on increasing the efficiency of Corporation workload and on-going activities in order to achieve further reductions in operating expenditures.
- A standard on-going, life cycle replacement and upgrading program for equipment will begin and continue through and beyond the planning period.
- Increased emphasis, not necessarily expansion, of passenger service, facilities, and equipment will be evident throughout the planning period.
- Improved coordination with water carriers and increased participation in freight markets will be emphasized.
- Agreement on native claims issues will be actively pursued.

III. ASSUMPTIONS AND GOALS

GOALS:

The long-range goals encompassed in the Five-Year Plan are as follows:

- To improve, operate, and maintain the Railroad on a self-sustaining basis.
- To enhance and upgrade the Railroad's facilities, property, and equipment to an attractive and well-maintained condition.
- To develop a highly motivated, productive work force.
- To be responsive to market opportunities and customer needs.
- To develop a public image that the Alaska Railroad Corporation is an effective and efficient corporation serving the transportation needs of Alaska.

III. ASSUMPTIONS AND GOALS (cont'd)

BASIC PLANNING ASSUMPTIONS:

Basic assumptions for the 1987 Five-Year Plan are divided into the following categories:

- Physical Plant
- Revenue
- Personnel
- General

BASIC PLANNING ASSUMPTIONS (continued)

Physical Plant

- No expansion of the rail line that we (ARRC) will pay for is scheduled to begin during the planning period.
- Major effort to upgrade equipment to improve efficiency and lower maintenance costs will continue throughout the planning period.
- Obsolete facilities, equipment, and track structures will be vacated, dismantled, removed, or torn down.
- Significant expenditures will be required to comply with OSHA requirements. Deficiencies will be resolved in the planning period.
- Obsolete and excess materials/equipment will be surplus and sold.
- Efforts to maintain the physical integrity of the Railroad will continue at or above the present level.
 - Specifically to maintain the integrity of bridges, tunnels, docks, and track structures.

Revenue

- Export coal from Healy to Seward will continue at the contract rate of 640,000 metric tons a year.
- The Alaska economy will continue to decline during 1987, then remain stable at 1987 levels throughout the planning period.
- Gravel shipments to Anchorage from Palmer will continue declining until 1987 and then level off in the final years of the plan.
- Continued expansion of tourist travel throughout the planning period.
- Expanded involvement in Alaska petroleum distribution.
- Expanded involvement in leasing and developing corporate real estate.
- Expansion of interline rail and terminal service through Whittier, Anchorage, and Seward will be emphasized through increased market share.

BASIC PLANNING ASSUMPTIONS (continued)

Personnel

- Baseline requirements will be performed as much as possible by permanent full-time Corporation employees. The only exceptions will be traditional support services.
- Seasonal and project workloads above the normal baseline will be handled with seasonal Corporation or contract personnel.
- The Corporation will relate to the Alaskan transportation industry in establishing and maintaining wage, salary, and benefit practices.

General

- There is a high degree of probability that the Railroad will remain under State ownership for the planning period.
- There will be continued emphasis on increasing the efficiency of Corporation workload and on-going activities in order to achieve further reductions in operating expenditures.
- A standard on-going, life cycle replacement and upgrading program for equipment will continue through and beyond the planning period.
- Increased emphasis on passenger service, facilities, and equipment will be evident throughout the planning period.
- Improved coordination with water carriers and increased participation in freight markets will be emphasized.
- Agreement on native claims issues will be actively pursued.

ALASKA RAILROAD CORPORATION
Summary Balance Sheet
Through the Period Ending December 31, 1986
(In Thousands of Dollars)

	<u>Dec. 31, 1986</u>
<u>Assets</u>	
Current Assets	19,026
Properties	38,602
Land	13,850
Other	<u>1,162</u>
Total Assets	<u>72,640</u>
<u>Liabilities and Owners Equity</u>	
Liabilities	
Current Liabilities	18,432
Capital Lease Obligations & Long Term Debt	<u>13,886</u>
Total Liabilities	32,318
Owners Equity	
Investment by State of Alaska	34,174
Retained Earnings	<u>6,148</u>
Total Owners Equity	40,322
Total Liabilities and Owners Equity	<u>72,640</u>

ALASKA RAILROAD CORPORATION
Statement of Income
Through the Period Ending December 31, 1986
(In Thousands of Dollars)

	Month			Year-To-Date		
	1986	Budget	Variance	1986	Budget	Variance
<u>Revenues</u>						
Railroad	4,333	4,479	(146)	47,352	67,800	(20,448)
Other	<u>1,585</u>	<u>710</u>	<u>875</u>	<u>12,947</u>	<u>11,100</u>	<u>1,847</u>
Total	5,918	5,189	729	60,299	78,900	(18,601)
<u>Cost and Expenses</u>						
Railroad						
Transportation	1,625	1,501	124	15,532	18,608	(3,076)
Ways and Structures	854	1,039	(185)	13,961	13,822	139
Equipment	734	1,277	(543)	12,329	16,330	(4,001)
Operations Staff	669	265	404	3,574	3,256	318
General and Administrative	<u>2,180</u>	<u>1,025</u>	<u>(1,155)</u>	<u>12,168</u>	<u>12,992</u>	<u>(824)</u>
Total	6,062	5,107	(955)	57,564	65,008	(7,444)
Operating Surplus	(144)	82	(226)	2,735	13,892	(11,157)
Corporate Office	58	66	(8)	670	587	83
Interest Expense	<u>(1)</u>	<u>91</u>	<u>(92)</u>	<u>613</u>	<u>1,099</u>	<u>(486)</u>
Net Surplus	(201)	(75)	(126)	1,452	12,206	(10,754)
Depreciation	<u>234</u>	<u>150</u>	<u>84</u>	<u>2,437</u>	<u>1,800</u>	<u>637</u>
Net Income (Loss)	<u>(435)</u>	<u>(225)</u>	<u>(210)</u>	<u>(985)</u>	<u>10,406</u>	<u>(11,391)</u>

ALASKA RAILROAD CORPORATION
EXPENSE PERFORMANCE ANALYSIS
Through the Period Ending December 31, 1986
(In Thousands of Dollars)

Department	Month			Year To Date			Latest Annual Estimate		
	Actual	Budget	Variance	Actual	Budget	Variance	Estimate	Budget	Variance
Railroad									
Transportation	1,625	1,502	123	15,532	18,609	(3,077)	15,532	18,609	(3,077)
Motive Power & Equipment	734	1,277	(543)	12,329	16,330	(4,001)	12,329	16,330	(4,001)
Ways & Structures	854	1,039	(185)	13,961	13,822	139	13,961	13,822	139
Operations Staff	<u>669</u>	<u>265</u>	<u>404</u>	<u>3,574</u>	<u>3,256</u>	<u>318</u>	<u>3,574</u>	<u>3,256</u>	<u>318</u>
Total	3,882	4,083	(201)	45,396	52,017	(6,621)	45,396	52,017	(6,621)
General & Administrative:									
Finance	809	503	(306)	5,464	6,074	(610)	5,464	6,074	(610)
Marketing	278	226	52	3,044	3,159	(115)	3,044	3,159	(115)
Human Resources	119	160	(41)	1,469	1,999	(530)	1,469	1,999	(530)
Legal	153	75	78	957	993	(36)	957	993	(36)
Administration	85	61	24	752	766	(14)	752	766	(14)
Corporate Overhead	<u>736</u>	<u>0</u>	<u>736</u>	<u>482</u>	<u>0</u>	<u>482</u>	<u>482</u>	<u>0</u>	<u>482</u>
Total	2,180	1,025	1,155	12,168	12,991	(823)	12,168	12,991	(823)
Corporate Office	58	66	(8)	670	587	83	670	587	83
Interest Expense	(1)	91	(92)	613	1,099	(486)	613	1,099	(486)
Depreciation	<u>234</u>	<u>150</u>	<u>84</u>	<u>2,437</u>	<u>1,800</u>	<u>637</u>	<u>2,437</u>	<u>1,800</u>	<u>637</u>
TOTAL	<u>6,353</u>	<u>5,415</u>	<u>938</u>	<u>61,284</u>	<u>68,494</u>	<u>(7,210)</u>	<u>61,284</u>	<u>68,494</u>	<u>(7,210)</u>
Flood Related	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,166</u>	<u>0</u>	<u>(2,166)</u>	<u>2,166</u>	<u>0</u>	<u>(2,166)</u>
Total Excluding Flood	6,353	5,415	938	59,118	68,494	(9,376)	59,118	68,494	(9,376)

ALASKA RAILROAD CORPORATION
Revenues by Commodity
Through the Period Ending December 31, 1986
(In Thousands of Dollars)

Commodity	Month			Year To Date			Latest Annual Estimate		
	Actual	Budget	Variance	Actual	Budget	Variance	Estimate	Budget	Variance
Pipe	83	352	(269)	2,190	4,051	(1,861)	2,190	4,051	(1,861)
Coal: Local	250	444	(194)	4,350	4,558	(208)	4,350	4,558	(208)
Export	576	641	(65)	5,748	6,082	(334)	5,748	6,082	(334)
Petroleum	955	951	4	10,224	12,733	(2,509)	10,224	12,733	(2,509)
Gravel	0	0	0	4,054	6,847	(2,793)	4,054	6,847	(2,793)
TOFC/COFC	1,960	879	1,081	7,601	11,158	(3,557)	7,601	11,158	(3,557)
Interline	356	978	(622)	6,677	13,713	(7,036)	6,677	13,713	(7,036)
Miscellaneous Local	9	205	(196)	832	3,758	(2,926)	832	3,758	(2,926)
Total Freight	<u>4,189</u>	<u>4,450</u>	<u>(261)</u>	<u>41,676</u>	<u>62,900</u>	<u>(21,224)</u>	<u>41,676</u>	<u>62,900</u>	<u>(21,224)</u>
Passenger: North	104	12	92	2,763	3,328	(565)	2,763	3,328	(565)
South	(95)	17	(112)	1,668	1,413	255	1,668	1,413	255
Other	(8)	0	(8)	143	159	(16)	143	159	(16)
Total Passenger	<u>1</u>	<u>29</u>	<u>(28)</u>	<u>4,574</u>	<u>4,900</u>	<u>(326)</u>	<u>4,574</u>	<u>4,900</u>	<u>(326)</u>
Real Estate	274	410	(136)	5,274	5,100	174	5,274	5,100	174
All Other	<u>1,454</u>	<u>300</u>	<u>1,154</u>	<u>6,609</u>	<u>6,000</u>	<u>609</u>	<u>6,609</u>	<u>6,000</u>	<u>609</u>
Total Other	<u>1,728</u>	<u>710</u>	<u>1,018</u>	<u>11,883</u>	<u>11,100</u>	<u>783</u>	<u>11,883</u>	<u>11,100</u>	<u>783</u>
TOTAL	<u>5,918</u>	<u>5,189</u>	<u>729</u>	<u>58,133</u>	<u>78,900</u>	<u>(20,767)</u>	<u>58,133</u>	<u>78,900</u>	<u>(20,767)</u>
Flood Related	0	0	0	2,166	0	2,166	2,166	0	2,166
TOTAL	<u>5,918</u>	<u>5,189</u>	<u>729</u>	<u>60,299</u>	<u>78,900</u>	<u>(18,601)</u>	<u>60,299</u>	<u>78,900</u>	<u>(18,601)</u>

ALASKA RAILROAD CORPORATION
 Revenues by Commodity
 Through the Period Ending December 31, 1986
 1986 vs. 1985*
 (In Thousands of Dollars)

Commodity	Month			Year To Date		
	1986	1985	Inc/Decr	1986	1985*	Inc/Decr
Pipe	83	269	(186)	2,190	3,253	(1,063)
Coal: Local	250	356	(106)	4,350	4,255	95
Export	576	402	174	5,748	5,179	569
Petroleum	555	1,030	(75)	10,224	11,833	(1,609)
Gravel	0	0	0	4,054	7,819	(3,765)
TOFC/COFC	1,960	358	1,602	7,601	7,008	593
Interline	356	574	(218)	6,677	10,530	(3,853)
Miscellaneous Local	9	(168)	177	832	2,101	(1,269)
Total Freight	4,189	2,821	1,368	41,676	51,978	(10,302)
Passenger: North	104	239	(135)	2,763	2,959	(196)
South	(95)	81	(176)	1,668	1,102	566
Other	(8)	69	(77)	143	283	(140)
Total Passenger	1	389	(388)	4,574	4,344	230
Real Estate	274	(141)	415	5,274	4,322	952
All Other	1,454	662	792	6,609	6,590	19
Total Other	1,728	521	1,207	11,883	10,912	971
TOTAL	<u>5,918</u>	<u>3,731</u>	<u>2,187</u>	<u>58,133</u>	<u>67,234</u>	<u>(9,101)</u>
Flood Related	0	0	0	2,166	0	2,166
TOTAL	<u>5,918</u>	<u>3,731</u>	<u>2,187</u>	<u>60,299</u>	<u>67,234</u>	<u>6,935</u>

* The month of January, 1985 was a 26-day month due to the transfer from federal to state ownership.

ALASKA RAILROAD CORPORATION
 PROJECT-TO-DATE CAPITAL PERFORMANCE ANALYSIS
 Through the Period Ending December 31, 1986
 In Thousands of Dollars
 Summary

<u>Projects</u>	<u>Apprvd Budget</u>	<u>Amount Approp.</u>	<u>Latest Est.*</u>	<u>1986 YTD Expend.</u>	<u>Remndr of 1986</u>
Completed	7,332	11,241	5,244	6,471	0
Cancelled	2,284	644	0	0	0
In Progress	425	1,459	3,196	1,337	0
Debt Service	<u>2,726</u>	<u>3,039</u>	<u>1,534</u>	<u>1,471</u>	<u>0</u>
TOTAL	12,767	16,383	9,974	9,279	0
State Funded Projects					
Shuttle Equipment	925	0	925	89	836

Status Codes

A - AFE Preparation	D - Design	M - Materials Ordered
B - Bid Process	E - Evaluation	R - Received
C - Complete	H - On Hold	L - Lease/Purchase

* Latest Estimate adjusted for impact of capitalized interest

ALASKA RAILROAD CORPORATION
MANNING VARIANCE ANALYSIS
1983 - 1987

<u>Division</u>	<u>1983 Average Manning</u>	<u>1984 Average Manning</u>	<u>1985 Average Manning</u>	<u>1986 Average Manning</u>	<u>1987 Average Manning</u>
President & CEO	10	9	6	4	2
Chief Counsel	4	4	3	7	6
Operations	611	586	606	564	483
Administration	6	7	8	8	8
Human Resources	9	11	12	19	15
Finance	69	69	67	64	62
Marketing	11	14	18	30	34
	--	--	--	--	
TOTAL	<u>720</u>	<u>700</u>	<u>720</u>	<u>696</u>	<u>610</u>

1-16-87

2888A

**ALASKA RAILROAD CORPORATION
PERSONNEL BUDGET VS. ACTUAL
MSA FILE 2-15-87 TO 2-28-87**

	FEBRUARY 1987 BUDGET	ACTIVE AS OF: 2-28-87	ACTIVE VS. BUDGET	% ACTIVE VS. BUDGET	PROJECTED LOSS OR GAIN BY 3-14-87	PROJECTED ACTIVE BY 3-14-87	MARCH 1987 BUDGET	ACTIVE VS. BUDGET-MAR	% ACTIVE VS. BUDGET-MAR	LEAVE PENDING SEP/FUR
CEO & STAFF	2	2	0	100.00%	0	2	2	0	100.00%	
OPERATIONS DIVISION										
VP & STAFF	8	8	0	100.00%	0	8	8	0	100.00%	
TRANSPORTATION	168	144	-24	85.71%	-1	143	168	-25	85.12%	
M P & E	98	98	0	100.00%	1	99	102	-3	97.06%	
ENGINEERING	152	148	-4	97.37%	0	148	174	-26	85.06%	
TOTAL OPERATIONS	426	398	-28	93.43%	0	398	452	-54	88.05%	
FINANCE DIVISION										
VP & STAFF	1	1	0	100.00%	0	1	1	0	100.00%	
ACCOUNTING	19	17	-2	89.47%	0	17	19	-2	89.47%	
INFO SYSTEMS	19	17	-2	89.47%	0	17	19	-2	89.47%	
REAL ESTATE	4	4	0	100.00%	0	4	4	0	100.00%	
FINANCIAL SERVICES	19	19	0	100.00%	-1	18	19	-1	94.74%	-1
TOTAL FINANCE	62	58	-4	93.55%	-1	57	62	-5	91.94%	
MARKETING DIVISION										
VP & STAFF	1	1	0	100.00%	0	1	1	0	100.00%	
MARKETING	5	3	-2	60.00%	0	3	5	-2	60.00%	
SALES	7	6	-1	85.71%	0	5	7	-1	85.71%	
PASSENGER SALES	10	5	-5	50.00%	0	5	10	-5	50.00%	
TOTAL MARKETING	23	15	-8	65.22%	0	15	23	-8	65.22%	
CHIEF COUNSEL	8	7	-1	87.50%	0	7	8	-1	87.50%	
ADMIN DEPT	8	6	-2	75.00%	0	6	8	-2	75.00%	
PERSONNEL DEPT	15	13	-2	86.67%	0	13	15	-2	86.67%	
TOTAL CORPORATION	544	499	-45	91.73%	-1	498	570	-72	87.37%	-1

**NOTE: LWOP/NON WORK-NON PAY/FURLOUGH/ NOT SHOWN IN ACTIVE NUMBERS
ALL FULL TIME, PART TIME & INTERMITTENT ARE COUNTED IN ACTIVE NUMBERS**

**ALASKA RAILROAD CORPORATION
1987 PERSONNEL REPORT-FEBRUARY**

AS OF: 2-28-87

MONTH	1987 BUDGETED	1987 TARGET	TARGET vs. BUDGET	% TARGET vs. BUDGET	1987 ACTUAL	ACTUAL vs. BUDGET	% ACTUAL vs. BUDGET	ACTUAL vs. TARGET	% ACTUAL vs. TARGET
JAN	533	511	-22	95.9%	519	-14	97.4%	8	101.6%
FEB	544	511	-33	93.9%	499	-45	91.7%	-12	97.7%
MAR	570	510	-60	89.5%					
APR	604	585	-19	96.9%					
MAY	671	619	-52	92.3%					
JUN	713	643	-70	90.2%					
JUL	712	643	-69	90.3%					
AUG	712	642	-70	90.2%					
SEP	634	600	-34	94.6%					
OCT	549	498	-51	90.7%					
NOV	532	496	-36	93.2%					
DEC	532	496	-36	93.2%					
AVERAGE	609	563	-46	92.4%			94.6%	-4	99.6%

**BUDGETED NUMBERS PROVIDED BY FINANCIAL SERVICES
ACTUAL NUMBERS TAKEN FROM MSA FILE 2-15-87 TO 2-28-87
LWOP/NON WORK-NON PAY AND FURLOUGH NOT COUNTED
MARKETING DIVISION HAS BUDGETED FOR HOST/HOSTESSES**

ALASKA RAILROAD CORPORATION
 1987 Projected Income Statement
 (\$ 000's)

	1987 Budget	1986 Latest Estimate	Variance	
			Dollars	Percentage
<u>REVENUES</u>				
Railroad	45,600	45,200	400	0.9
Other	11,160	11,300	(140)	(1.2)
TOTAL	56,760	56,500	260	0.4
<u>COST AND EXPENSES</u>				
Railroad	39,580	42,524	(2,944)	(6.9)
Other	12,746	10,976	1,770	16.1
TOTAL	52,326	53,500	(1,174)	(2.1)
Bad Debt Reserve	480	600	(120)	(20.0)
Depreciation	3,600	2,400	1,200	50.0
TOTAL EXPENSE	56,406	56,500	(94)	(0.1)
<u>NET INCOME (LOSS)</u>	<u>354</u>	<u>0</u>	<u>354</u>	N/A

December 18, 1986

ALASKA RAILROAD CORPORATION
Revenues By Commodity
1987 Revenue Budget
(000's)

<u>Commodity</u>	<u>1987 Budget</u>	<u>1986 Latest Estimate</u>	<u>Variance</u>	
			<u>Dollar</u>	<u>%</u>
Pipe	1,000	2,125	(1,125)	(52.9)
Coal: Local	4,800	4,575	225	4.9
Export	5,600	5,700	(100)	(1.8)
Petroleum	10,500	10,200	300	2.9
Gravel	3,000	4,050	(1,050)	(25.9)
TOFC/COFC	7,000	6,000	1,000	16.6
Interline	7,000	7,050	(50)	(0.7)
Miscellaneous	1,000	700	300	42.9
TOTAL FREIGHT	39,900	40,400	(500)	(1.2)
Passenger:				
North Bound	3,300	2,700	600	22.2
South Bound	2,200	1,900	300	15.8
Charters, etc	200	200	0	0.0
TOTAL PASSENGER	5,700	4,800	900	18.8
Real Estate	6,000	5,500	500	9.1
Freight Related	662	540	122	22.6
All Other	4,498	5,260	(762)	(14.5)
TOTAL OTHER	11,160	11,300	(140)	(1.2)
TOTAL REVENUE	56,760	56,500	260	0.4

December 18, 1986

ALASKA RAILROAD CORPORATION
 1987 Expense Budget Performance Analysis
 (\$ 000's)

<u>DEPARTMENT</u>	<u>1987 BUDGET</u>	<u>1986 Latest Estimate</u>	<u>Dollar Variance</u>	<u>Percentage</u>
<u>Railroad</u>				
Transportation	13,990	15,200	(1,210)	(8.0)
Motive Power & Equipment	10,890	12,500	(1,610)	(12.9)
Engineering	11,999	12,050	(51)	(0.4)
Operations Staff	2,701	2,774	(73)	(2.6)
TOTAL RAILROAD	<u>39,580</u>	<u>42,524</u>	<u>(2,944)</u>	<u>(6.5)</u>
<u>General & Administrative</u>				
Corporate Office	525	625	(100)	(16.0)
Finance	4,599	5,120	(521)	(10.2)
Marketing	2,704	3,000	(296)	(10.0)
Administration	625	686	(61)	(8.9)
Human Resources	1,203	1,500	(297)	(19.8)
General Counsel	855	919	(64)	(7.0)
TOTAL G & A	<u>10,511</u>	<u>11,850</u>	<u>(1,339)</u>	<u>(11.3)</u>
<u>Corporate Overhead</u>				
Bad Debt Reserve	480	600	(120)	(20.0)
Interest Expense	1,920	726	1,194	164.5
Depreciation	3,600	2,400	1,200	50.0
Miscellaneous	315	(1,600)	1,915	N/A
TOTAL OVERHEAD	<u>6,315</u>	<u>2,126</u>	<u>4,189</u>	<u>197.0</u>
<u>TOTAL</u>	<u>56,406</u>	<u>56,500</u>	<u>(94)</u>	<u>(0.1)</u>

December 18, 1986

CORRECTION

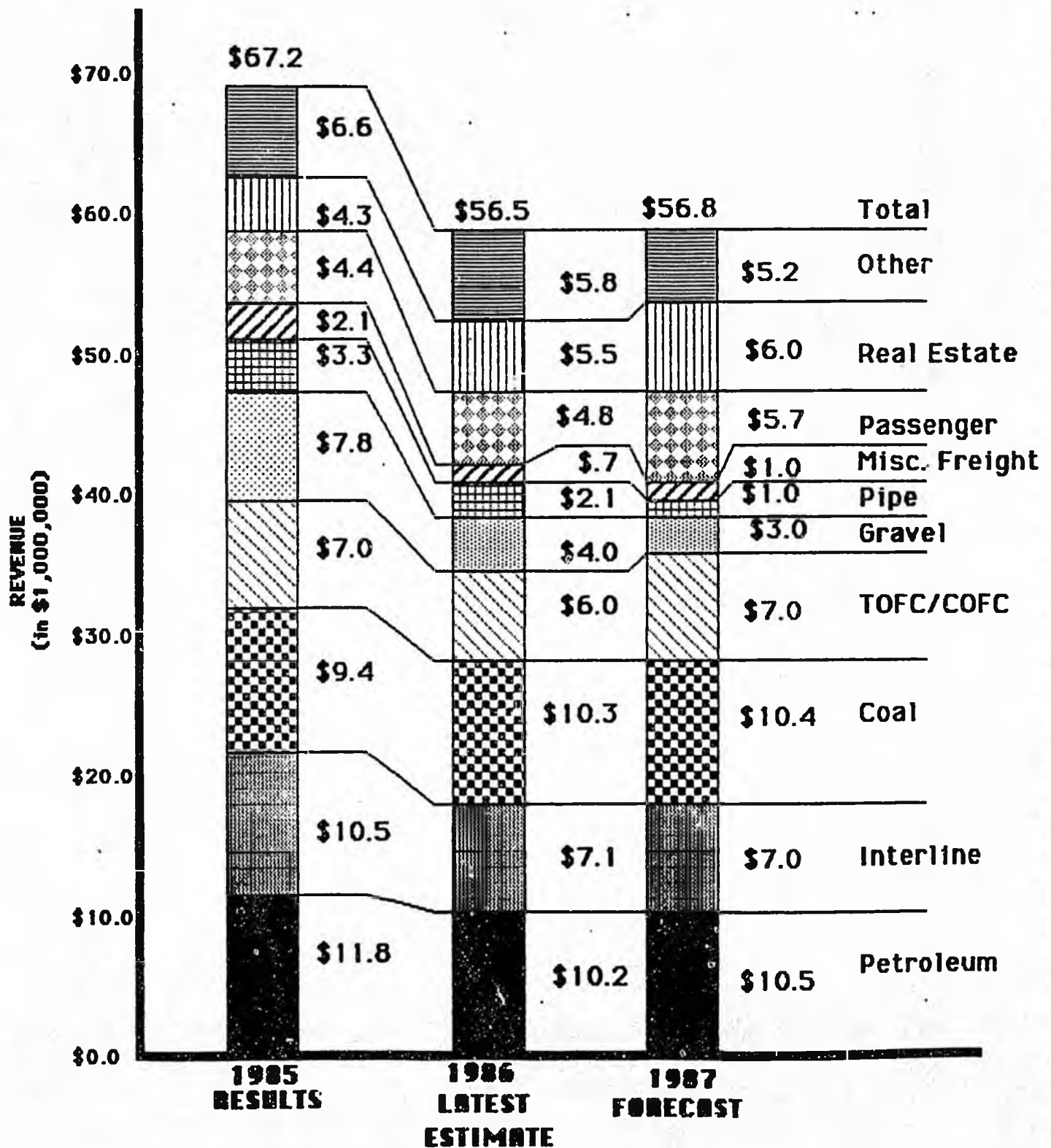
**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ALASKA RAILROAD CORPORATION
Revenues By Commodity
1987 Revenue Budget
(000's)

<u>Commodity</u>	<u>1987 Budget</u>	<u>1986 Latest Estimate</u>	<u>Variance</u>	
			<u>Dollar</u>	<u>%</u>
Pipe	1,000	2,125	(1,125)	(52.9)
Coal: Local	4,800	4,575	225	4.9
Export	5,600	5,700	(100)	(1.8)
Petroleum	10,500	10,200	300	2.9
Gravel	3,000	4,050	(1,050)	(25.9)
TOFC/COFC	7,000	6,000	1,000	16.6
Interline	7,000	7,050	(50)	(0.7)
Miscellaneous	1,000	700	300	42.9
TOTAL FREIGHT	39,900	40,400	(500)	(1.2)
Passenger:				
North Bound	3,300	2,700	600	22.2
South Bound	2,200	1,900	300	15.8
Charters, etc	200	200	0	0.0
TOTAL PASSENGER	5,700	4,800	900	18.8
Real Estate	6,000	5,500	500	9.1
Freight Related	662	540	122	22.6
All Other	4,498	5,260	(762)	(14.5)
TOTAL OTHER	11,160	11,300	(140)	(1.2)
TOTAL REVENUE	56,760	56,500	260	0.4

December 18, 1986

ALASKA RAILROAD CORPORATION REVENUE SOURCES



DECEMBER 16, 1986

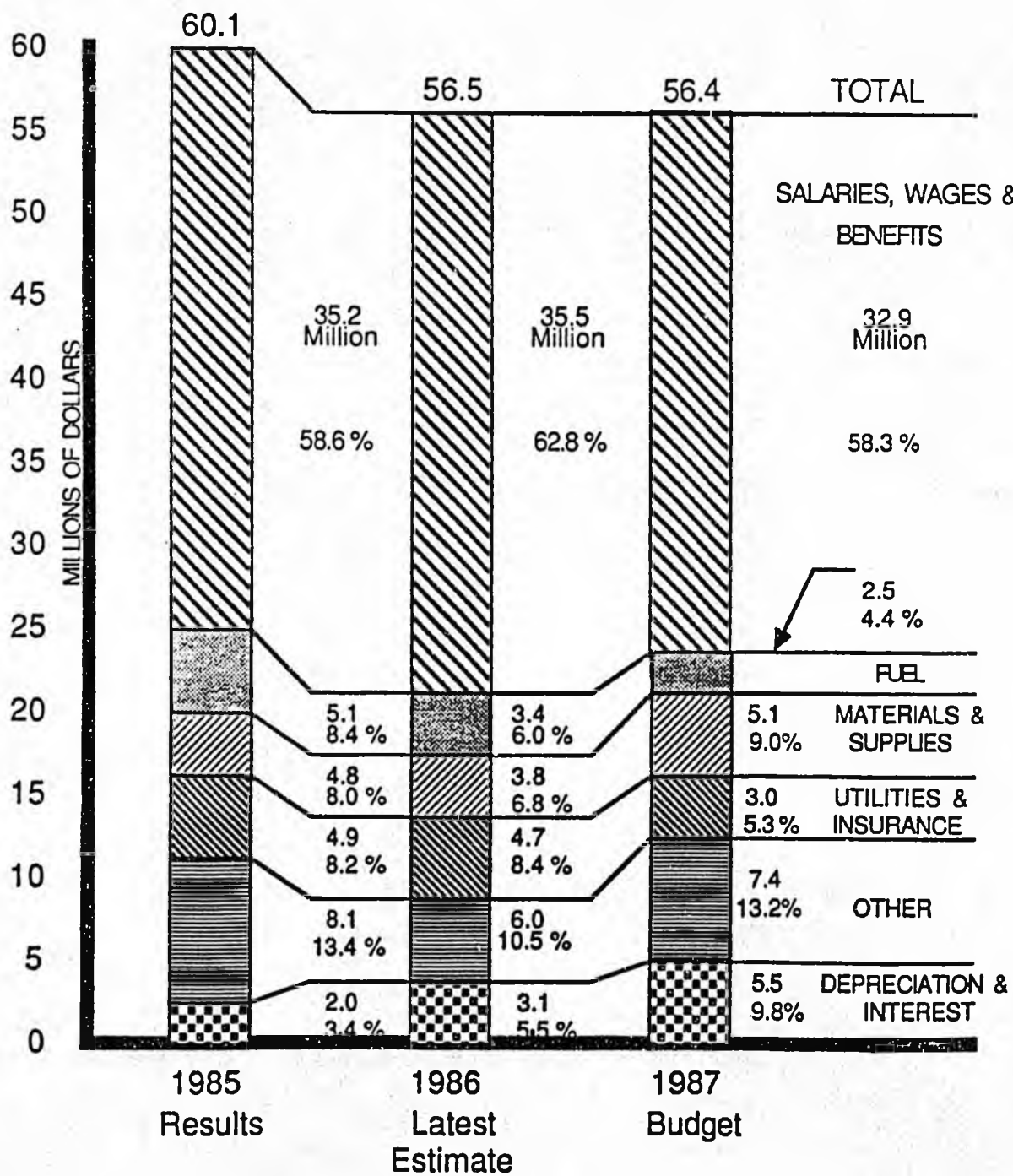
ALASKA RAILROAD CORPORATION
 1987 Expense Budget Performance Analysis
 (\$ 000's)

<u>DEPARTMENT</u>	<u>1987 BUDGET</u>	<u>1986 Latest Estimate</u>	<u>Dollar Variance</u>	<u>Percentage</u>
<u>Railroad</u>				
Transportation	13,990	15,200	(1,210)	(8.0)
Motive Power & Equipment	10,890	12,500	(1,610)	(12.9)
Engineering	11,999	12,050	(51)	(0.4)
Operations Staff	2,701	2,774	(73)	(2.6)
TOTAL RAILROAD	<u>39,580</u>	<u>42,524</u>	<u>(2,944)</u>	<u>(6.5)</u>
<u>General & Administrative</u>				
Corporate Office	525	625	(100)	(16.0)
Finance	4,599	5,120	(521)	(10.2)
Marketing	2,704	3,000	(296)	(10.0)
Administration	625	686	(61)	(8.9)
Human Resources	1,203	1,500	(297)	(19.8)
General Counsel	855	919	(64)	(7.0)
TOTAL G & A	<u>10,511</u>	<u>11,850</u>	<u>(1,339)</u>	<u>(11.3)</u>
<u>Corporate Overhead</u>				
Bad Debt Reserve	480	600	(120)	(20.0)
Interest Expense	1,920	726	1,194	164.5
Depreciation	3,600	2,400	1,200	50.0
Miscellaneous	315	(1,600)	1,915	N/A
TOTAL OVERHEAD	<u>6,315</u>	<u>2,126</u>	<u>4,189</u>	<u>197.0</u>
<u>TOTAL</u>	<u>56,406</u>	<u>56,500</u>	<u>(94)</u>	<u>(0.1)</u>

December 18, 1986

ALASKA RAILROAD CORPORATION

EXPENSE CATEGORIES



12-10-86

(THIS PAGE LEFT INTENTIONALLY BLANK)

ALASKA RAILROAD CORPORATION
 1987 OPERATING BUDGET SUMMARY
 (THOUSANDS OF DOLLARS)

	1987 PROPOSED <u>BUDGET</u>	1986 LATEST <u>ESTIMATE</u>	<u>VARIANCE</u>	
			<u>DOLLARS</u>	<u>%</u>
REVENUE	56,760	56,500	260	0.4
EXPENSE	<u>52,326</u>	<u>53,500</u>	<u>(1,174)</u>	<u>(2.1)</u>
SURPLUS (DEFICIT)	4,434	3,000	1,434	47.8
BAD DEBT RESERVE	480	600	(120)	(20.0)
DEPRECIATION	<u>3,600</u>	<u>2,400</u>	<u>1,200</u>	<u>50.0</u>
NET INCOME (LOSS)	<u>354</u>	<u>0</u>	<u>354</u>	<u>N/A</u>

ALASKA RAILROAD CORPORATION
1987 SPENDING BUDGET

SUMMARY
(\$000'S)

	1987 PROPOSED <u>BUDGET</u>	1986 LATEST ESTIMATE	VARIANCE	
			<u>DOLLARS</u>	<u>%</u>
CORPORATE OFFICE	525	625	(100)	(16.0)
OPERATIONS	39,580	42,524	(2,944)	(6.5)
FINANCE	4,599	5,120	(521)	(10.2)
MARKETING	2,704	3,000	(296)	(10.0)
ADMINISTRATION	625	686	(61)	(8.9)
HUMAN RESOURCES	1,203	1,500	(297)	(19.8)
GENERAL COUNSEL	855	919	(64)	(7.0)
CORPORATE OVERHEAD				
BAD DEBT RESERVE	480	600	(120)	(20.0)
DEPRECIATION	3,600	2,400	1,200	50.0
INTEREST EXPENSE	1,920	726	1,194	164.5
MISCELLANEOUS	<u>315</u>	<u>(1,600)</u>	<u>1,915</u>	<u>N/A</u>
TOTAL	<u>56,406</u>	<u>56,500</u>	<u>(94)</u>	<u>(0.1)</u>

(THIS PAGE LEFT INTENTIONALLY BLANK)

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

CORPORATE OFFICE DECREASE IS DUE TO REASSIGNMENT OF SECRETARIAL ASSISTANTS TO THE ADMINISTRATION DEPARTMENT. FURTHER DECREASES ARE BUDGETED IN AREAS OF TRAVEL, PARTICULARLY OVERSEAS SINCE COAL CONTRACT NEGOTIATIONS WITH SUNEEL HAS NOW BEEN COMPLETED. ADDITIONALLY, SUPPORT OF THE UNITED WAY CAMPAIGN FOR 1987 IS BUDGETED AT \$15,000 WHICH IS A REDUCTION OF \$5,000 FROM THE 1986 SUPPORT LEVEL.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	264	349	(85)
CONTRACTUAL SERVICES	235	237	(2)
MATERIALS & SUPPLIES	11	11	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>15</u>	<u>28</u>	<u>(13)</u>
TOTAL	525	625	(100)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>525</u>	<u>625</u>	<u>(100)</u>

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTION REFLECTS RE-ASSIGNMENT OF SECRETARIAL SUPPORT FROM CEO TO ADMINISTRATION.
- OTHER EXPENSES REFLECT REDUCED FUNDING FOR CONTRIBUTIONS.

OPERATIONS DIVISION
1987 OPERATING BUDGET

THE OPERATIONS DIVISION HAS BUDGETED FUNDS TO PROVIDE A COMPLETE RANGE OF SERVICES BASED ON THE 1987 REVENUE FORECAST. THE DIVISION IS COM-
PRISED OF THE TRANSPORTATION, MP&E, ENGINEERING DEPARTMENTS, AND THE
VICE PRESIDENT OF OPERATION'S STAFF.

THE DIVISION'S BUDGETED AVERAGE MONTHLY MANPOWER IS 483 WHICH IS A
REDUCTION OF AN AVERAGE OF 80 EMPLOYEES PER MONTH FROM 1986. THIS RE-
DUCTION ALONG WITH OTHER COST CUTTING MEASURES HAS RESULTED IN A PRO-
POSED 1987 OPERATING BUDGET OF \$39,580,000. THIS BUDGET REPRESENTS
AN ESTIMATED REDUCTION OF \$2,944,000 FROM 1986 ACTUAL EXPENDITURES.
THE 1986 ACTUAL EXPENDITURES HAVE BEEN ADJUSTED FOR THE EXTRAORDINARY
EXPENSE RELATED TO THE OCTOBER FLOOD. HIGHLIGHTS OF THE BUDGET ARE
AS FOLLOWS:

	PROPOSED 1987	ESTIMATED 1986
V.P OF OPERATIONS STAFF	\$ 2,700,000	\$2,774,000
TRANSPORTATION DEPT.	\$13,990,000	\$15,211,000
MP& E DEPT.	\$10,890,00	\$12,474,000
ENGINEERING DEPT.	\$12,000,000	\$12,065,000

A DETAIL ACCOUNT OF THE PROPOSED 1987 OPERATING BUDGET IS PROVIDED
FOR EACH DEPARTMENT WITHIN THE OPERATIONS DIVISION.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
OPERATIONS
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE*</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	26,582	29,013	(2,431)
CONTRACTUAL SERVICES	2,879	3,117	(238)
MATERIALS & SUPPLIES	6,723	6,824	(101)
RENTALS, UTILITIES	1,588	1,584	4
INSURANCE, CASUALTY	1,808	1,986	(178)
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	39,580	42,524	(2,944)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>39,580</u>	<u>42,524</u>	<u>(2,944)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL REDUCTION REFLECTS REDUCED MANPOWER.
- ° CASUALTY LOSSES ARE EXPECTED TO BE LOWER IN 1987.
- ° MATERIAL AND SUPPLIES REFLECT A SMALLER SUMMER WORK PROGRAM.

* EXPENSES ADJUSTED DOWNWARD TO REFLECT IMPACT OF FLOOD DISASTER.

FINANCE DEPARTMENT
1987 OPERATING BUDGET

THE FINANCE DEPARTMENT CONSISTS OF ACCOUNTING, MANAGEMENT INFORMATION SYSTEMS, REAL ESTATE, PROCUREMENT, SUPPLY AND CORPORATE PLANNING (FINANCIAL SERVICES). THE DEPARTMENT CONSISTS OF 62 PERSONNEL REFLECTING A FURTHER DECREASE OF 3 PROFESSIONAL STAFF POSITIONS FROM THE PREVIOUS YEAR.

IN THE PREVIOUS YEAR, THE DEPARTMENT IMPLEMENTED AND INSTALLED THE REMAINDER OF CRITICAL FINANCIAL MANAGEMENT INFORMATION SYSTEMS, DESIGNED AND BEGAN IMPLEMENTATION OF A CAR ACCOUNTING SYSTEM, DATA BASE MANAGEMENT SYSTEM AND PROVIDED STAFF AND TECHNICAL SUPPORT TO THE GROWING PERSONAL COMPUTER BASE AT ARRC. THESE PROGRAMS WILL CONTINUE WITH THE NEXT PHASE OF THE CAR ACCOUNTING SYSTEM AND CONTINUED EXPANSION OF THE DATA BASE INTEGRATION THROUGHOUT THE YEAR.

THE REAL ESTATE DIVISION IMPLEMENTED AN AUTOMATED LAND DATA BASE SYSTEM AND WILL CONTINUE TO UPGRADE THE INTEGRITY OF THIS SYSTEM IN THE COMING YEAR. ADDITIONALLY, 105 PARCELS OF REAL ESTATE WILL BE RE-APPRAISED UNDER THE NEW MASTER LEASE POLICY. THIS PROCESS WILL RESULT IN A HEALTHY INCREASE IN REAL ESTATE INCOME AS REFLECTED IN THE REVENUE BUDGET.

ACCOUNTING CONTINUED TO IMPLEMENT THE NECESSARY PROCEDURES AND POLICIES TO BRING THE RAILROAD IN COMPLIANCE WITH GAAP AND TO IMPLEMENT THE NEW, UPDATED VERSIONS OF THE ACCOUNTING SYSTEMS. AGGRESSIVE COLLECTION OF ALL ACCOUNTS RECEIVABLE WILL CONTINUE TO BE AN AREA OF EMPHASIS.

FINANCIAL SERVICES DISPOSED OF OVER \$1,000,000.00 OF SCRAP DURING THE PAST YEAR AND EXPECTS TO CONTINUE AT THIS PACE DURING THE BUDGETED YEAR. NEARLY \$7.0 MILLION IN EQUIPMENT WAS FINANCED AND OVER \$7.0 MILLION OF OPERATING FUNDS WAS PROVIDED. MAJOR CONTRACTS CONCLUDED DURING THE YEAR INCLUDED WESTOURS FOR OPERATION OF LUXURY PASSENGER SERVICES, REBUILD OF 6 GP-38/3 LOCOMOTIVES, EQUIPMENT CONTRACTS AND OTHER CONTRACTS OF A SIMILAR NATURE. PROCUREMENT EXPECTS TO FULLY IMPLEMENT THE NEW AUTOMATED PURCHASE ORDER MODULE OF MSA DURING THE COMING YEAR, BRING ARRC INTO COMPLIANCE WITH STATE LAW REGARDING PROCUREMENT PRACTICES AND STREAMLINE ITS ACTIVITIES.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
FINANCE
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	2,979	3,267	(288)
CONTRACTUAL SERVICES	980	1,224	(244)
MATERIALS & SUPPLIES	640	624	16
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>5</u>	<u>(5)</u>
TOTAL	4,599	5,120	(521)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>4,599</u>	<u>5,120</u>	<u>(521)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COST DECREASE REFLECTS FULL YEAR EFFECT OF ELIMINATION OF 3 PROFESSIONAL STAFF POSITIONS AND ASSOCIATED COSTS.
- ° CONTRACTUAL SERVICES REFLECTS WIND DOWN OF MSA ACCOUNTING SYSTEM INSTALLATION AND REMOVAL OF THE BURROUGH'S COMPUTER.

(THIS PAGE LEFT INTENTIONALLY BLANK)

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
MARKETING
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,230	1,411	(181)
CONTRACTUAL SERVICES	1,352	1,429	(77)
MATERIALS & SUPPLIES	60	60	0
RENTALS, UTILITIES	62	100	(38)
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	2,704	3,000	(296)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>2,704</u>	<u>3,000</u>	<u>(296)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL REDUCTIONS REFLECT VACANT SALES POSITION.
- ° OUTSIDE SERVICES COMPRISED OF COMMISSION TICKET SALES, WHITTIER BUS RENTALS, COACH/CABOOSE CLEANING, CATERING; DECREASE DUE TO REDUCTION OF ADVERTISING CONTRACT.
- ° RENTALS DECREASE IS DUE TO RELOCATION OF THE MARKETING STAFF TO THE VACANT OFFICE SPACE IN THE GENERAL OFFICE BUILDING.

ADMINISTRATION DEPARTMENT
1987 OPERATING BUDGET

THE ADMINISTRATION DEPARTMENT BUDGET INCLUDES ALL COSTS ASSOCIATED WITH THE ARRC BOARD OF DIRECTORS, DEVELOPMENT OF ADMINISTRATIVE POLICIES, SUPPORT SERVICES PROVIDED TO THE EXECUTIVE OFFICES, AND ADMINISTRATIVE SERVICES PROVIDED TO THE CORPORATION. ADMINISTRATIVE SERVICES INCLUDES OPERATION OF THE PRINT SHOP FACILITY AS WELL AS DECENTRALIZED COPY EQUIPMENT, MAIL OPERATIONS CENTER, OFFICE AUTOMATION, AND MANAGEMENT OF THE VEHICLE FLEET. OTHER SERVICES INCLUDE RECORDS MANAGEMENT AND FORMS MANAGEMENT.

THE ADMINISTRATION DEPARTMENT CONSISTS OF SEVEN EMPLOYEES WHICH IS A DECREASE OF TWO FROM THE 1986 MANNING LEVEL. BOARD OF DIRECTORS' EXPENSES ARE ESTIMATED AT \$48,000 FOR THE YEAR WHICH INCLUDES ALL COMPENSATION, TRAVEL AND PER DIEM, AND OTHER RELATED EXPENSES. GENERAL AND EXECUTIVE ADMINISTRATIVE SUPPORT EXPENSES WHICH INCLUDES BOARD SUPPORT ARE ESTIMATED AT \$392,000 WHILE PRINT SHOP EXPENSES SUPPORTED BY ONE OPERATOR ARE ESTIMATED AT \$106,000 AND MAIL OPERATIONS EXPENSES SUPPORTED BY ONE MESSENGER AND INCLUDES ALL POSTAGE EXPENSE FOR THE CORPORATION AT \$78,000. THE ACTIVITY LEVELS OF THE VARIOUS RAILROAD DEPARTMENTS AFFECTS THE ACTIVITY LEVEL FOR ADMINISTRATIVE SERVICES BECAUSE OF THE NATURE OF SERVICE PROVIDED.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
ADMINISTRATION
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	388	367	21
CONTRACTUAL SERVICES	209	272	(63)
MATERIALS & SUPPLIES	28	47	(19)
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	625	686	(61)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>625</u>	<u>686</u>	<u>(61)</u>

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS RE-ASSIGNMENT OF SECRETARIAL POSITIONS FROM CEO TO ADMINISTRATION AND PERSONNEL CUTS.
- OUTSIDE SERVICES DECREASE REFLECTS MOVING RESPONSIBILITY FOR BUDGETING ALL COMPUTER TYPE EQUIPMENT FROM ADMINISTRATION TO INFORMATION SYSTEMS.
- MATERIALS AND SUPPLIES REFLECTS A DECREASE DUE TO A ONE TIME ONLY PROJECT COMPLETED IN 1986.

HUMAN RESOURCES DEPARTMENT
1987 OPERATING BUDGET

THE HUMAN RESOURCES DEPARTMENT IS STAFFED AND BUDGETS FUNDS TO PROVIDE A FULL RANGE OF HUMAN RESOURCE SERVICES INCLUDING RECRUITMENT, EMPLOYMENT, LABOR RELATIONS, AFFIRMATIVE ACTION, HEALTH, SAFETY AND ENVIRONMENT, AND ORGANIZATION, COMPENSATION AND BENEFITS TO THE PRESIDENT AND CEO AND HIS STAFF.

THE HUMAN RESOURCES STAFF IS COMPRISED OF 15 PEOPLE UNTIL 6/30/87 AT WHICH TIME IT WILL BE REDUCED TO 14 WHICH REPRESENTS A DECLINE OF SIX ACTUAL PERSONNEL FROM THE 1986 MANNING LEVEL. THE OPERATING BUDGET FOR 1987 IS \$1,201,000. HIGHLIGHTS OF THE BUDGET ARE AS FOLLOWS:

SALARIES AND BENEFITS AMOUNT TO 68% OF THE BUDGET. AN ESTIMATED 240 PERIODIC AND 150 SEASONAL PRE-EMPLOYMENT PHYSICALS WILL COST \$72,000. SUPERVISORY AND SAFETY TRAINING IS ESTIMATED AT \$41,000. THE SAFETY AWARDS PROGRAM IS BUDGETED FOR \$50,000. THIS REPRESENTS MERIT AND BRONZE AWARDS FOR A MAJORITY OF RAILROAD EMPLOYEES IN 1987. A MORE DETAILED ACCOUNT OF THE BUDGET IS SET OUT FOR EACH SECTION OF THE HUMAN RESOURCES DEPARTMENT.

ALASKA RAILROAD CORPORATION
 1987 SPENDING PLAN
 HUMAN RESOURCES
 SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	905	1,147	(242)
CONTRACTUAL SERVICES	212	220	(8)
MATERIALS & SUPPLIES	86	133	(47)
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	1,203	1,500	(297)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>1,203</u>	<u>1,500</u>	<u>(297)</u>

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS ELIMINATION OF 6 POSITIONS.

GENERAL COUNSEL'S OFFICE
1987 OPERATING BUDGET

THE GENERAL COUNSEL'S OFFICE IS STAFFED AND BUDGETS FUNDS TO PROVIDE A FULL RANGE OF LEGAL SERVICES FOR THE CORPORATION THAT ARE NEEDED IN A MULTITUDE OF AREAS, INCLUDING COMMERCIAL, FINANCIAL, CORPORATE, REGULATORY, ENVIRONMENTAL, FEDERAL CONVEYANCING, NATIVE LAND CLAIMS, PERSONNEL, LABOR LAW, TRANSPORTATION, LEGISLATIVE INTERPRETATION AND IMPLEMENTATION, WORKERS COMPENSATION, FREIGHT CLAIMS, PERSONAL INJURY AND PROPERTY DAMAGE.

FOR FISCAL 1987 THE GENERAL COUNSEL'S OFFICE STAFF WILL BE COMPRISED OF 6 PEOPLE. THE OPERATING BUDGET FOR 1987 IS \$855,000.00. HIGHLIGHTS OF THE BUDGET ARE AS FOLLOWS:

SALARIES AND BENEFITS AMOUNT TO 41% OF THE BUDGET. AN ESTIMATED 53% OF THE BUDGET IS FOR CONTRACTUAL SERVICES, TRAVEL, LAW LIBRARY, SUPPLIES AND EDUCATION/TRAINING COMPRISES THE REMAINING 6% OF THE 1987 BUDGET. A MORE DETAILED ACCOUNT OF THE BUDGET IS SET OUT FOR EACH CATEGORY OF THE GENERAL COUNSEL'S OFFICE BUDGET.

ALASKA RAILROAD CORPORATION
 1987 SPENDING PLAN
 GENERAL COUNSEL
 SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	367	414	(47)
CONTRACTUAL SERVICES	484	501	(17)
MATERIALS & SUPPLIES	4	4	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	855	919	(64)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>855</u>	<u>919</u>	<u>(64)</u>

EXPLANATION OF MAJOR VARIANCES:

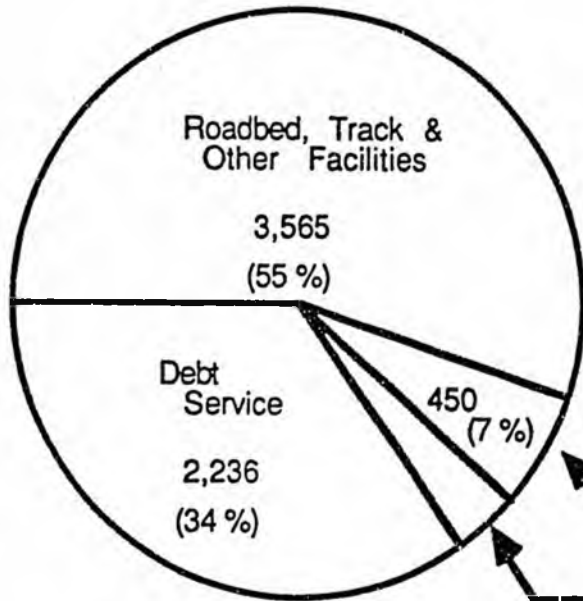
- PERSONNEL COSTS REFLECTS ELIMINATION OF GENERAL ATTORNEY POSITION.
- CONTRACTUAL SERVICES DECREASE REFLECTS REDUCED OUTSIDE ATTORNEY EXPENSES.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OVERHEAD
SUMMARY

CORPORATE OVERHEAD INCREASES ARE DUE TO LARGER DEBT SERVICE REQUIREMENTS
AND INCREASED ASSET BASE FOR DEPRECIATION.

ALASKA RAILROAD CORPORATION 1987 CAPITAL PROGRAM

Thousands of Dollars



BY
CATEGORY

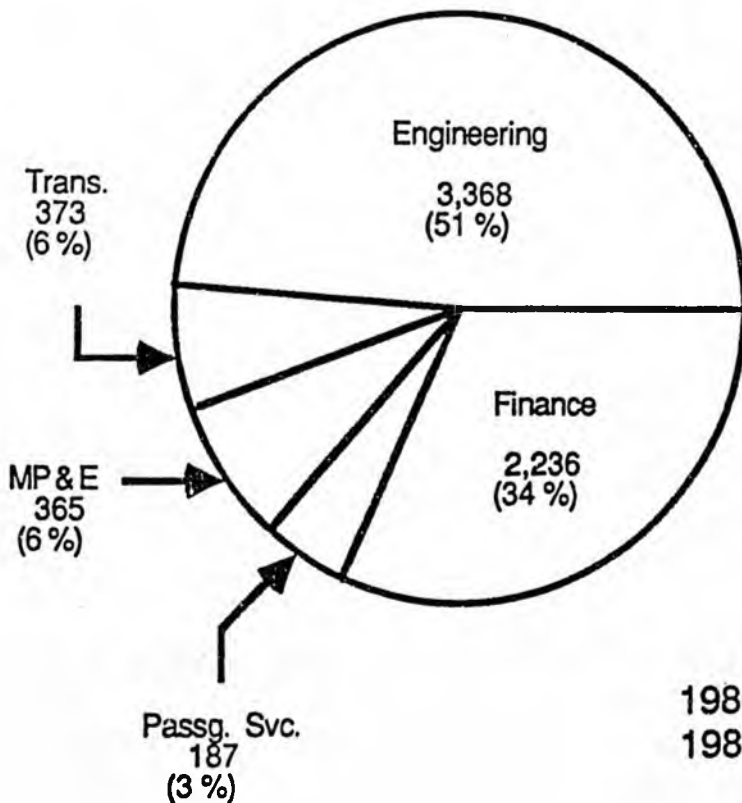
6,529

Other

Vehicles

278

(4%)



BY
DEPARTMENT

6,529

SPENDING

1986	Carryover	548
1987	New Projects	<u>5,981</u>
Total 1987 Spending		<u>6,529</u>

ALASKA RAILROAD CORPORATION
CAPITAL BUDGET SUMMARY
1987

DEBT SERVICE	\$2,236
OPERATIONS PROJECTS	4,106
PASSENGER SERVICES UPGRADE	187
	<hr/>
TOTAL	6,529
LESS NON-CASH/REIMBURSEABLE AMOUNT	<u>(1,909)</u>
<u>TOTAL CASH FLOW IMPACT</u>	<u>4,620</u>

December 18, 1986

(25)

ALASKA RAILROAD CORPORATION
Capital Budget Summary
1987

DEBT SERVICE

<u>INSTITUTION</u>	<u>PRINCIPLE</u>	<u>INTEREST</u>	<u>INTEREST RATE</u>
<u>Chase Manhattan</u>			
Locomotives, GP-49	482,076.00	359,040.00	9.3
Articulated Flats, 30	235,530.00	192,055.00	10.5
Construction Equipment	119,284.00	128,352.00	7.5
Locomotives, GP-38/3 (6)	279,002.00	229,917.00	8.0
Locomotive Cranes (3)	130,868.00	109,455.00	8.0
RDC, 1986 (3)	53,348.00	45,609.00	8.0
Subtotal	1,300,108.00	1,064,428.00	
<u>Citicorp</u>			
Locomotives, Construction Equip	214,278.00	161,821.00	8.3
Articulated Flats (15)	126,427.00	102,734.00	6.011
Subtotal	340,705.00	264,555.00	
<u>Alaska Pacific Bank</u>			
RDC, 1985 Upgrade	183,182.00	61,008.00	8.15
Subtotal	183,182.00	61,008.00	
<u>Miscellaneous</u>			
IBM (small equipment)	98,599.00	11,663.00	
IBM (mainframe)	221,727.00	71,937.00	
US Leasing (Wang Equip)	91,550.00	9,115.00	
Subtotal	411,876.00	92,715.00	
 TOTAL DEBT SERVICE	 2,235,871.00	 1,482,706.00	

December 18, 1986

ALASKA RAILROAD CORPORATION
1987 Capital Budget Summary
(\$ 000's)

OPERATIONAL PROJECTS

	<u>\$ THOUSANDS</u>	
	<u>TOTAL</u>	<u>1987</u>
1986 CARRYOVER PROJECTS	<u>VALUE</u>	<u>SPENDING</u>
Head-End Power Plants	106	75
Eielson Branch Rehabilitation	2,202	92
Fiber Optic Cable Terminals	125	112
Radio System Replace & Upgrade	300	269
TOTAL	2,733	548
1987 PROPOSED CAPITAL PROJECTS		
<u>Transportation</u>		
Light vehicles, (6)	108	108
Hot Box Detectors	100	100
Upgrade Anchorage TOFC Yard	65	65
Fairbanks TOFC Yard Phase I	100	100
TOTAL	373	373
<u>Motive Power & Equipment</u>		
Light Vehicles, (2)	30	30
Locomotive Flange Lubricators	40	40
Material Handling Equipment	20	20
Manlift	50	50
Overhead Crane Improvements	50	50
Wastewater Treatment	100	100
TOTAL	290	290
<u>Engineering</u>		
Light Vehicles, (6)	108	108
Rail, Ties, Ballast	1,300	1,300
Bridge Program	575	575
Montana Creek Bridge	361	361
Sheep Creek Bridge	193	193
Rail Tie Fasteners	100	100
Whittier Electric	200	200
TOTAL	2,837	2,837

(Cont)

	<u>\$ THOUSANDS</u>	
	<u>TOTAL</u> <u>VALUE</u>	<u>1987</u> <u>SPENDING</u>
1987 PROPOSED CAPITAL PROGRAM (CONT)		
<u>Security</u>		
Light Vehicles, (2)	32	32
Fencing, West Anchorage ROW	26	26
TOTAL	<u>58</u>	<u>58</u>
TOTAL OPERATIONAL PROJECTS	<u>6,291</u>	<u>4,106</u>
<u>PASSENGER SERVICES UPGRADE</u>		
Containerized Baggage	72	72
Denali Depot Upgrade	15	15
Whittier Flatcars	100	100
TOTAL PASSENGER SERVICES	<u>187</u>	<u>187</u>
<u>TOTAL OPERATION AND PASSENGER SERVICES</u>	<u>6,478</u>	<u>4,293</u>

December 18, 1986

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: LIGHT VEHICLE REPLACEMENT PROGRAM
- B. LOCATION: OPERATIONS DIVISION
- C. ESTIMATED COST: \$278
- D. ACCURACY OF COST ESTIMATE: CLASS 111 (+ OR - 15%)
- E. STATUS OF ENGINEERING DESIGN
& COST ESTIMATE: N/A
- F. PROJECT DESCRIPTION: PURCHASE 16 LIGHT VEHICLES
- G. PROJECT JUSTIFICATION:

The present vehicles scheduled for replacement have body and rust damage, high mileage, and experience high maintenance costs. The vehicles' average age is eight years and mileage over 80,000. These vehicles have met or exceeded their forecasted economic life of five years or 70,000 miles.

Older vehicles with high mileage are difficult to maintain to ensure reliable operating status. An annual replacement program will result in lower vehicle maintenance cost, increase availability resulting in increased productivity, and a higher quality vehicle fleet.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: HOT BOX DETECTORS
- B. LOCATION: WILLOW MP 185.9
- C. ESTIMATED COST: \$100
- D. ACCURACY OF COST ESTIMATE: CLASS 111 (+ OR - 15%)
- E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Construct hot box, shifted load, and dragging equipment detector.

G. PROJECT JUSTIFICATION:

Trains are inspected at three locations resulting in six inspections per round trip between Anchorage and Fairbanks. These inspections result in additional train delays of approximately 30 minutes per trip.

An automated, mechanical inspection system will detect, locate, and alert train crews of hot boxes, dragging equipment, and shifted loads thus reducing train delays at the Willow inspection point. This installation will be the test site to evaluate an automated inspection system as a prelude to operating more trains without cabooses.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: UPGRADE ANCHORAGE TOFC
YARD
- B. LOCATION: SHIP CREEK
- C. ESTIMATED COST: \$65
- D. ACCURACY OF COST ESTIMATE: CLASS 111 (+ OR - 15%)
- E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Resurface the existing TOFC Yard. The project will consist of fill, grading, compaction, and surfacing with D-1 or equivalent.

G. PROJECT JUSTIFICATION:

The current TOFC Yard has not received any major improvements since 1984. Over the last three years of constant use and exposure to weather conditions, the yard has deteriorated to an uneven, wash-board surface resulting in slower operations and potential safety hazards. In August, two employees claimed on-the-job back injuries from operating yard hostlers over this rough terrain for extended periods of time.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: FAIRBANKS TOFC YARD
(PHASE 1)
- B. LOCATION: FAIRBANKS YARD
- C. ESTIMATED COST: \$100
- D. ACCURACY OF COST ESTIMATE: CLASS 111 (+ OR - 15%)
- E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A
- F. PROJECT DESCRIPTION:

Phase 1 of the Fairbanks TOFC Yard consists of relocation of the existing yard and compaction of 3000 cubic yards of type III fill.

G. PROJECT JUSTIFICATION:

The existing Fairbanks TOFC Yard is inefficient, has restricted space and will be inadequate to handle increases in intermodal business. The current TOFC Yard configuration requires intermodal cars be worked in separate areas. This in turn requires the van loader and truckers to cross active yard tracks to pick up and drop off trailers creating potential safety hazards and an inefficient yard operation. Additionally, TOFC trailers are now stored in an unsecured area and we have experienced vandalism and theft problems. This project will provide a TOFC Yard minimizing safety and security problems and maximizing operational efficiency.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: HEAD END POWER PLANT
B. LOCATION: ANCHORAGE
C. ESTIMATED COST: \$75
D. ACCURACY OF COST ESTIMATE: CLASS 11 (+ OR - 10%)
E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Purchase and install a 315 KW head end power plant in locomotive 3010. This project was initiated in fourth quarter 1986 with \$28 forecasted as a work in process carryover. The estimated 1987 expenditures is \$75.

G. PROJECT JUSTIFICATION:

The modification of locomotive 3010 with a head end power unit provides the most utility to railroad operations. This modified locomotive will be used in passenger service and winter freight service. The winter utilization will consist of keep from freezing freight service.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

A. PROJECT TITLE: LOCOMOTIVE FLANGE
LUBRICATORS

B. LOCATION: ANCHORAGE

C. ESTIMATED COST: \$40

D. ACCURACY OF COST ESTIMATE: CLASS 11 (+ OR - 10%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Purchase and install 15 locomotive wheel flange lubricators.

G. PROJECT JUSTIFICATION:

Recent research has shown if lubricant is applied to locomotive wheel flanges significant reduction of fuel consumption and wheel wear can be achieved. MP & E anticipates annual cost savings of \$54 in reduced consumption of fuel, locomotive and car wheels, and track wear.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: MATERIAL HANDLING
EQUIPMENT
- B. LOCATION: ANCHORAGE
- C. ESTIMATED COST: \$20
- D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)
- E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Purchase and install miscellaneous shop equipment

G. PROJECT JUSTIFICATION:

This investment pool represents an equipment replacement program established to update our shop equipment. The shop equipment will be replaced with new more efficient equipment when the old equipment breaks down beyond economic repair.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

A. PROJECT TITLE: PURCHASE MANLIFT
B. LOCATION: ANCHORAGE
C. ESTIMATED COST: \$50
D. ACCURACY OF COST ESTIMATE: CLASS 11 (+ OR - 10%)
E STATUS OF ENGINEERING DESIGN & COST ESTIMATE N/A
F. PROJECT DESCRIPTION:

Purchase Manlift Equipment

G. PROJECT JUSTIFICATION:

MP & E Department requires a manlift to perform the monthly crane inspections and shop maintenance. Currently, MP & E rents a manlift from a local equipment dealer, or borrows Engineering Department's manlift. Engineering's manlift is heavily utilized and is seldom available for use by MP & E Department. The annual estimated cost savings in equipment rental is \$13.0.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: OVERHEAD CRANE
IMPROVEMENTS
- B. LOCATION: ANCHORAGE
- C. ESTIMATED COST: \$50
- D. ACCURACY OF COST ESTIMATE: CLASS 11 (+ OR - 10%)
- E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Purchase and install new power supply for the General Repair Shop
DC cranes.

G. PROJECT JUSTIFICATION:

The proposed new power supply will enable the crane to be operated
from floor level controls versus from a cab on the crane. The new
floor level controls will reduce labor requirements and improve shop
safety. Additionally, noise levels will be reduced and improving
the working conditions.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: WASTE WATER TREATMENT
- B. LOCATION: SHIP CREEK
- C. ESTIMATED COST: \$100
- D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)
- E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Improve the waste water handling systems at the locomotive wash rack.

G. PROJECT JUSTIFICATION:

To keep the Railroad in compliance with environmental rules an improved waste water treatment handling system should be installed. A benefit of an improved system should be a reduction in the amount of water requiring treatment resulting in lower operating costs.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
(\$000)

- A. PROJECT TITLE: RAIL PROGRAM
- B. LOCATION: SYSTEM WIDE
- C. ESTIMATED COST: \$319
- D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)
- E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Install 14,400 feet of alloy rail.

G. PROJECT JUSTIFICATION:

This is an annual major maintenance program designed to replace rail that has exceeded its useful life for mainline operations. The used rail will be cascaded to sidings and or yard tracks where re-required. The replacement rail will come from existing inventories and will not require a capital outlay.