



U.S. Department
of Transportation

**Federal Railroad
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

OCT - 9 2015

Mr. Douglas Engebretson
Chief Operating Officer
Alaska Railroad Corporation
107500 West Ship Creek Avenue
Anchorage, AK 99510-7500

Dear Mr. Engebretson:

This is in response to your November 14, 2014, letter to the Federal Railroad Administration (FRA) requesting approval under Title 49 Code of Federal Regulations (CFR) Section 174.63 to transport liquefied natural gas (Methane, Refrigerated Liquid (UN 1972) or LNG) by rail in intermodal (IM) portable tanks in container-on-flatcar (COFC) service. Based on the information provided in your letter, as well as the additional information Alaska Railroad Corporation (AKRR) provided to FRA on February 6, 2015, FRA understands that AKRR intends to transport LNG in COFC service in both unit trains and manifest trains.

After conducting a thorough review and analysis of AKRR's request for approval and proposed operations for the rail transport of LNG in COFC service, FRA grants AKRR approval under 49 CFR § 174.63(a) to transport LNG in T75 portable tanks subject to the following conditions:

1. AKRR must perform a minimum of one track geometry car inspection annually (at least every 365 calendar days). AKRR must report the results of this inspection to FRA within 30 days of completing the inspection;
2. AKRR must perform at least four internal rail flaw inspections annually, with no more than 95 calendar days between each inspection. AKRR must report the results of this inspection to FRA within 30 days of completing each inspection;
3. AKRR must provide initial training to all train crews that operate, or may potentially operate, trains transporting LNG about the characteristics and hazards of the commodity. AKRR must provide documentation of this training to FRA at least 30 days prior to transporting any LNG under this approval. After initial training is completed, AKRR must ensure that before any crew is assigned to operate a train transporting LNG, every member of the assigned crew received training on the characteristics and hazardous of LNG within the last calendar year;
4. Before commencing operations under this approval, AKRR must provide initial training to members of bona-fide emergency response organizations along the route

about the hazards and characteristics of LNG and acceptable emergency response methods to address an incident involving a train transporting LNG. AKRR must provide documentation of this training to FRA at least 30 days prior to AKRR's commencement of operations under this approval. After completion of this initial emergency responder training, AKRR must work with each bona-fide emergency response organization along the route to establish a schedule for recurrent training, which AKRR must provide at least annually;

5. AKRR may operate up to two trains per week under this approval. AKRR must not transport more than eight portable tanks of LNG (either loaded or residue tanks) in any single train operating under this approval, and to the extent possible, those containers must be loaded two to a flatcar, with a maximum of four flat cars in a train. Single tanks loaded on 89-foot flat cars must be loaded in the forward position in the direction of travel;
6. AKRR must report to FRA, by the 15th of each month, the number of portable tank loads and residues transported the previous month;
7. Within 24 hours of any accident or incident involving a train operating under this approval (regardless of whether a release of LNG occurs), AKRR must report that accident or incident to FRA;
8. Double stacking of the portable tanks is prohibited;
9. A railcar carrying a portable tank of LNG (whether loaded or residue) is prohibited from being nearer than the 10th car from any locomotive in a train consist;
10. The maximum speed for any train operating under this approval is 50 mph and 40 mph through the following Census-designated "places" and incorporated places ("cities"): Nenana, Talkeetna, Wasilla, and Healy.
11. At least 60 days before commencing operations under this approval, AKRR will submit to FRA specification sheets for all existing portable tanks AKRR intends to use to transport LNG. The use of these existing tanks is subject to FRA's approval. Before construction of new tanks for the transportation of LNG, AKRR must conduct an analysis of the optimization of safety and capacity of the tanks and provide the specification sheets for the tanks, as well as the results of AKRR's analysis to FRA. AKRR's optimization analysis must demonstrate the use of the difference between the maximum allowable rail load and the actual gross rail load of the 89' flat cars with two loaded 11,000 gallon T75 portable tanks, to increase the protective structures on the portable tanks (e.g., thicker shell or jacket).

Nothing in this approval relieves AKRR from its responsibility to comply with all applicable regulations governing the transport of hazardous materials by rail, including both FRA and Pipeline and Hazardous Materials Safety Administration regulations.

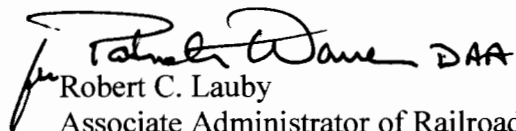
FRA's approval of AKRR's request for rail transportation of these tanks should not be construed by other rail carriers as a requirement that they accept these tanks for transportation.

This approval is effective as of the date of this letter and is good for 2 years. If AKRR desires to continue operations under this approval after the initial 2-year period, AKRR must notify FRA of its intent to continue operations at least 60 days before this approval's expiration. If AKRR desires to modify its operations from those permitted by this letter before the expiration of the initial 2-year period, AKRR must obtain FRA's approval before implementing the proposed modification(s). FRA encourages AKRR to use all information gathered and reported to FRA under this approval to plan and prepare for any potential future requests to expand operations under this approval.

FRA reserves the right to amend or revoke this approval based upon noncompliance with any condition of this approval or applicable Federal regulation, or based on information pertaining to the safety of the operation. Further, FRA reserves the right to take enforcement action under 49 U.S.C. § 20111 for AKRR noncompliance with any condition of this approval or applicable Federal regulation.

If you have any questions, please contact Mr. Karl Alexy, Staff Director, Hazardous Materials Division, Office of Railroad Safety, FRA. Mr. Alexy may be reached at (202) 493-6245 or Karl.Alexy@dot.gov.

Sincerely,

 **DAA**
Robert C. Lauby
Associate Administrator of Railroad Safety
Chief Safety Officer