



U.S. Department
of Transportation

**Federal Railroad
Administration**

NOV + 2 2015

1200 New Jersey Avenue, SE
Washington, DC 20590

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

Dear Mr. Engebretson:

This letter modifies certain conditions imposed by the Federal Railroad Administration (FRA) in its October 9, 2015, letter to Alaska Railroad (ARR). In that letter, FRA conditionally approved, under Title 49 Code of Federal Regulations (CFR) Section 174.63, *Portable tanks, IM portable tanks, IBCs, Large Packagings, cargo tanks, and multi-unit tank car tanks*, ARR's November 14, 2014, request 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 new information presented to FRA about ARR's operations and further FRA analysis, FRA is revising conditions 2, 5, 9, and 10 of the October 9, 2015, letter. FRA is revising condition 2 to provide flexibility in the timing of the required rail-flaw inspections in light of the long periods of severe winter weather conditions possible in Alaska. FRA is revising condition 5 to initially allow for the movement of up to 3 trains per week transporting LNG in COFC service, with each train transporting up to 12 portable tanks of LNG, and, beginning in 2018, the operation of a unit train of LNG with up to 60 loaded portable tanks of LNG. FRA is revising condition 9 to more closely align with the train placement requirements of 49 CFR § 174.85—*Position in train of placarded cars, transport vehicles, freight containers, and bulk packagings*. FRA clarified condition 10 to include Anchorage and Fairbanks in the municipalities listed for speed restriction. For ease of reference, included below is FRA's grant of approval and each of the applicable conditions including revised conditions 2, 5, 9, and 10, as well as the remainder of the conditions outlined in FRA's October 9, 2015, letter which remain unchanged.

FRA grants ARR approval under 49 CFR § 174.63(a) to transport LNG in T75 portable tanks subject to the following conditions:

1. ARR must perform a minimum of one track geometry car inspection annually (at least every 365 calendar days). ARR must report the results of this inspection to FRA within 30 days of completing the inspection.
2. ARR must perform at least four internal rail flaw inspections annually, to the extent practicable given the possible severe weather conditions, with no more than 95

calendar days between each inspection. ARR must report the results of this inspection to FRA within 30 days of completing each inspection.

3. ARR 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. ARR 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, ARR 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 hazard of LNG within the last calendar year.
4. Before commencing operations under this approval, ARR 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. ARR must provide documentation of this training to FRA at least 30 days prior to ARR's commencement of operations under this approval. After completion of this initial emergency responder training, ARR must work with each bona-fide emergency response organization along the route to establish a schedule for recurrent training, which ARR must provide at least annually.
5. During the 2-year period from January 1, 2016, through December 31, 2017, ARR may operate up to three trains round trip per week under this approval. A round trip for one train includes moving the loaded tanks in a northbound direction and moving the unloaded residue tanks in a southbound direction. ARR must not transport more than 12 portable tanks of LNG, either loaded or residue tanks, in any train operating under this approval, and, to the extent possible, the portable tanks must be loaded two to a flatcar, with a maximum of six flat cars in a train. Single tanks loaded on 89-foot flat cars must be loaded in the forward position on the flatcar in the direction of travel. During the period of January 1, 2018 through December 31, 2020, ARR may operate one unit train containing a maximum of 60 loaded tanks every 4 days under this approval. To the extent possible, the portable tanks must be loaded two to a flatcar, with a maximum of 30 flatcars in a train. Single tanks loaded on 89-foot flat cars must be loaded in the forward position on the flatcar in the direction of travel. These unit trains will replace the three trains per week described in Condition 5, and will not be in addition to such trains.
6. ARR 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), ARR 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 fifth car from any locomotive in a train consist.
10. The maximum speed for any train operating under this approval is 50 mph; except that trains are restricted to 40 mph through the following Census-designated "places" and incorporated places ("cities"): Anchorage, Wasilla, Talkeetna, Healy, Nenana, and Fairbanks.

11. At least 60 days before commencing operations under this approval, ARR must submit to FRA specification sheets for all existing portable tanks ARR 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, ARR 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 ARR's analysis to FRA. ARR'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 ARR 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 ARR'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 from the date of this letter through December 31, 2020. If ARR desires to continue operations under this approval after December 31, 2020, it must notify FRA of its intent to continue operations no later than August 31, 2020. If ARR desires to modify its operations from those permitted by this letter, it must obtain FRA's approval before implementing the proposed modification(s). FRA encourages ARR 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 ARR 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. Mr. Alexy may be reached at (202) 493-6245 or Karl.Alexy@dot.gov.

Sincerely,



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