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News Release

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U.S. Transportation Secretary Sean P. Duffy Announces \$249 Million Federal Grant Award to Complete Port MacKenzie Rail Extension

PALMER, Alaska — U.S. Transportation Secretary Sean P. Duffy announced an award of \$249 million to the Alaska Railroad Corporation (ARRC) to complete the Port MacKenzie Rail Extension. The Federal Railroad Administration (FRA) grant will fund 32 miles of new rail to connect Port MacKenzie to ARRC's main line at Houston, linking the deep-draft port to Alaska's larger rail network.

"Alaska is America's natural resource powerhouse, but the state needs strong infrastructure to get those resources from point A to point B safely, reliably, and efficiently," said Secretary Duffy. "This landmark investment will generate an economic boom for the region, unleash American energy dominance, and enhance our national security."

Secretary Duffy was joined by U.S. Senator Dan Sullivan and Congressman Nick Begich, as well as U.S. House Natural Resources Chairman Bruce Westerman, Governor Mike Dunleavy, Mat-Su Borough Mayor Edna DeVries, ARRC President & CEO Bill O'Leary, and other state and local officials. Stakeholders across Alaska have long recognized the potential benefits of improved access to Port MacKenzie. Owned by the Mat-Su Borough (MSB), the port offers over 8,000 acres of developable land in the port district, and represents the closest access to Alaska's resource-rich Interior. Once complete, the rail extension stands to benefit a diverse range of industries, from Interior mining exports and critical mineral developments to energy initiatives.

"This is a major win for the Mat-Su Borough and our entire state, and another important step toward unlocking Alaska's extraordinary resource potential," said Senator Sullivan. "We need the infrastructure to develop them responsibly and get them to market. This \$249 million investment will finally help complete a long-awaited connection between Port MacKenzie and the Alaska Railroad, opening new opportunities for mineral development, supporting major energy projects like Alaska LNG, and creating good-paying jobs for Alaska's hard-working families."

Roughly \$184 million in state appropriations have been previously awarded to the MSB in support of the project to secure the right-of-way, address permitting, and complete the majority of the civil embankment and bridge work. The project has the support of the federal delegation, the governor, the MSB, many Alaska trade associations, and the state legislature, which passed a near-unanimous resolution earlier this year in support of completing the Port MacKenzie Rail Extension.

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"I'm thankful to Secretary Duffy and the administration for recognizing the importance of this project, which I have long supported," said U.S. Senator Lisa Murkowski. "This new link will help move cargo, including from resource projects in the area, while improving system safety and reducing shipping times and costs. Good things happen in Alaska when we help fund infrastructure investments at the federal level."

"It's no surprise that we at the Alaska Railroad are big believers in the importance of transportation infrastructure," said Bill O'Leary, ARRC President and CEO. "It's our belief that the Port MacKenzie Rail Extension will unlock new opportunities for Alaska's resource development, energy security, and military resiliency."

Completing the project is estimated to cost \$311 million in total, and will encompass the 32-mile extension inclusive of signal technology and terminal support facilities. In keeping with the FRA's Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program requirements, the 20% local match of \$62 million will be met through in-kind contributions from the MSB as well as cash contributions from ARRC and the Alaska Industrial Development and Export Authority. Upon completion, the extension will be owned, operated and maintained by ARRC as part of the state's rail network.

"For decades, Alaskans have recognized the tremendous opportunity at Port MacKenzie, but realizing that vision requires sustained investment and a commitment to building the infrastructure necessary to move our resources to market," said Congressman Begich. "Earlier this year, we helped secure \$34 million to expand Port MacKenzie's capabilities, and today's announcement of an additional \$250 million builds on that progress by advancing the critical rail connection needed to support Alaska's mining, energy, and industrial development."

Owned by the State of Alaska, ARRC operates without state funding but is eligible for federal capital grants. Last year, ARRC moved over 500,000 passengers across Alaska as well as 3.9 million tons of freight. Key freight commodities include coal for Interior and military power plants, bulk petroleum, consumer goods, gravel for local constructions, and materials and equipment in support of North Slope development.

"As a state-owned corporation, we're charged with driving economic development across this state, and we take enormous pride in delivering on that mission for Alaskans," said O'Leary. "This railroad drives down the cost of living for Alaskans, reduces transportation costs for Alaska businesses, and supports military installations across our state. And we're incredibly excited for the chance to expand that impact with the Port MacKenzie Rail Extension."

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The ARRC is an Equal Opportunity Corporation. If you need special assistance (including language) in order to participate in any ARRC service, program, or activity, please contact the Alaska Railroad Corporation; P.O. Box 107500; Anchorage, AK 99510; Attention: Legal Department, zappasj@akrr.com, (907) 265-2461; via Alaska Relay Service for hearing impaired

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