

THE ALASKA RAILROAD

Fiscal Year 1982 Annual Report

By
The Secretary of Transportation
To The President
For Transmittal to the Congress



COVER PHOTO

A northbound Alaska Railroad freight train along Turnagain Arm. A record 4.5 million tons of freight were moved in FY 1982.

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OVERVIEW

PROFILE

The Alaska Railroad (ARR), an operating element of the Federal Railroad Administration within the U. S. Department of Transportation, is authorized by the Alaska Railroad Enabling Act of March 12, 1914, as amended, 43 U.S.C., 975 et seq.

The Alaska Railroad, now in its 60th year, operates freight and passenger services on 478 miles of single mainline track extending from the deep-water ports of Seward and Whittier through Anchorage to Fairbanks, with branch lines to Eielson Air Force Base, Fairbanks International Airport, Palmer, and the Suntrana coalfields.

MILES OF TRACK OPERATED	
Main Line.....	478.3
Branch Lines.....	47.5
Sidings, Spurs, Passing.....	39.6
Yard.....	88.4
Total.....	<u>653.8</u>

TABLE I: RAILROAD STATISTICAL HIGHLIGHTS

ITEM	FY 82	FY 81	% CHANGE
Total Revenues (\$ million)	58.8	43.9	+ 33.9
Total Expenses (\$ million)	49.2	40.6	+ 21.2
Surplus (Loss)			
Before Depreciation (Gross) (\$ million)	13.3	6.6	+101.5
After Depreciation (Net) (\$ million)	9.6	3.3	+190.9
Capital & Major Maintenance Program (\$ million)	12.7	13.4	- 5.2
Average Number Permanent Employees	473.	489.	- 3.3
Freight Revenues (\$ million)	47.9	34.0	+ 40.9
Freight Revenue-Tons Carried (million)	4.50	3.36	+ 33.9
Freight Revenue Ton-Miles (million)	479.	407.	+ 17.7
Freight Revenue Per Ton-Mile (cents)	10.0	8.4	+ 19.0
Freight Average Distance Carried (miles)	106.	121.	- 12.4
Freight Carloads Handled (thousand)	69.5	51.3	+ 35.5
Total Revenue Train-Miles (thousand)	504.	443.	+ 13.8
Passenger Revenue (\$ million)	2.63	2.00	+ 31.5
Passenger-Miles (million)	15.07	13.63	+ 10.6
Gross Ton-Miles (million)	1,447.	1,182.	+ 22.4

THE RAILROAD

The statistical highlights (Table I) reflect financial and operational gains in FY 1982. In virtually every area, new historical highs were achieved.

Total revenues were \$58.8 million, up 33.9 percent from \$43.9 million last year, and surpassing by 12 percent the previous FY 1976 peak during construction of the trans-Alaska oil pipeline. The increase in revenues outpaced the increase in expenses. As a result, the Railroad's net surplus reached a new high, totaling \$9.6 million, up almost 200 percent from \$3.3 million in FY 1981. Freight revenues rose 40.9 percent; passenger revenues increased 31.5 percent; and other revenues were up 4.5 percent. Revenues and expenses as percentages of totals are shown in Figure 1.

All-time highs were also achieved in freight and passenger operations. The total freight-tons moved was 4,502,916, compared to 3,366,061 in FY 1981, a 33.9-percent increase. A record 69,506 carloads of freight were handled, up 35.5 percent over last year. Gains were also recorded in gross ton-miles, which were up 22.4 percent, and in revenue train-miles, which increased 13.8 percent.

The Railroad carried 175,116 passengers, topping the previous high of 162,107 in 1953 by 8 percent. Total passenger-miles were 15,068,658, compared to 13,626,675 in FY 1981, an increase of 10.6 percent. A revenue/cost ratio of 79 percent was achieved for passenger operations, a 16-percent improvement over FY 1981.

Underlying the Railroad's FY 1982 gains was the increased productivity of its employees. The average number of permanent employees declined 3.3 percent from the previous year despite a substantial increase in freight movements. Employee productivity in terms of revenue per employee jumped from \$67,085 to \$84,968, an overall gain of 27 percent. The Federal Railroad Administration awarded a plaque to honor the managers and all employees of The Alaska Railroad. This award, for achieving the most successful year in the history of The Alaska Railroad, was presented by U.S. Senator Ted Stevens from Alaska.

OUTLOOK

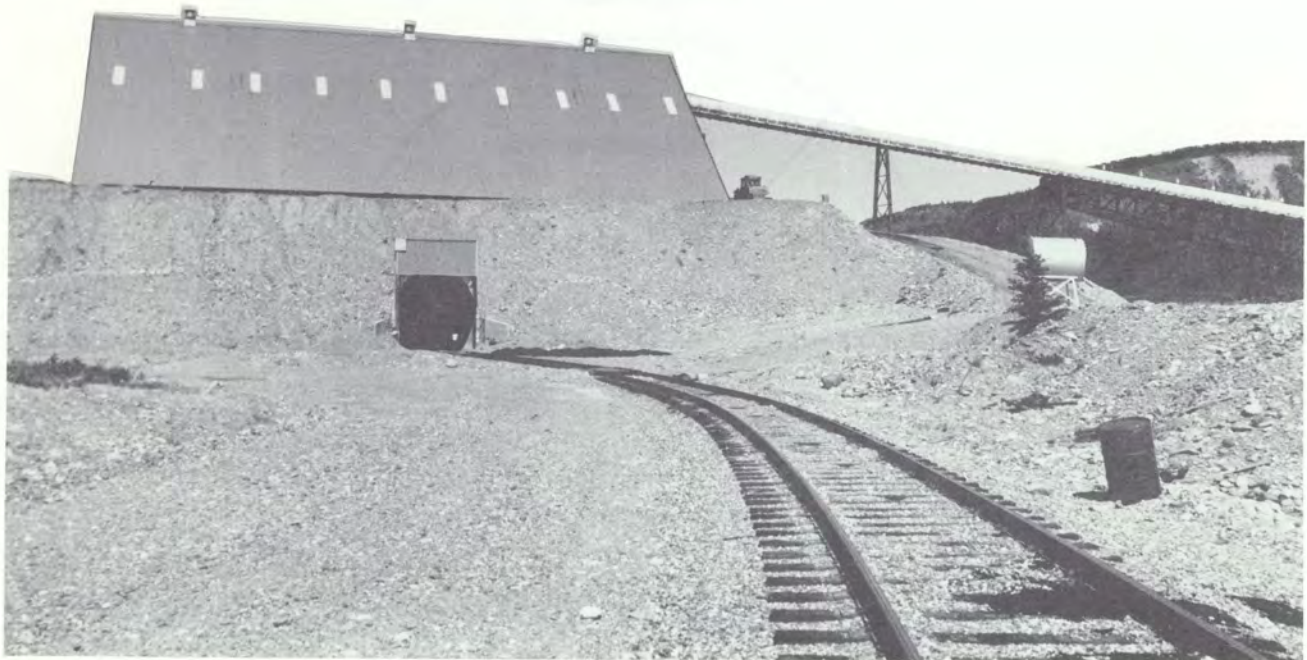
Another strong performance is anticipated in FY 1983. The struggle to restore economic stability to the Nation will probably have a leveling impact on the more favorable current economy in Alaska. However, the Railroad views the outlook with optimism. The Alaska Railroad, operating on an increasingly business-like approach that has improved its cash flow, will continue its efforts to include new opportunities in 1983 and the future.

Major progress towards exporting coal from Alaska in 1983 was achieved. While the expected timetable for full-scale export was delayed due to a softening of world coal market conditions, the key preparations essential to the competitive export of Alaska coal, mined at Healy, are on schedule. A modern, rapid-loading coal tipple utilizing automatic computerized controls to load

unit trains in motion was completed at Healy in January 1982. At the export terminal in Seward, 14.7 acres of the Railroad's port lands have been leased and the design was completed for construction of a port-side facility for unloading, stockpiling, and transloading coal. Agreements have been reached and final contracts are nearing completion to establish coal trade with Korea. This will result in a substantial increase in railroad freight and revenue.

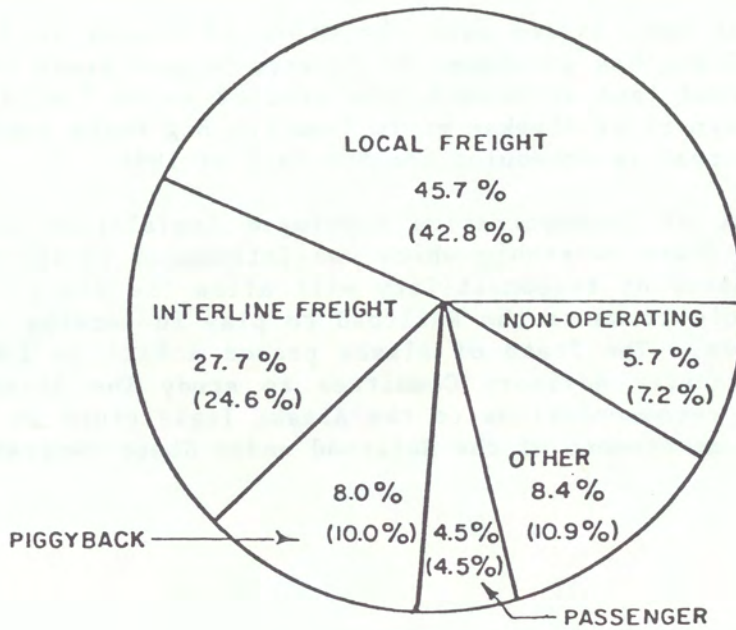
A contract has been signed with the State of Alaska to transport grain for export. The State has purchased 20 covered hopper grain cars and leased 2.7 acres of Railroad land at Seward, the site of an \$8.5 million grain terminal. The first export of Alaskan grain from the Big Delta region in Interior Alaska via the Railroad is scheduled for the fall of 1984.

The Department of Transportation developed legislation to transfer The Alaska Railroad to State ownership which was introduced in the U. S. Congress in 1981. The transfer of responsibility will allow the State the opportunity to determine the role it wants the Railroad to play in serving Alaska's future transportation needs. The State of Alaska passed a bill in 1982 creating an Alaska Railroad Transfer Advisory Committee to study The Alaska Railroad in detail and provide recommendations to the Alaska legislature in 1983 for long-term operation and management of the Railroad under State ownership.



A new coal tipple at Healy, finished in 1982, provides in-motion rapid loading for unit coal trains.

REVENUES



EXPENSES

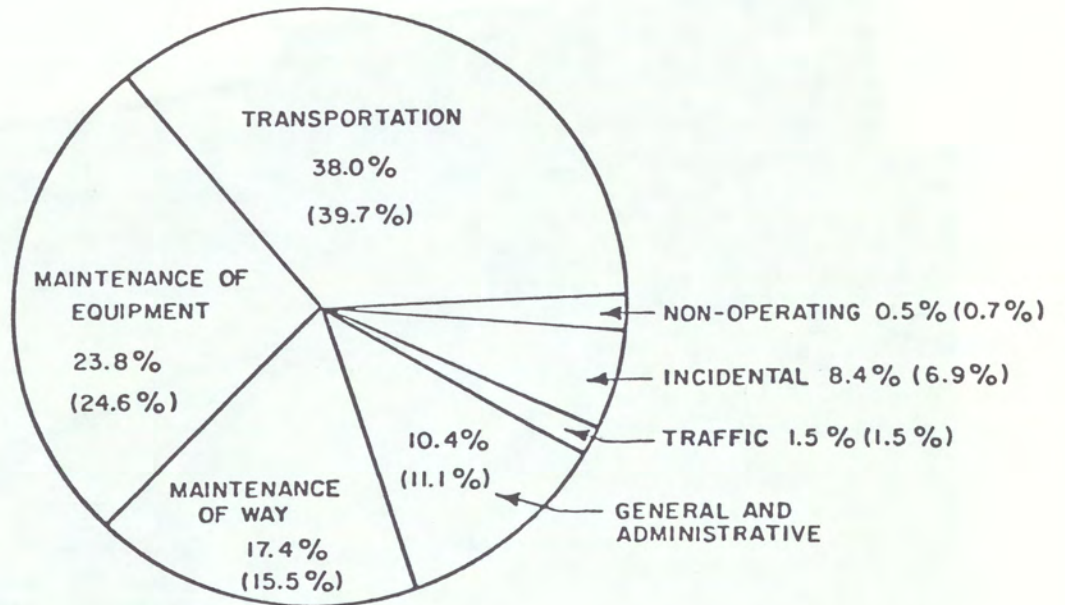


FIGURE 1: FY 1982 TOTAL REVENUES & EXPENSES
(FY 1981 PERCENTAGES IN PARENTHESES)

TRAFFIC

FREIGHT

Table II shows freight revenue tons and freight revenue dollars by major classification of commodities for fiscal years 1982 and 1981. Total tonnage for fiscal year 1982 exceeded fiscal year 1981 by 34 percent. Increased spending for home construction, highway and public works projects, as well as for private business structures in Anchorage, accounted for the 53-percent jump in sand and gravel tonnage. The continued escalation in movements of petroleum products from the Fairbanks refinery for the Anchorage International Airport, plus the first export of rail-hauled refined petroleum to the continental United States, contributed to the growth in petroleum movements. The large-scale rail movement of iron and steel products from Seward to Fairbanks destined for the North Slope oil fields was a major reason for the 44-percent increase in manufacturers and miscellaneous products.

TABLE II: FREIGHT TRAFFIC BY COMMODITY

COMMODITY	1982 FY	1981 FY	% CHANGE
REVENUE TONS CARRIED (000's)			
Sand and Gravel	2,753.8	1,796.8	+53.3
Coal	653.6	653.0	+ 0.1
Petroleum, Oil, Lubricants	439.4	379.1	+15.9
Manufacturers and Misc.	449.9	311.9	+44.2
TOFC/COFC (Piggyback)	122.4	112.5	+ 8.8
Products of Forests	77.0	100.7	-23.5
Products of Agriculture	6.8	8.1	-16.0
Total Tonnage	4,502.9	3,362.1	+33.9
REVENUE DOLLARS (000's)			
Sand & Gravel	4,556	2,712	+68.0
Coal	5,072	4,637	+ 9.4
Petroleum, Oil, Lubricants	8,376	6,700	+25.0
Manufacturers & Misc.	22,512	13,631	+65.1
TOFC/COFC (Piggyback)	4,915	4,414	+11.4
Products of Forests	2,301	1,734	+32.7
Products of Agriculture	145	181	-19.9
Total Revenue	47,877	34,009	+40.8

PASSENGER

By applying to passenger marketing the contract-type techniques used in freight marketing, major increases in passenger ridership occurred on special trains and on the Anchorage-Denali-Fairbanks trains, as shown in Table III. The marketing applications included closer cooperation with tour operators, tour wholesalers, and travel agents who sell Alaska Railroad services as well as route their clients to the Railroad. Special trains were actively promoted.

TABLE III: PASSENGERS HANDLED

SERVICE	1982 FY	1981 FY	% CHANGE
Anchorage-Denali-Fairbanks	60,810	54,294	+12.0
Anchorage-Portage-Whittier (Shuttle)	95,449	93,398	+ 2.2
Specials	<u>18,857</u>	<u>13,376</u>	+41.0
Total Passengers Handled	175,116	161,068	+ 8.7

The number of vehicles carried on the Anchorage-Portage-Whittier (shuttle) service was 17,784, which reflects no appreciable change from FY 1981.

TARIFFS

The major rate adjustments made in FY 1982 are reflected in Table IV:

TABLE IV: FY 1982 TARIFF CHANGES

TYPE	DATE	% INCREASE	
Interline	1-16-82	5	
	7-28-82	5	
Intrastate:			
	General Commodities	2-12-82	5
	Petroleum	7-06-82	5
	Coal	3-06-82	5
	Gravel	4-12-82	7
Passenger:			
	Anchorage - Fairbanks	1-01-82	15
Whittier Shuttle	6-01-82	15	

OPERATIONS

CAPITAL PROGRAM

Table V shows expenditures under the capital and major maintenance programs for the past five years, as well as the sources of the funds.

TABLE V: CAPITAL AND MAJOR MAINTENANCE PROGRAM EXPENDITURES
FISCAL YEARS 1978-1982
(\$ millions)

PROGRAM	1982	1981	1980	1979	1978	Total
Buildings	\$1.5	\$ 1.8	\$0.2	\$0.1	\$0.1	\$ 3.7
Roadbed, Track & Other Facilities	4.3	4.5	3.3	2.2	2.8	17.1
Equipment	6.6	6.2 ^{a/}	1.8	0.7	0.3	15.6
Other Projects	0.3	0.9	0.2	6.4 ^{b/}	0.4	8.2
Total	\$12.7	\$13.4	\$5.5	\$9.4	\$3.6	\$44.6
Funded by:						
Appropriations	6.2	12.6	5.0	9.3	3.0	36.1
Railroad Earnings	6.5	0.8	0.5	0.1	0.6	8.5

^{a/} \$4.24 million for rehabilitation of ten passenger cars.

^{b/} \$6.3 million for Seward and Whittier dock facilities.

FY 1982 OPERATING ACHIEVEMENTS

Notable tasks performed in FY 1982 include:

ENGINEERING DEPARTMENT

- Accomplished the largest construction and major maintenance effort since the earthquake repair work in 1964 and 1965.
- Replaced 26,000 cross-ties.
- Raised, lined, and dressed 181 miles of track.
- Relaid 26,900 lineal feet of mainline rail and 8,300 lineal feet of non-mainline rail. For the first time, 78-foot-length rails were used.
- Turned 44,300 lineal feet of curve-worn rail.
- Placed 139,900 cubic yards of aggregate along the main line including 80,800 cubic yards of crushed ballast, 57,100 cubic yards of pit-run gravel, and 2,000 cubic yards of rip-rap (armor rock).



The Railroad completed one of its largest major maintenance-of-way programs. This torsion beam tie tamper does the work of 52 men per day.



Railbed paving keeps vehicles moving around a major highway reconstruction project on the Seward Highway.

- Repaired and upgraded 67 steel and wooden bridges, replaced 104 bulkheads, 185 caps and 2,500 bridge ties. Replaced six trestle spans with an 80-foot, steel-deck girder bridge including 34 steel piles, 100 cubic yards of concrete, complete with new bridge ties and an outer guard rail.
- Replaced ten culverts.
- Constructed a new vehicle-loading ramp and extended the track at Portage for the Whittier Shuttle. This change, which permits simultaneous passenger and vehicle loading or unloading, resulted in significant time savings.
- Constructed freight transfer ramps at Crown Point and Moose Pass to facilitate freight handling.
- Completed work on 76 miles of track to increase passenger train speeds to 59 miles per hour on the upgraded track sections. This compares to 31 miles of 59 mile-per hour track in 1981, for an increase of 145 percent.
- Constructed foundations for new plate shear, traction motor extractor and wheel truing machine and a building 50 by 170 feet to house the truing machine.
- Started constructing a new locomotive sand drying facility in Anchorage, including a building, sand dryer, and sand transport equipment.
- Completed line changes, involving two miles of main line and seven curves. Track curvature was reduced from 10 to 6 degrees, permitting increased train speed while reducing rail wear, track maintenance, and equipment wear.
- Coordinated construction of an expedited detour along the Turnagain Arm for a major highway project. Six-1/2 miles of mainline track were covered with 23,000 cubic yards of ballast and 2-1/2 inches of asphalt to align the railbed with the top of the rail. This enabled highway traffic to operate over the Alaska Railroad right-of-way at near normal levels and accommodated the summer travelers at minimum costs, without disruption of normal train service.
- Continued the program to extend the microwave radio telecommunications system from Anchorage to Fairbanks. Most links are operational and the entire system is expected to be completed by the end of 1982.

MOTIVE POWER AND EQUIPMENT DEPARTMENT

- Placed 10 remodeled and modernized passenger cars into service. Refurbishing included conversion from steam to electric power for heat and air conditioning, and increased coach capacity and passenger comfort.
- Purchased 52 100-ton-capacity multipurpose (aggregate and coal) quad open-top hopper cars.

- Installed a new traction motor armature extractor which will safely install and remove extraction motor armatures from their frames.
- Acquired a wheel-truing machine. Installation will increase productivity by as much as 250 percent, since wheels can be turned without removing them from the locomotive or car.
- Purchased and installed a plate shear capable of cutting 1/2-inch boiler plate metal in 10-foot lengths.
- Initiated a locomotive truck rebuilding program. This involves rebuilding used locomotive truck sets in advance, which greatly reduces locomotive down time when a change is required.
- Installed new locomotive engines in two F-7 locomotives.
- Embarked on a new locomotive engine rebuilding program to handle up to four engines per year. In FY 1982 the engine of one locomotive was completely rebuilt under this program.
- Readied two E-8 2400-horsepower passenger locomotives acquired in 1981 for service in the summer of 1983. An E-8 locomotive can replace two F-7 locomotives on each passenger train, reduce passenger service expense, and disengage two F-7 locomotives during the busy summer season.
- Initiated a quality control program within the Motive Power and Equipment Department to further improve the quality of work. Periodic checks and inspections are made and documented. A quality control officer reviews work accomplished and oversees the entire program.

OTHER (TRANSPORTATION, TRAFFIC, AND ADMINISTRATION) DEPARTMENTS

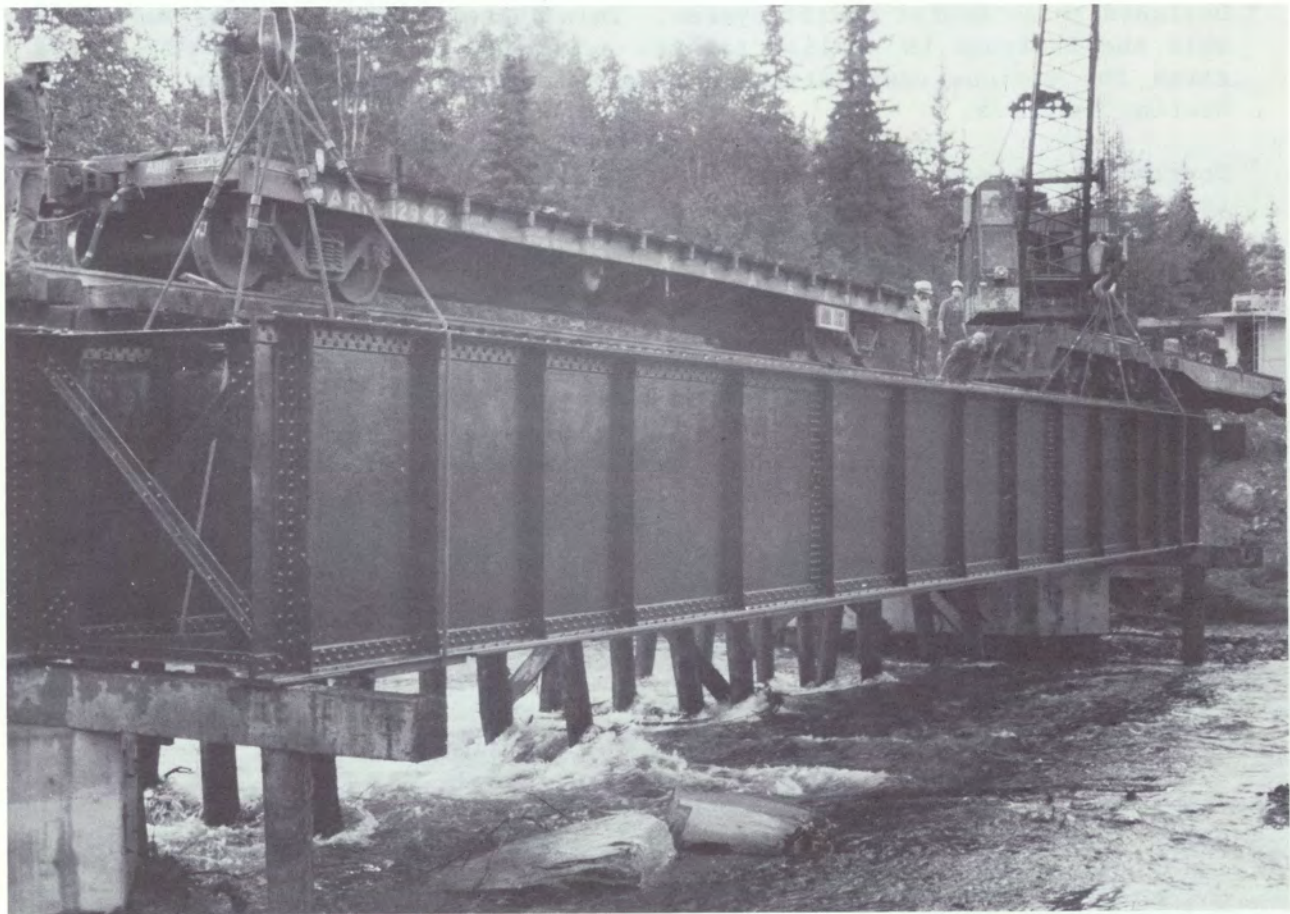
- Improved scheduling of unit gravel trains to handle expanded traffic. During the busy summer season, two sets of 80 cars each made two turnaround trips every 24-hours. The 2.75 million tons of gravel hauled in FY 1982 constituted over one-half of all tonnage moved and exceeded the six-year (1975-1980) total of aggregate tons moved.
- Completed initial piggyback terminal yard changes at Anchorage to reduce the loading and unloading time of trucks to rail cars. Piggyback service was up 10 percent in FY 1982. More COFC/TOFC was handled than in any previous year.
- Stimulated diversification of the Railroad's traffic base through additional interline and local freight movement contracts, thereby increasing the movements of high-value manufactured goods.
- Enhanced trailer and container movements by negotiating interline agreements with eight additional motor carriers.

- Promoted the Port of Seward as a year-round breakbulk, container, and bulk port. Total service packages were developed to encourage the diversion of movements from competing ports and the annual North Slope sealift.
- Celebrated the fourth annual Alaska Railroad Week in September. The Governor issued a proclamation urging all residents to recognize and commemorate the important role The Alaska Railroad plays in the lives of Alaskans. A 1982 Railroad Week poster, incorporating the new and old, featured a unit coal train hauling coal from Healy to Seward going over the Hurricane Gulch Bridge which was completed in August 1921.
- Refined expense accounting to provide more precise classification of maintenance expenditures. This improvement permits direct costing of major maintenance items on a timely basis.
- Implemented an automated revenue and commodity system. The system provides management total transportation cost data by commodity and enables the Railroad to adjust rates and negotiate contracts.
- Designed an automated tariff system. This system, when operative, will enable the Railroad to publish tariffs automatically as well as to analyze rates for various commodities transported over different routes and connecting carriers.
- Developed and tested a computerized timekeeping system for train and engine service employees. In FY 1983, all timekeeping systems of the Railroad will be automated.
- Continued progress to expand the Railroad's automated car accounting system to the entire railbelt. Functional requirements have been developed, as have the specifications for the programming phase.
- Initiated plans to replace outdated teletype machines with modern video display-type terminals with printers and an electronic mail system for the more efficient transfer of train orders between stations.
- Instituted a Safety Incentive Awards Program. Implemented on October 1, 1981, to emphasize safety awareness and reduce injuries through cooperation within departments and competitive team effort between departments, the Safety Incentive Award Program showed positive safety performance results in FY 1982, as the number of on-the-job injuries declined.
- Reduced Workmen's Compensation payments. The Railroad added one employee to coordinate the Railroad's Workmen's Compensation Program, which involves assuring that injured employees return to work as soon as they are able. The projected savings from seven successful removals of 20 cases under active review is estimated at \$128,000 annually, and if extended to retirement age, the sum would be approximately \$2.5 million.
- Donated five coach and freight cars, retired but with rebuilt undercarriages, to the Alaskan Air Command to use as a mobile Alternate Command Post.

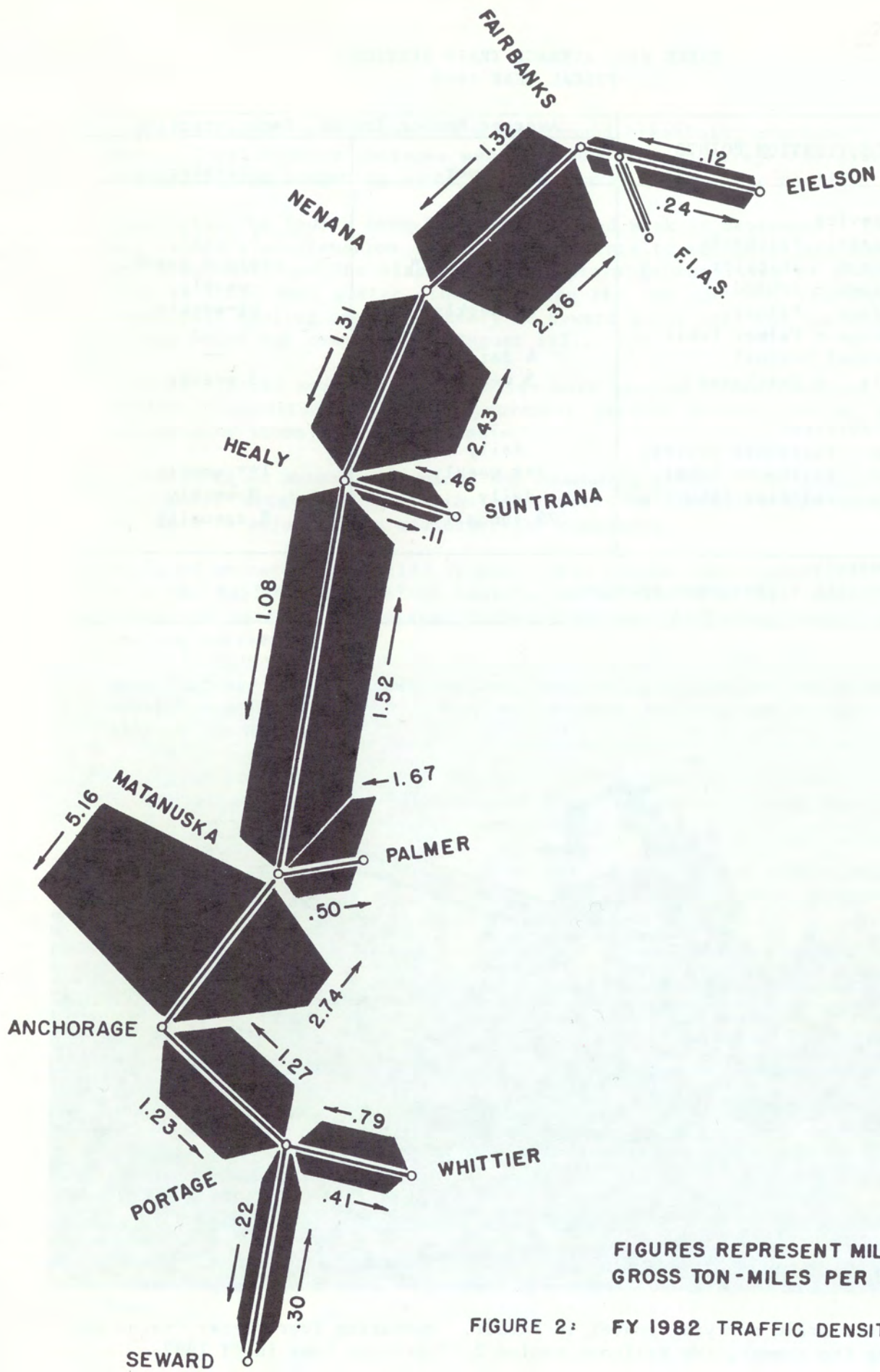
Figure 2 shows traffic density for FY 1982 in millions of gross ton-miles per mile for each section of the Railroad. All sections of the main line recorded increases ranging from 16 to 86 percent above FY 1981.

Table VI shows the average number of trains operated in freight and passenger service during the summer (mid-May to mid-September) and winter (mid-September to mid-May) periods during FY 1982.

Table VII provides listings of transportation equipment operated by The Alaska Railroad. Except for passenger rolling stock, changes between 1981 and 1982 usually reflect acquisitions or retirements. The changes in passenger equipment are due to the 1982 modernizing of 10 cars.



Bridge gang positions an 80-foot steel deck girder. Sixty-seven bridges were repaired or upgraded in FY 1982.



FIGURES REPRESENT MILLIONS OF GROSS TON-MILES PER MILE.

FIGURE 2: FY 1982 TRAFFIC DENSITY CHART

TABLE VI: AVERAGE TRAIN SERVICE
FISCAL YEAR 1982

ORIGIN - DESTINATION POINTS	Average Number Trains, Each Direction	
	Summer	Winter
Freight Service:		
Anchorage - Fairbanks	4 weekly	4 weekly
Anchorage - Whittier	every 5 days*	every 6 days*
Anchorage - Seward	weekly	weekly
Anchorage - Palmer	bi-weekly	bi-weekly
Anchorage - Palmer (unit gravel trains)	4 daily	--
Healy - Fairbanks	5 weekly	5 weekly
Passenger Service:		
Anchorage - Fairbanks express	daily	--
Anchorage - Fairbanks local	3** weekly	1** weekly
Anchorage - Whittier (Shuttle)	daily	3 weekly
Specials	29 annually	8 annually

*Approximately
**Mixed freight - passenger service



Loading unit train carrying gravel, in Palmer. Operating four 80-car trains per day during the summer, the Railroad hauled 2.75 million tons in FY 1982.

TABLE VII: ALASKA RAILROAD TRANSPORTATION EQUIPMENT

DESCRIPTION	LOCOMOTIVES - DIESEL				No. Units	
	Characteristics				1981	1982
	Mfg.	Horsepower	Ton-weight	Built/Rebuilt		
GP-40-2, road	EMD	3000	132	1975	6	6
GP-40-2, road	EMD	3000	132	1976	5	5
GP-40-2, road	EMD	3000	132	1978	4	4
GP-40-2,(rebuilt GP35)	EMD	3000	132	1964/1980	1	1
GP-35, road	EMD	2500	132	1964	3	3
E-8, passenger	EMD	2400	158	1956/1974	2	2
GP- 7, road	EMD	1600	128	1951/1977	10	10
FP- 7, passenger	EMD	1500	128	1951	13	13
RS- 3, switcher	ALCO	1600	115	1953	12	12
RS- 1, switcher	EMD	1600	115	1953	5	5
300 HP switcher	GE	300	45	1944	4	4
Total Locomotives					65	65*

* - Locomotives in service 48, in shop undergoing heavy repair 5, stored serviceable 4, stored non-serviceable 8.

DESCRIPTION	PASSENGER ROLLING STOCK				No. of cars	
	Characteristics				1981	1982
	Series	Seats	Ton-weight	Built/Rebuilt		
Coach	200	60	63	1950/1982	--	5
Coach	5400	44	63	1950	12	7
Coach	5200	52	70	1954	8	8
Dome Chair Car	500	60	80	1955/1982	--	1
Dome Chair Car	7000	60	80	1955	3	2
Dome Chair Car-leased	7000	70	80		4	4
Combination Pass/Bag	87,89	40	75	1945	2	2
Diner	400	48	75	1949/1982	--	1
Diner	4815	48	75	1949	2	1
Diner-leased	4800	48	75		2	2
Lunch, Cafe-Lounge	300	48	71	1959/1982	--	1
Lunch, Cafe-Lounge	5000	48	71	1959	5	4
Recreation Car	5715	0	62	1961	1	1
Buffet-Bar-Lounge	9,10	0	75	1945	2	2
Baggage Car	100	0	62	1961/1982	--	2
Baggage Car	6300	0	62	1961	5	3
Power Car	4	0	56	1943	1	1
Power Car	6,7	0	118	1951/1975	2	2
Power Car	30	0	121	Rebuilt 1982	--	1
Power Car-baggage	6306	0	62	1957	1	1
Business Car	A-3	8	100	1930/1957	1	1
Total Passenger Rolling Stock					51	52

DESCRIPTION	FREIGHT ROLLING STOCK					No. of cars	
	Characteristics					1981	1982
	Series	Ton-Capacity	Length	Bearings	Built/Rebuilt		
Ballast	7100	70	43' 8-1/4"	roller	1955	81	81
Total Ballast Cars						81	81
Box	8000	50	54' 2-1/2"	roller	1943	28	27
Box	10,100/ 700	50	54' 2-1/2"	friction	1943	128	136
Box, (from Navy)	10,750- 75	50	53' 6"	friction	1955	19	13
Box, insulated	10800	70	67' 8"	roller	1965	34	33
Box, insulated	11000	50	54' 2-1/2"	friction	1943	26	25
Total Box Cars						235	234

FREIGHT ROLLING STOCK - (Continued)

DESCRIPTION	Characteristics					No. of Cars	
	Series	Ton-Capacity	Length	Bearings	Built/Rebuilt	1981	1982
Caboose	1020		40'	friction	1946	4	4
Caboose	1067-84		41' 7-3/4"	roller	1949/1976	17	17
Caboose, wide version	1085-87		41' 7-3/4"	roller	1977	3	3
Caboose	1039, 1043		54' 2-1/2"	friction	1943	2	2
Caboose	1776		41' 7-3/4"	roller	1949/1975	1	1
Total Caboosees						27	27
Dump, Air	15000	30 yd.	36' 8"	friction	1953	5	5
Dump, Air	15100/ 15109	30 yd.	37' 2"	friction	1947	10	10
Dump, Air	15110/ 15123	28 yd.	35' 3"	friction	1934	13	13
Dump, Air	15600	30 yd.	37' 2"	friction	1941	21	21
Dump, Air	15700	40 yd.	37' 6"	roller	1958	27	27
Total Air Dump Cars						76	76
Flat	2900	50	44'	friction	1918,1959	6	6
Flat, heavy duty	5570	75	48' 2"	friction	1949	1	1
Flat, well deck	5573	75	56' 2"	roller	1940	2	1
Flat	5574	90	65' 10"	roller	1964	1	1
Flat, bulkhead	12400	70	56' 10"	roller	1964	21	21
Flat, URB equipped	12500	40	44' 8"	friction	1943	25	25
Flat	12600	70	56' 10"	roller	1964	74	74
Flat	12700	70	56' 10"	roller	1956	45	45
Flat	12800	50	56' 10"	roller	1958	90	89
Flat	12900	70	56' 10"	roller	1976	100	100
Flat, shuttle	19000	62 1/2	78' 5"	roller	1955	14	14
Flat, TOFC	19050	62 1/2	89'	roller	1963	10	10
Total Flat Cars						389	387
Flats - leased	BTTXA	65	89'	roller		4	4
Flats - leased	RTTXA	60	87' 4"	roller		4	4
Flats - leased	TTX	60	89' 4"	roller		5	5
Flats - leased	SP-TOFC	77	89'	roller		10	8
Flats - leased	TTAX	77	89'	roller		--	24
Total Leased Flat Cars						23	45
Gondolas	13200/ 600	50	49' 8"	friction	1943	350	345
Gondolas	13800	70	70' 6"	friction	1943	44	41
Total Gondolas						394	386

FREIGHT ROLLING STOCK - (Continued)

DESCRIPTION	Characteristics					No. of cars	
	Series	Ton-Capacity	Length	Bearings	Built/Rebuilt	1981	1982
Hopper, covered	14500-09	100	53' 2"	roller	1965	10	10
Hopper, covered	14600	100	45' 6"	roller	1970	9	9
Hopper, covered	14550-1	70	43' 5"	friction	1929	2	2
Hopper, quad	16000-24	100	53'	roller	1981	25	25
Hopper, quad	16025-76	100	53'	roller	1982	--	52
Hopper, triple	14000-279	70	43' 5"	friction	1929	63	51
Hopper, triple	14300-349	70	44' 8"	roller	1958	46	46
Hopper, triple	14400-449	80	46' 4"	roller	1964	50	50
Hopper, triple	14700-811	70	44' 4"	roller	1952	109	106
Hopper, triple	14900-924	70	38' 3"	roller	1952-59	25	25
Hopper, twin	5033-38	50	34' 4"	friction	1930	7	5
Hopper, twin	6011-30	50	35' 4"	friction	1934	18	18
Hopper, twin	6041-45	50	34' 4"	friction	1934	5	4
Total Hopper Cars						369	403
Power cars	P10-24		54' 2-1/2"	roller	1943	9	9
Total Power Cars						9	9
Refrigerator, Mech.	11500-511	65	63' 8"	roller	1966	11	11
Refrigerator, ice	11700-724	50	54' 2-1/2"	friction	1943	5	5
Total Refrigerator Cars						16	16
Repeater air cars	1 - 4	50	54' 2-1/2"	roller	1943/1922	4	4
Total Repeater Cars						4	4
Tank	9000-098	10000 gallon	39' 2"	friction	1923	47	47
Tank with steam coils	9100-120	10000 gallon	39' 2"	friction	1920	13	13
Tank	9200-221	10000 gallon	39' 2"	friction	1920	20	19
Tank, jumbo	9300-302	20000 gallon	50' 7"	roller	1970	3	3
Tank	X5001-009	10000 gallon	39' 2"	friction	1923	6	6
Tank	10902-955	10000 gallon	39' 6"	friction	1942		
Total Tank Cars						50	50
						139	138
Way Freight Box Cars	73, 75	70	84' 6"	roller	1943	2	2
Total Way Freight Cars						2	2
Total Freight Rolling Stock						1764	1808

MISCELLANEOUS ROLLING STOCK

DESCRIPTION	Characteristics					No. of cars	
	Series	Capacity	Make	Bearings	Built/ Rebuilt	1981	1982
Breaker, Ice, (for tunnel clearance)	3000E	143,000 lbs.		roller	1964 Reblt	1	1
Cranes, locomotive	LC21-106	7 1/2 - 100 ton	Crane wreckers ditchers		1920-1976	12	11
Outfit Cars (crew, tank, kitchen, storage, flat, water, & wreckers)						186	186
Snow Plow	3, 5	rotary	Alco		1930, 1917	2	2
	4	blade	Russell		1949	1	1
Spreaders	6	air	Jordan		1929	1	1
	7, 8	hydrau- lic	Jordan		1970, 1976	2	2
Total Miscellaneous Rolling Stock.....						205	204
Total Passenger, Freight and Miscellaneous Rolling Stock.....						2020	2064
Total Locomotives and Rolling Stock.....						2085	2129



Fifty-two new 100-ton capacity open-top hopper cars were purchased in 1982.

FINANCIAL

The following four financial statements (Tables VIII through XI) describe the financial situation (Note 1) of The Alaska Railroad.

TABLE VIII: STATEMENT OF INCOME
FISCAL YEARS 1981-82
(Thousand dollars)

CATEGORY	1982	1981
Operating Revenues (Note 2):		
Freight	\$47,877	\$34,009
Passenger	2,627	1,999
Other (Note 15)	4,941	4,774
Total Operating Revenues	<u>\$55,445</u>	<u>\$40,782</u>
Operating Expenses (1) (Note 3):		
Maintenance of Way & Structures (Note 4)	\$ 8,554	\$ 6,307
Maintenance of Equipment	11,702	10,005
Transportation	18,685	16,072
Traffic Management	757	580
Incidental	4,152	2,855
General and Administration (Note 5)	5,128	4,539
Total Operating Expenses	<u>\$48,978</u>	<u>\$40,358</u>
Operating Surplus	6,467	424
Non-operating Properties (Note 16):		
Income	3,352	3,159
Less Expense (1)	258	273
Non-operating Surplus	<u>3,094</u>	<u>2,886</u>
Net Surplus	<u>\$ 9,561</u>	<u>\$3,310</u>
(1) Depreciation included in Expenses (Note 7)	\$3,712	\$ 3,266
Operating Ratio including depreciation	88.34%	98.96%
Operating Ratio excluding depreciation	81.64%	90.84%

Notes follow Table XI

TABLE IX: BALANCE SHEET
 SEPTEMBER 1981-82
 (Thousand dollars)

CATEGORY	1982	1981
Assets:		
Current Assets:		
Cash (Note 8)	\$14,966	\$12,415
Trust and Deposit Funds (Note 9)	7	8
Accounts Receivable	13,105	12,111
Materials and Supplies (Note 10)	7,040	5,921
	<u>35,118</u>	<u>30,455</u>
Properties:		
Land (Note 11)	265	265
Buildings	12,921	12,316
Roadway Structures & Facilities	125,000	112,132
Equipment	49,864	45,844
Non-operating Property	1,877	1,877
Total Properties	<u>189,927</u>	<u>172,434</u>
Less Accumulated Depreciation:	57,678	54,313
Properties - Net	<u>132,249</u>	<u>118,121</u>
Additions and Betterments in Progress (Note 12)	12,059	22,222
	<u>144,308</u>	<u>140,343</u>
Other Assets and Deferred Charges	3,029	2,516
Total Assets	<u>\$182,455</u>	<u>\$173,314</u>
Liabilities & Proprietary Interest of the U.S.		
Government:		
Current Liabilities:		
Accounts Payable	\$3,416	\$ 5,371
Accrued Payrolls Payable	1,056	2,013
Trust and Deposit Funds (Note 9)	7	8
	<u>4,479</u>	<u>7,392</u>
Other Liabilities and Unadjusted Credits	3,152	2,655
Total Liabilities	<u>\$7,631</u>	<u>\$ 10,047</u>
Proprietary Interest (Note 13):		
Net Investment	192,995	186,846
Retained Earnings from July 1, 1954	(23,578)	(26,685)
Current Year Operating Results	9,561	3,310
Extraordinary Items (Note 6)	(4,154)	(204)
Total Proprietary Interest (Note 13)	<u>174,824</u>	<u>163,267</u>
Total Liabilities and Proprietary Interest	<u>\$182,455</u>	<u>\$173,314</u>

Notes follow Table XI

TABLE X: STATEMENT OF CHANGES IN FINANCIAL POSITION
 FISCAL YEARS 1981-82
 (Thousand dollars)

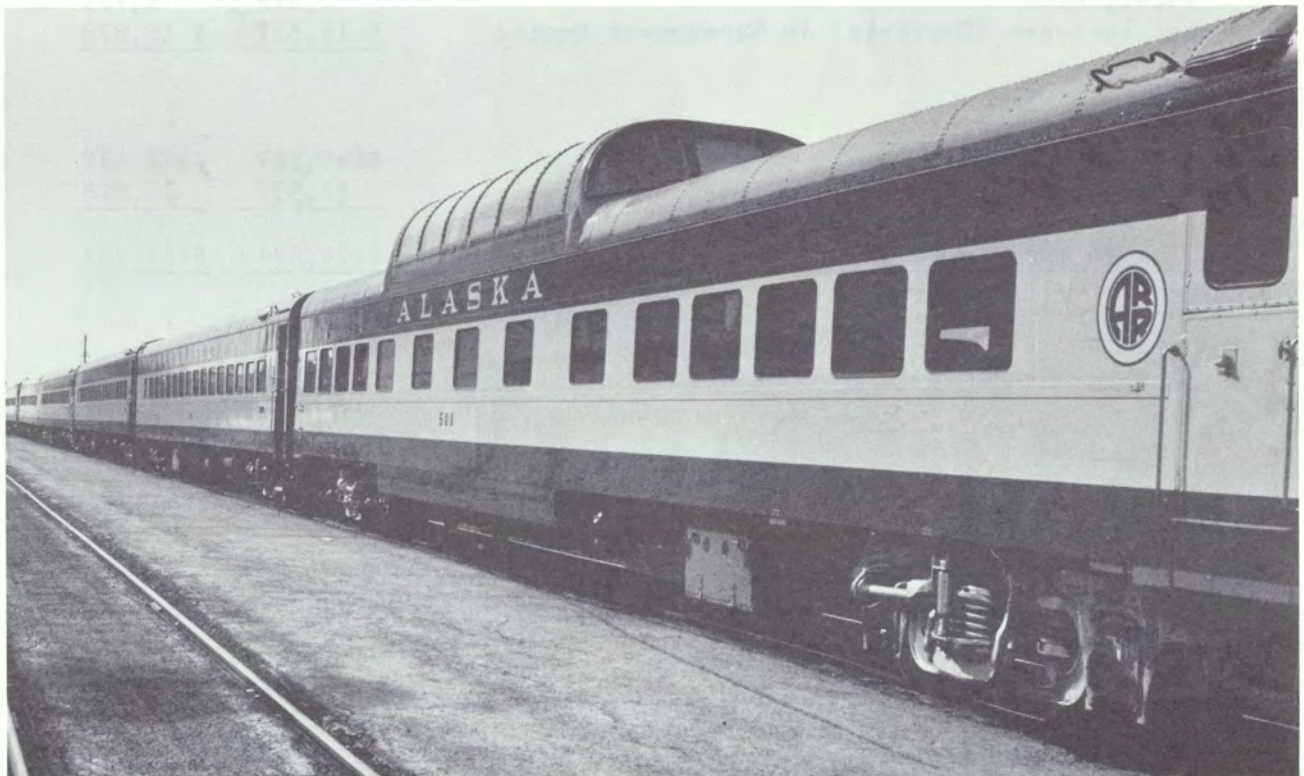
FUNDS	1982	1981
Funds Were Provided by:		
Revenues and Other Receipts	\$ 58,699	\$ 45,373
Appropriations from Congress (Note 14)	<u>6,160</u>	<u>12,640</u>
Total Funds Provided	64,859	58,013
Funds Were Used for:		
Labor	33,221	27,813
Other	17,839	12,702
Capital Improvements & Replacements	<u>11,821</u>	<u>11,409</u>
Total Funds Used	62,881	51,924
Increase (Decrease) in Government Equity	1,978	6,089
Other Increase (Decreases):		
Undelivered Orders	3,983	2,693
Supplies and Materials	1,119	495
Properties	3,964	6,253
Other	<u>513</u>	<u>340</u>
Total, Other	9,579	9,781
Total Increase (Decrease) in Government Equity	<u>\$ 11,557</u>	<u>\$ 15,870</u>
Proprietary Interest:		
Beginning Balance	\$163,267	\$147,397
Increase (Decrease)	<u>11,557</u>	<u>15,870</u>
Ending Balance (Note 13)	<u>\$174,824</u>	<u>\$163,267</u>

Notes follow Table XI

TABLE XI: FIVE-YEAR CONDENSED SUMMARY OF OPERATIONS
 FISCAL YEARS 1978 - 1982
 (Thousand dollars)

CATEGORY	1982	1981	1980	1979	1978
Operating Revenues	\$55,445	\$ 40,782	\$ 26,737	\$ 23,100	\$ 27,440
Operating Expenses	48,978	40,358	34,380	31,285	33,301
Surplus from Operations	6,467	424	(7,643)	(8,185)	(5,861)
Non-operating Properties (Note 16):					
Income	3,352	3,159	2,155	2,081	1,651
Expense	258	273	344	204	213
Non-operating Surplus	3,094	2,886	1,811	1,877	1,438
Net Surplus (or Loss)	\$ 9,561	\$ 3,310	\$ (5,832)	\$ (6,308)	\$ (4,423)
Less Extraordinary Items (Note 6)	(4,154)	(204)	(692)	(319)	(654)
Annual Retained Earnings	\$ 5,407	\$ 3,106	\$ (6,524)	\$ (6,627)	\$ (5,077)
Operating Ratio	88.34%	98.96%	128.59%	135.43%	121.53%
Including Depreciation					
Working Ratio					
Excluding Depreciation	81.64%	90.84%	115.40%	121.50%	109.91%

Notes follow Table XI



Ten upgraded and refurbished passenger cars were placed in service during 1982.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

The Alaska Railroad uses the generally accepted principles, standards, and related requirements of governmental accounting as approved by the Comptroller General of the United States. Operations are conducted in a manner consistent with related commercial enterprises and, at the same time, in conformance with the requirements incumbent upon a Government agency.

As is the customary practice of the industry, the Railroad uses betterment and retirement accounting instead of depreciation accounting for roadbed and track. Under this method, prescribed by the Interstate Commerce Commission, the cost of replacing tracks and structures--less salvage recovered--is charged to the appropriate operating expense account and only the cost of betterments is capitalized. These capitalized items are not depreciated, but upon retirement of the tracks and structures, the entire capitalized amounts--less salvage recovered--are charged to expense.

The accounting system and related procedures disclose financial condition and operating results to provide full accountability of the Government's investment in the Railroad and to afford management the necessary data to carry out its responsibility in the most efficient and economical manner.

The Railroad is financed from a revolving fund.

2. REVENUES

Revenues from rail operations are included in income on an accrual basis upon the completion of service.

3. EXPENSES

Expenses are accrued or applied or both on a basis consistent with generally accepted accounting principles.

4. MAINTENANCE OF WAY AND STRUCTURES

Maintenance of way and structures include expenses incurred by engineering (\$7,919,000) and communications (\$635,000).

5. GENERAL AND ADMINISTRATION

General and administration accounts include expenses for headquarters and staff (\$1,098,000) and the administration department (\$4,030,000).

6. EXTRAORDINARY ITEMS

Extraordinary items include the loss on excess current inventories (\$4,000), deferred outlays (\$3,850,000), and prior-year adjustments (\$300,000).

7. DEPRECIATION

Depreciation is computed using the straightline method and is based on estimated service lives of depreciable properties, except for the railway track and structures, which are computed using the industry betterment method. Depreciation charges are determined by using the composite or group rates applicable to various classes of property.

The following is a list of depreciation charges in FY 1982:

	(Thousand dollars)
Mechanical - equipment.....	\$2,189
Engineering - buildings and structures.....	993
Transportation - docks.....	322
Communications.....	130
Non-operating.....	48
Other.....	30
Total.....	<u>\$3,712</u>

8. CASH

Cash refers to the fund balance with the U.S. Treasury, which is the net amount of cash receipts, e.g., revenues, proceeds from sales, and amounts of congressional appropriations, less disbursements.

9. TRUST AND DEPOSIT FUNDS

Trust and deposit funds include special deposits and other collections not covered by the revolving fund and cleared by disbursement or transfer, as appropriate. A contract account to this asset account is reflected in the liability section.

10. MATERIALS AND SUPPLIES

Inventories, consisting of replacement or repair parts for equipment and road property, construction materials, and fuel, are valued at average cost, including freight.

11. LAND

Land includes only property purchased by the Railroad from private owners and carried at acquisition cost. The Railroad owns over 38,000 acres withdrawn from the public domain at no cost; this land is not included in the financial records.

12. ADDITIONS AND BETTERMENTS IN PROGRESS

This is a control account for authorized capital projects during the period of construction or procurement. Upon completion of the capital project, the related costs are transferred into the appropriate fixed asset property account.

13. PROPRIETARY INTEREST OF THE U.S. GOVERNMENT

The proprietary interest shows the Federal Government's net interest in The Alaska Railroad. At the end of FY 1982, it is summarized as follows:

(Thousand dollars)

Appropriation by Congress.....	\$251,896
Allotments from other agencies, sale of lots, etc.	1,724
Property transferred or donated (not public domain).....	19,877
Earthquake losses.....	(16,738)
Deficits from operations and capital losses to June 30, 1954..	(63,764)
Retained earnings (July 1, 1954, to September 30, 1981).....	(23,578)
FY 1982 operating results.....	9,561
Extraordinary Items (Note 6).....	<u>(4,154)</u>

Total proprietary interest of the U.S. Government..... \$174,824

14. CONGRESSIONAL APPROPRIATIONS

Funds appropriated by Congress were obligated within the fiscal year, as shown below:

(Million dollars)

	FY 82	FY 81
Congressional appropriations received.....	<u>\$ 6.16</u>	<u>\$12.64</u>
Obligated during fiscal year.....	<u>6.16</u>	<u>12.59</u>
Amount unobligated at end of fiscal year.....	0.00	0.05

15. OTHER OPERATING REVENUES

Other operating revenues include those revenues that were neither freight nor passenger. Individual accounts exceeding \$90,000 in FY 1982 were:

	(Thousand dollars)
Reimbursable services.....	\$2,156
Whittier shuttle-vehicles only.....	552
Reimbursements - real estate, utilities, and equipment.....	527
Sale of noninvested property.....	482
Wharfage and handling.....	257
Equipment rentals.....	249
Mail.....	145
Switching.....	92
All other.....	<u>481</u>
Total.....	\$4,941

16. NON-OPERATING PROPERTIES

Non-operating properties include income and expense from items other than railroad operating accounts. Non-operating incomes in FY 1982 were:

	(Thousand dollars)
Miscellaneous rentals.....	\$3,008
Interest earned.....	274
All other.....	<u>70</u>
Total.....	\$3,352

Non-operating expenses in FY 1982 were:

	(Thousand dollars)
Buildings.....	\$ 206
Depreciation.....	48
All Other.....	<u>4</u>
Total.....	\$ 258

OFFICERS OF THE ALASKA RAILROAD

FRANK H. JONES
General Manager

ARNOLD T. POLANCHEK
Assistant General Manager

JACK A. HEPWORTH
Superintendent of Transportation

JAMES B. BLASINGAME
Chief of Administration

FRANCIS C. WEEKS
Chief Engineer

MICHAEL J. SUDOL
Chief Mechanical Officer

JOHN T. GRAY
Manager, Marketing & Sales

WILLIAM F. COGHILL
Manager, Planning

DAVID M. RODERICK
Chief Counsel

DONALD A. HARVEY
Manager, Personnel

RONALD M. RISCH
Manager, Budget & Accounting

PEGGY R. THOMAS
Manager, Supply

MARCIE G. TRUMP
Chief of Security

JAMES E. PINKSTON
Manager, Data Processing

KENNETH GREENE
Manager, Operating Rules

JOHN R. REYNOLDS
Manager, Procurement

JOHN K. NIELSON
Manager, Safety

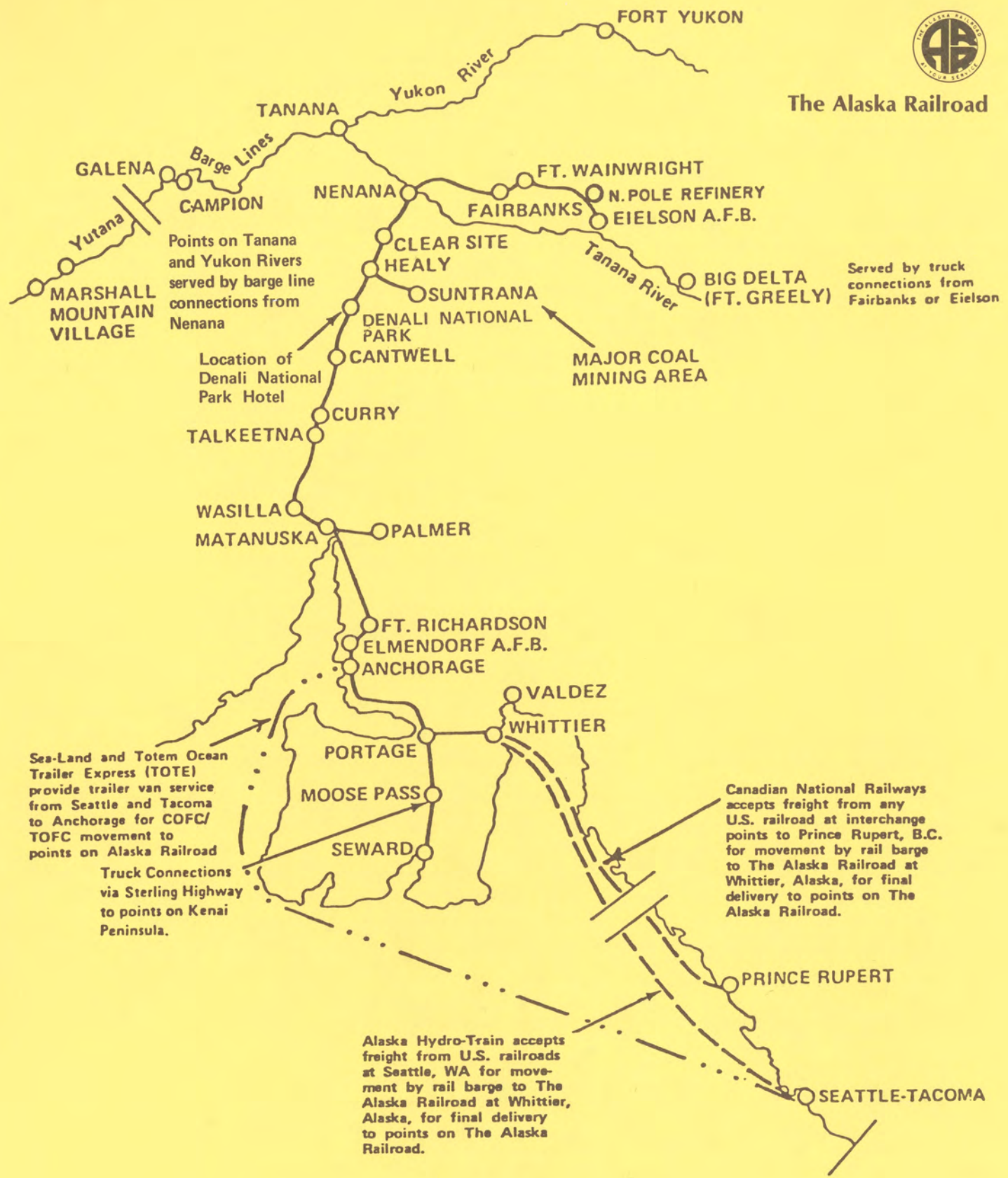
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The Alaska Railroad



ALASKA RAILROAD ROUTE MAP

Showing connecting carriers