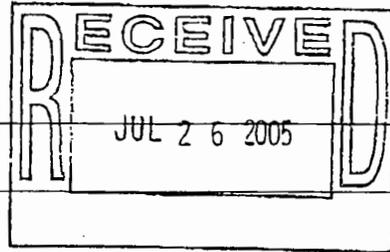




2601 SR 509 North Frontage Road
Tacoma, Washington 98421

TACOMA PUBLIC UTILITIES



July 20, 2005

RF 26 July 2005
Mr. Richard F. Timmons, President
American Short Line and Regional Railroad Association
50 F Street
Suite 7020
Washington, D.C. 20001-1564

Dear Mr. Timmons,

I received your letter requesting information regarding Tacoma Rail's operating plan with the Port of Tacoma. Tacoma Rail has planned for and will continue to manage the unprecedented growth we are experiencing. The following are the components of our Planning for Peak (P4P) program.

Planning for Peak:

Safety:

- Perform daily field tests on all crews.
- Developed operation rules compliance program that ensures efficiency and safe movements of trains.

Transportation:

- Purchase additional locomotive power.
- Hire additional crew members.
- All partners participate in multiple daily conference calls regarding train arrivals and departures.

Technology:

- Tacoma Rail has created reports for all partners; i.e. dwell time, footage capacity and car location.
- Reports are sent automatically to all partners and customers.

Customer Service:

- Work with the mainline railroads to move the interchange points.
- Develop parameters for a joint partnership center with the Port of Tacoma, Union Pacific, Burlington Northern Railway and Tacoma Rail.
- Joint center will have the responsibility 24/7 to develop train slot plans and execute the plan.
- Tacoma Rail has assigned a full time employee to work with all freight customers.
- Inform all customers of their demurrage bills and car dwell times.