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ARIZONA CORPORATION COMMISSION

April 29, 2008

Diana F. Wood
Section of Environmental Analysis
Surface Transportation Board
395 E Street S.W. 11th Floor
Washington, D.C. 20423

RE: Draft Environmental Assessment, STB Finance Docket No. 34836
Arizona Eastern Railway- Construction and Operation in Graham County, Arizona

Dear Ms. Wood:

The Arizona Corporation Commission (Commission) is the state agency that has jurisdiction over the safety of public crossings by railroads. Arizona Revised Statutes, Section 40-337 gives the Commission authority to approve any modifications to existing crossings or construction of new railroad/highway crossings in Arizona. Further, Commission Safety Division Staff (Staff) is trained and certified by the Federal Railroad Administration (FRA) to inspect all Arizona crossings for compliance with safety requirements. Through an interagency agreement between the Commission and the FRA, Staff inspects track, locomotives/railcars, operating practices, signal/train control devices and the transportation of hazardous material by rail.

Based on our review of the Draft Environmental Assessment referenced above, it is the understanding of Staff that the Arizona Eastern Railway's (AERR) planned construction in Graham County, Arizona includes a new, at-grade crossing over U.S. Highway 70 near Solomon, Arizona. This crossing would be subject to Commission approval.

While the majority of the Draft Environmental Assessment involves environmental factors outside of the Commission's jurisdiction, we do find that a portion of the report relates to traffic and safety. Specifically, we note that the STB Section of Environmental Analysis (SEA) recommends an at-grade crossing where the new spur line will intersect with U.S. Highway 70.

Staff is unable to comment at this early stage as to whether we agree or disagree with the SEA's recommendation. The Commission's application process will include requests for traffic and train data from both the AERR and the road authority (Arizona Department of Transportation). Data will be utilized in analyzing safety measures necessary at this crossing. Any Staff recommendations will be delineated in a staff report and discussed in a hearing before a Commission Administrative Law Judge. Staff recommendations for this crossing, including the need for a grade-separated crossing, will ultimately be determined by a vote of the five elected Commissioners in an Open Meeting of the Commission.

April 29, 2008
Ms. Diana F. Wood
Page 2

We appreciate the opportunity to provide comment and clarification of the role we will play as this process unfolds.

Sincerely,



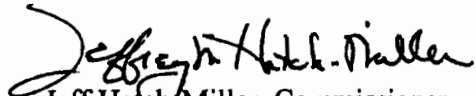
Mike Gleason, Chairman



William A. Mundell, Commissioner



Kristin K. Mayes, Commissioner



Jeff Hatch-Miller, Commissioner



Gary Pierce, Commissioner