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**Supplement to
Draft
Environmental Impact Statement**

Finance Docket No. 30186 (Sub. No. 2)

**Tongue River Railroad Company
- Construction and Operation -
of an additional Rail Line From
Ashland to Decker, Montana**

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FR-7035-01-P

INTERSTATE COMMERCE COMMISSION

NOTICE

[FINANCE DOCKET NO. 30186 (SUB NO. 2)]

TONGUE RIVER RAILROAD COMPANY - CONSTRUCTION AND OPERATION OF
ADDITIONAL RAIL LINE IN ROSEBUD AND BIG HORN COUNTIES, MONTANA

In the Draft Environmental Impact Statement (DEIS) served July 17, 1992, the Commission's Section of Environmental Analysis (SEA) addressed the Tongue River Railroad Company's (TRRC's) proposal to construct and operate a 41-mile rail line from Ashland to Decker, Montana (the Extension). The proposed rail line would serve as an extension to TRRC's already-approved but not yet built 89-mile rail line from Miles City to Ashland, Montana.

In the DEIS, SEA preliminarily concluded that because of the environmental impacts associated with TRRC's proposed route, the Four Mile Creek Alternative would be environmentally preferable should the Commission decide to grant TRRC's construction application. However, based on comments to the DEIS, SEA's further investigation, TRRC's alignment changes to the proposed route, and a more comprehensive Mitigation Plan, SEA now believes that the Four Mile Creek Alternative would have more adverse consequences on the environment than TRRC's current proposed route.

Generally, when a substantial change is made to the approach a Federal agency has taken in a DEIS, the rules of the Council on Environmental Quality implementing the National Environmental Policy Act require the preparation of a Supplement to the DEIS [40 CFR 1502.9(c)]. Because SEA no longer believes that the Four Mile

Creek Alternative would be the environmentally preferable route if the Commission grants TRRC's application, SEA has prepared this Supplement to the DEIS (Supplement).

The "no build" alternative has been carefully considered by SEA. This alternative would be environmentally neutral since construction and operation of the proposed Extension and the related environmental impacts would not occur. Because TRRC already has obtained Commission authority to construct and operate a rail line between Miles City and Ashland, TRRC would be able to serve new mines in the project area even if the Commission denied the proposed Extension. Moreover, with the "no build" alternative, the present movement of coal from the Decker mines would be unaffected because the Burlington Northern Railroad is already providing service to these mines via an alternate route. In sum, the "no build" alternative would preserve the environmental status quo.

SEA invites comments on the Supplement. SEA specifically requests comments on (1) the environmental preferability of TRRC's current proposed route versus the Four Mile Creek Alternative; (2) the "no build" alternative; and (3) any other feasible alternatives. These comments should provide as much substantive information and supporting evidence as possible.

SEA will consider all comments to this Supplement and the prior comments to the DEIS before issuing a Final Environmental Impact Statement (FEIS). The FEIS will take into account all the comments received during the entire environmental review process

and include SEA's final environmental recommendations to the Commission. The Commission will then consider the FEIS and the entire environmental record in making its decision in this proceeding.

Send an original and 10 copies of comments referring to Finance Docket No. 30186 (Sub No. 2) to: Dana White, Section of Environmental Analysis, Room 3214, Interstate Commerce Commission, Washington, DC 20423. Questions regarding this Supplement or requests for copies of the Supplement should be directed to Ms. White or Elaine K. Kaiser, Chief, Section of Environmental Analysis at (202) 927-6214. TDD for hearing impaired: (202) 927-5721.

Also, a copy of the comments should be sent to TRRC's representative: Mr. Thomas Ebzery, Village Center I, Suite 165, 1500 Poly Drive, Billings, MT 59102.

Date made available to the public: March 17, 1994

Comment due date: May 9, 1994

By the Commission, Elaine K. Kaiser, Chief, Section of Environmental Analysis.

Sidney L. Strickland, Jr.
Secretary

EXECUTIVE SUMMARY

In the Draft Environmental Impact Statement (DEIS) served July 17, 1992, the Commission's environmental staff, now the Section of Environmental Analysis (SEA), addressed the Tongue River Railroad Company's (TRRC's) proposal to construct and operate a 41-mile rail line from Ashland to Decker, MT (the Extension). This proposed rail line would serve as an extension to TRRC's already approved but not yet built 89-mile rail line from Miles City to Ashland, MT.

As explained in this Supplement to the DEIS (the Supplement), it now appears that the Four Mile Creek Alternative would have more adverse consequences on the environment than TRRC's current proposed route. In SEA's opinion, these consequences could not be effectively mitigated. This determination represented a substantial change from the preliminary conclusion SEA had reached in the DEIS. Therefore, SEA has decided to issue and request comments on a Supplement to the DEIS before issuing a Final Environmental Impact Statement (FEIS).

The "no action" or "no build" alternative has been carefully considered by SEA. This alternative would be environmentally neutral since construction and operation of the proposed Extension and the related environmental impacts would not occur. Because TRRC already has obtained Commission authority to construct and operate a rail line between Miles City and Ashland, TRRC would be able to serve new mines in the project area even if the Commission denied the proposed Extension. Moreover, with the "no build" alternative, the present movement of coal from the Decker mines

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would be unaffected because the Burlington Northern Railroad is already providing service to these mines.

SEA invites comments on the Supplement. SEA specifically requests comments on (1) the environmental preferability of TRRC's current proposed route versus the Four Mile Creek Alternative; (2) the "no build" alternative; and (3) any other feasible alternatives. These comments should provide as much substantive information and supporting evidence as possible. Before issuing the FEIS, SEA will consider all comments to this Supplement and the prior comments to the DEIS. The FEIS will take into account all environmental comments received during the environmental review process and include SEA's final environmental recommendations to the Commission. The Commission will then consider the FEIS and the entire environmental record in making its decision in this proceeding.

Send an original and 10 copies of comments referring to Finance Docket 30186 (Sub No. 2) to: Dana White, Section of Environmental Analysis, Room 3214, Interstate Commerce Commission, Washington, DC 20423. Questions regarding this Supplement or requests for copies of the Supplement may also be directed to Ms. White at (202) 927-6214.

Also, a copy of the comments should be sent to TRRC's representative: Mr. Thomas Ebzery, Village Center I, Suite 165, 1500 Poly Drive, Billings, MT 59102.

Supplement made available to the public: March 17, 1994.

Comments on the Supplement to the DEIS due: May 9, 1994.

CHAPTER ONE

BACKGROUND

In July 1992, the Interstate Commerce Commission's Section of Energy and Environment, now the Section of Environmental Analysis (SEA), served the Draft Environmental Impact Statement (DEIS) for the Tongue River Railroad Company (TRRC's) proposed construction and operation of a 41-mile rail line between Ashland and Decker, Montana (the Extension). This proposed rail line would serve as an extension to the already approved but not yet built 89-mile rail line from Miles City to Ashland, Montana.¹ (See Map in Appendix A-1.)

In the DEIS, SEA preliminarily concluded that because of the environmental impacts associated with TRRC's proposed route, the Four Mile Creek Alternative would be the environmentally preferable route if the Commission decided to grant the application. The basis for that initial conclusion was that the Four Mile Creek Alternative would avoid construction and operation near the Tongue River Dam and would avoid disturbing an environmentally sensitive 10-mile section of the Tongue River just north of the Tongue River Dam. Also, the DEIS explained that the Four Mile Creek Alternative would eliminate the need to construct five bridges and a tunnel and would avoid impacts to the Tongue River State Park and the Cormorant Estates. Although neither the Four Mile Creek Alternative nor TRRC's proposed route would cross the Northern Cheyenne Indian Reservation, they both would have impacts on the

¹The Commission's decision approving the Tongue River Railroad Company's proposed rail line from Miles City to Decker, Montana was served on May 9, 1986.

reservation. Potential impacts to the Northern Cheyenne Indian Reservation were discussed in the DEIS.

SEA also noted in the DEIS that because of the topography and grade, TRRC had indicated that construction and operation of the Four Mile Creek Alternative would involve difficult operational considerations and that the Four Mile Creek Alternative would be costly to operate. SEA requested specific comments on its preliminary conclusion regarding the environmental preferability of the Four Mile Creek Alternative.

Most of the written comments SEA received to the DEIS expressed the opinion that the Extension should not be built at all.² Generally, the oral statements made at the public hearings held by the Commission at the end of August 1992 were mixed. Comments at the Lame Deer and Forsyth, Montana and at the Sheridan, Wyoming hearings generally opposed the proposed Extension. Comments at the Miles City, Montana hearing generally favored the Extension. As discussed below, a few of the comments addressed our preliminary conclusion that the Four Mile Creek Alternative would be the environmentally preferable route.

The U.S. Environmental Protection Agency, the U.S. Army Corps of Engineers, and the U.S. Fish and Wildlife Service (FWS)³ in

² SEA received 35 separately submitted, written comments to the DEIS. Some of the comments submitted as a separate submission contained as many as 21 individual letters or comments.

³The FWS did not file comments on the DEIS. However, in a letter dated August 29, 1991, to Elaine K. Kaiser, Chief of SEA, the FWS State Supervisor in Helena, MT discussed the scope of potential environmental impacts associated with the proposed Extension and its reasons for supporting the Four Mile Creek

their written comments agreed that the Four Mile Creek Alternative appeared to be the environmentally preferable route. Also, the Montana Department of Fish, Wildlife and Parks generally stated that this appeared to be the environmentally preferable route. However, these agencies were unable to perform detailed comparative site inspections of the Four Mile Creek Alternative and TRRC's proposed alignment. Some ranchers in the project area also supported the Four Mile Creek Alternative.

Generally, the reason given in the comments supporting the Four Mile Creek Alternative was that this alternative would avoid a number of potential adverse impacts to the river and riparian zone within the Tongue River Canyon. These impacts included adverse effects to aquatic resources, wildlife habitats, farming and ranching operations, and scenic and recreational values. These comments also stated that the alternative would avoid or reduce potential adverse impacts to the Tongue River Dam and Reservoir.

In its comments on the DEIS, TRRC argued that the Four Mile Creek Alternative would be unsafe and economically unfeasible. TRRC presented operational, safety and cost data regarding the Four Mile Creek Alternative. TRRC stated that the Four Mile Creek Alternative would have to traverse a descending 2.31 percent grade over a three-mile portion of the route. TRRC claimed that this would create the potential for runaway and/or derailments of loaded unit coal trains, resulting in unsafe operations.

Alternative as the environmentally preferable route.

Further, in comparing the operating costs of TRRC's proposed alignment with the Four Mile Creek Alternative, TRRC calculated that the Four Mile Creek Alternative would cost an additional \$8.5 million to construct and that the annual operating costs (additional crew, locomotives, increased fuel costs and higher maintenance costs on cars, locomotives and track) would be 34 percent per carload higher than its proposed route. TRRC estimated that the total annual cost of operating the Four Mile Creek Alternative would be about \$4.2 million more than operating its preferred alignment. TRRC argued that its studies showed that the Four Mile Creek Alternative was not economically feasible.

TRRC has also agreed to modify the alignment of its proposed route to mitigate certain environmental concerns, as discussed in Chapter 4.

CHAPTER 2

THE POTENTIAL SAFETY RISK OF THE FOUR MILE CREEK ALTERNATIVE

As stated above, TRRC challenged the potential safety of conducting operations over the Four Mile Creek Alternative. As a result, one of SEA's primary considerations was to further investigate TRRC's premise that the Four Mile Creek Alternative would be fundamentally unsafe because of the steep descending grade that loaded trains would need to traverse.

Even though SEA had analyzed the potential safety risk of the Four Mile Creek Alternative in its preparation for the DEIS and had

concluded that it would be safe to operate, SEA decided that an extended further investigation of this issue was warranted because of the paramount importance of safety. If SEA found that it could not be safely operated, then SEA could no longer recommend the Four Mile Creek Alternative as the environmentally preferable route if the Commission decided to approve this project.

To investigate this issue, SEA obtained the assistance of Commission staff with expertise in railroad engineering and operations.⁴ SEA and the Commission's experts undertook extensive site inspections of both TRRC's proposed alignment and the Four Mile Creek Alternative.⁵ Also, they analyzed and verified the engineering, operational and costing data which TRRC had presented as part of its description of the Four Mile Creek Alternative.⁶

TRRC's principal concern regarding safe operations is related to the steep descending grade for loaded unit trains inherent in the Four Mile Creek Alternative. Under that alternative, loaded coal trains would leave the Decker mines and would travel ascending grades ranging from 0.59 percent to 1.55 percent over a distance of 12.87 miles. TRRC estimates that it would initially operate 10 trains per day (5 loaded and 5 empty). Once trains reached the top

⁴ This staff consisted of an engineer from the Section of Research and Analysis, Office of Economic and Environmental Analysis, and a railroad operations expert from the Section of Operations and Enforcement, Office of Compliance and Consumer Assistance.

⁵ Representatives from TRRC accompanied the Commission's staff.

⁶ The material from the railroad, which was requested by SEA, included data for the Four Mile Creek Alternative as well as data for TRRC's proposed route.

of the Four Mile Creek drainage, they would travel the next three miles on a descending 2.31 percent grade.

Trains using the Four Mile Creek Alternative would have to traverse track with a descending grade for loaded trains of 2.31 percent for 3 miles between the top of the Four Mile Creek drainage and the connection with TRRC's proposed alignment. This would be a difficult and undesirable grade for any railroad operation. It is a grade that is normally not incorporated into today's engineering designs. Therefore, we agree with TRRC that because of this steep descending grade, the exposure to risk (run-away trains and/or derailments) would be greater on the Four Mile Creek Alternative than it would be for TRRC's proposed alignment. TRRC's proposed route has been designed with a grade of no more than .52 percent for loaded trains.

Nevertheless, SEA believes that a loaded unit train configuration, as described in the DEIS, that uses seven locomotives at a speed of no more than 10 miles per hour and full braking power could be safely operated over the descending 2.31 percent grade of the Four Mile Creek Alternative.⁷

There are design and operating options available to TRRC that would mitigate potential safety problems. TRRC could install sidings at appropriate locations: one at or near the top of the summit on the Four Mile Creek Alternative and one at the foot of

⁷ We note that grades similar to those on the Four Mile Creek Alternative, but constructed many years ago on a number of segments throughout the country, are still in safe operation today and transport loads equivalent to those envisioned on TRRC's proposed Extension.

the grade on TRRC's proposed alignment east of the Tongue River crossing. This would provide suitable track facilities allowing TRRC to split a unit coal train into two sections. Each section would traverse the descending 2.31 percent grade separately (enabling TRRC to use fewer locomotive units) and then would be recoupled at the siding at the foot of the descending grade. This process, however, would require increased construction costs and land use and would require additional time and cost in the line-haul movement of the unit trains.

The cost of safely operating the Four Mile Creek Alternative would be high. Though not a determining factor in our environmental analysis, it appears that the cost of safely operating this alternative could exceed the cost of operating TRRC's proposed alignment by TRRC's estimate of \$4.2 million annually.

Based on our analysis to date, SEA continues to believe that despite the difficulties of grade, loaded train operations over the Four Mile Creek Alternative could be safely performed, albeit at a high cost. However, because of other potentially significant environmental impacts, which have become apparent as a result of our further analysis, SEA no longer believes that the Four Mile Creek Alternative would be the environmentally preferable route, if the Commission grants this application. Our reasons for this change are discussed below in Chapter 3.

CHAPTER 3

FURTHER INVESTIGATION OF ENVIRONMENTAL IMPACTS ASSOCIATED WITH FOUR MILE CREEK ALTERNATIVE

Despite SEA's current view that the Four Mile Creek Alternative could be operated safely and would avoid a number of environmental impacts and by-pass the environmentally sensitive 10-mile portion of the Tongue River near the Tongue River Dam, SEA now believes that the Four Mile Creek Alternative would result in serious environmental and operating drawbacks that could not be effectively mitigated. This determination is the result of further analysis conducted by SEA after the publication of the DEIS. This analysis included site inspections, consultations with Federal and state agencies, consultation with the railroad, and input from Commission staff with railroad engineering and operations expertise. The information that TRRC provided, at SEA's request, was reviewed and verified by the Commission's rail engineering and operations staff.

SEA's concerns regarding the Four Mile Creek Alternative were triggered in part by TRRC's comments to the DEIS. As previously discussed, TRRC argued that the Four Mile Creek Alternative could not be safely operated. In examining this issue, we became aware of other potentially significant environmental effects associated with the Four Mile Creek Alternative.

In analyzing these other environmental impacts, which are discussed below, we consulted with TRRC, the Council on Environmental Quality, Montana Department of Natural Resources and

Conservation, and the Montana Department of Fish, Wildlife, and Parks. These consultations included meetings, telephone calls, and exchange of correspondence. In addition, SEA conducted extensive site visits of the area.⁸

SEA now believes that, subject to the receipt of further comments, the TRRC's proposed route, with appropriate mitigation and specific alignment changes (as discussed in Chapter 4), would have less adverse environmental impacts than the Four Mile Creek Alternative. However, because this is a preliminary determination, SEA is seeking the public's comments to ensure a full and complete analysis of the feasibility of TRRC's proposed route versus the Four Mile Creek Alternative as well as the "no action" alternative and any other feasible alternatives.

To assist the public in specifically responding to the environmental preferability of TRRC's proposed route and the Four Mile Creek Alternative, SEA will discuss below the newly-identified adverse impacts associated with the Four Mile Creek Alternative. SEA will also discuss the additional mitigation recommended for TRRC's proposed route and the alignment changes to which TRRC has agreed and which SEA believes have reduced the potential environmental impacts of TRRC proposal. In assessing which route is environmentally preferable, including the "no action" alternative, SEA will consider all the comments to this document.

⁸Two members from SEA staff, TRRC's environmental consultant and engineer, and the Commission's engineer and operations experts conducted the site visits.

SEA's final recommendations will be contained in the Final Environmental Impact Statement (FEIS).

With respect to the Four Mile Creek Alternative, SEA carefully analyzed a number of potentially significant environmental impacts associated with this alternative in addition to those which were discussed in the DEIS. (See Appendix B-5 which summarizes the impacts that were identified in the DEIS.) During this further investigation, SEA found the following:

- (a) Because of the terrain and the need to achieve a grade which could be safely operated, the cut and fill that would be required on the Four Mile Creek Alternative would be greater than that which is required on TRRC's proposed alignment. (See Appendix B-1.) The land disturbance resulting from the excavation required on the Four Mile Creek Alternative would significantly alter and scar the area and would change the natural land configuration for the duration of the existence of the right-of-way.
- (b) Due to the length and extent of the necessary cuts and fills to accommodate the right-of-way, and because of the steep side slopes, the Four Mile Creek Alternative would have a potential for erosion and soil loss within the Four Mile Creek drainage that would be equal to or greater than the potential soil loss that would be associated with TRRC's proposed alignment.
- (c) Greater deforestation would occur with the Four Mile

Creek Alternative than with TRRC's proposed route because of the necessity, due to the topography, to lay the right-of-way on the north-facing slopes of the hills. The north-facing slopes of the Four Mile Creek drainage retain more moisture than the south-facing slopes and thereby support, in particular, the ponderosa pine/juniper habitat. While TRRC's proposed alignment would take 11 acres of this type of habitat, the Four Mile Creek Alternative would affect nearly 145 acres of ponderosa pine/juniper habitat.

- (d) Removal of the ponderosa pine/juniper acreage also would affect big game species and breeding bird populations, which especially rely on this type of habitat.
- (e) The Four Mile Creek Alternative would be closer to residences and could cross more residential access roads than TRRC's proposed alignment. The Four Mile Creek Alternative would be as close as 100 feet to two residences and within 150 feet of three residences. It would cross 6 residential access roads. On the other hand, TRRC's proposed alignment would be no closer than 900 feet to any residence and would not cross any residential access roads between Four Mile Creek and the end of the proposed Extension at Decker.
- (f) Though the additional fuel consumption and resulting increased air pollution that would be associated with the operation of the Four Mile Creek Alternative were

reviewed in the DEIS, the potential for air pollution problems became more serious when SEA considered the slow operating speeds at which trains would have to move on the Four Mile Creek Alternative. Dispersal of pollutants occurs when trains move at higher speeds. Trains on TRRC's proposed alignment would move at 40 to 50 miles per hour. In contrast, trains on the Four Mile Creek Alternative would move at 10 miles per hour or less because of the steep grade. The slower-moving trains on the Four Mile Creek Alternative would inhibit the dispersal of pollutants. Finally, as stated in the DEIS, because of its length and grades, the Four Mile Creek Alternative would require significantly more annual fuel consumption than TRRC's proposed route. The Four Mile Creek Alternative would require 1,894,350 gallons of fuel per year to operate compared to TRRC's proposed alignment, which would require 1,262,900 gallons per year to operate.

At this point, SEA believes the environmental impacts associated with the Four Mile Creek Alternative could not be effectively mitigated. In order to make the Four Mile Creek Alternative safe to operate, the engineering design requirements dictated by the rugged terrain would have to be strictly followed. If, as SEA now believes, no alignment modifications on this alternative are possible, then the impacts to surrounding land (which would entail extensive cuts and fills), the significant

deforestation, the effects on residences, and the increased fuel consumption and air pollution all would be unavoidable consequences of achieving safe operations on the Four Mile Creek Alternative. Any mitigation that would change the engineering and operations designs essential to ensuring safe operations would be unacceptable.

As discussed in the DEIS, TRRC's proposed route would also have potentially significant environmental impacts. However, as discussed below, SEA believes, at this point, that these impacts could be mitigated more effectively than those associated with the Four Mile Creek Alternative. Indeed, TRRC has agreed to adjust its alignment to minimize some of the adverse impacts associated with its proposed route. (See Chapter 4.) Therefore, in comparison with the Four Mile Creek Alternative, SEA now considers TRRC's current proposed alignment, with the recommended mitigation (discussed in the DEIS with additional mitigation set out below) and alignment changes, to be environmentally preferable should the Commission grant TRRC's proposal.

CHAPTER 4

ADJUSTMENTS TO TRRC'S PROPOSED ALIGNMENT

Following the publication of the DEIS and receipt of the comments, SEA encouraged TRRC to work with both the Montana Department of Natural Resources and Conservation (MT DNRC) and the Montana Department of Fish, Wildlife and Parks to resolve those

agencies' concerns which were outlined in their comments. TRRC proposed a number of adjustments to its proposed alignment which eventually satisfied the concerns of MT DNRC. (See Map in Appendix A-1.)

In its comments on the DEIS regarding TRRC's proposed alignment, MT DNRC requested: (1) more extensive analysis of potential flood impacts, (2) guaranteed access to the Tongue River Dam, and (3) consultation with MT DNRC concerning any blasting which might be required within the vicinity of the Tongue River Dam.

MT DNRC stated that, for the railroad's proposed alignment, the five railroad crossings over the Tongue River between the dam and Four Mile Creek could act as restrictions to the flood flow in the event of a major flood at the dam. This would increase the risk to homesites below the dam. MT DNRC requested that flood flows from the present water levels of the dam, and the increased water levels after reconstruction of the dam,⁹ be analyzed along this section of the river to Four Mile Creek and beyond, including all bridge crossings. MT DNRC pointed out that assumptions regarding flood flows were made in the DEIS based on the U.S. Army Corps of Engineers' HEC-1 modelling,¹⁰ without the benefit of more rigorous flood modelling.

⁹ On September 30, 1992, President Bush signed legislation authorizing funds to enlarge and repair the Tongue River Dam and Reservoir.

¹⁰In 1988, the U.S. Army Corps of Engineers computed the results of a hypothetical flood and subsequent breach in the Tongue River Dam.

TRRC directed its hydrological consultant, Western Water Consultants, Inc. (WWC), to work with MT DNRC in further analyzing the potential flood impacts. WWC prepared a supplementary hydrologic analysis for MT DNRC which concluded that the railroad bridges would have a minimal impact on flood levels at the homesites studied. Upon review of this material, MT DNRC agreed with WWC's findings.

At this point, SEA believes that MT DNRC's other concerns could be alleviated through appropriate mitigation. Specifically, MT DNRC has expressed concern, during the construction phase, regarding unrestricted, 24-hour a day access to the Tongue River Dam for operational maintenance and emergencies. The placement of TRRC's proposed route, as originally designed, would have blocked MT DNRC's road access to the dam. Although TRRC has readjusted its proposed alignment further to the west of its original route,¹¹ access to the dam could still be blocked during railroad construction. SEA consulted with MT DNRC to develop specific

¹¹ TRRC's original alignment of its proposed route was moved to the current alignment because of new information obtained after the publication of the DEIS and because of consultation with MT DNRC. The change in the alignment, which involves approximately 4 miles of the proposed route as it curves around the western boundaries of the Tongue River Reservoir, was designed to avoid conflicts with the Tongue River Reservoir State Recreation Area and the Big Horn County Maintenance Facilities. At the northern end of the 4-mile portion of the alignment that was changed, the route was moved approximately 300 feet further west to avoid fishing access, private cabins, and the main recreational access road along the west side of the Reservoir. At the southern end, near the terminus at Decker, the route was moved from 3/4 of a mile to 1 and 1/2 miles west of the original route to provide a larger buffer between the proposed railroad and the state recreation area and to provide better access for the Big Horn County Maintenance Facilities. See Map in Appendix A-1.

measures to ensure access. As a result, if the Commission authorizes this construction, SEA recommends that the following condition be added to the proposed Mitigation Plan discussed in the DEIS:

During construction of the rail line, TRRC will provide 24-hour a day access to MT DNRC for the reconstruction and maintenance of the Tongue River Dam either via the construction of temporary roads and/or flagging devices or by other reasonable alternatives.

Finally, MT DNRC was concerned that, in building TRRC's proposed alignment, TRRC would determine from future engineering studies that blasting would be required for a major cut one mile west of the dam. To ensure that careful consideration would be given to preserving the safe structural integrity of the dam, SEA consulted with MT DNRC. As a result of this consultation, MT DNRC requested that, prior to construction, TRRC closely coordinate with MT DNRC regarding the development of its geotechnical investigation program. Therefore, SEA also recommends adding the following condition to the proposed Mitigation Plan contained in the DEIS:

Before any construction begins, TRRC will coordinate with MT DNRC regarding the development of the geotechnical drilling program in the vicinity of the Tongue River Dam. Once the results of the drilling are completed, TRRC, along with input from MT DNRC, will determine the best engineering method for removal of the cut material. If it is determined that blasting is necessary, TRRC will

design the charges to ensure that there will be no adverse affect on the integrity of the Tongue River Dam.

The Montana Department of Fish, Wildlife and Parks (MT FWP) stated that it has a number of concerns relating to TRRC's proposed alignment. In comparison with TRRC's proposed route, MT FWP believes that the Four Mile Creek Alternative would have fewer environmental impacts. MT FWP's principal concerns regarding TRRC's proposed route relate to potential impacts to recreational resources, fisheries, and the integrity of the Tongue River. Consultation and discussions are still on-going to resolve MT FWP's concerns. SEA will fully consider any comments and mitigation requested by MT FWP in the FEIS.

As previously discussed, the U.S. Environmental Protection Agency, the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service have generally favored the Four Mile Creek Alternative. These agencies indicated that they preferred this alternative because it would avoid a number of potential adverse impacts to the river and riparian zone within the Tongue River Canyon, such as impacts to aquatic resources, wildlife habitats, farming and ranching operations, and scenic and recreational values. SEA will fully consider any further comments those agencies may wish to make based on the updated information contained in the Supplement. In addition, in assessing which alternative is environmentally preferable, including the "no action" alternative, SEA requests, and will carefully consider,

comments from ranchers, Native Americans, property owners, recreation users, and all other interested parties.

CHAPTER 5

ALTERNATIVE ALIGNMENTS

During TRRC's engineering surveys of possible alignments for its proposed Extension from Ashland to Decker, Montana, three other alignments were evaluated. These alignments were studied in addition to TRRC's proposed alignment, the Four Mile Creek Alternative, and the no action or "no build" alternative, which is discussed in Chapter 6.

The three additional alignments, which would basically follow all or portions of creek beds, are referred to as (1) Prairie Dog Creek Alternative, (2) Canyon Creek Alternative, and (3) Hanging Woman Creek Alternative. (See Map in Appendix A-2.)

The Prairie Dog Creek Alternative would leave the Tongue River Valley at milepost 22 and climb westerly approximately 960 feet in elevation toward the divide with Rosebud Creek. On reaching the divide, the alignment would turn south and tie in with the north end of the Four Mile Creek Alternative. TRRC rejected this alignment because its total length equalled 58 miles; ascending and descending grades would exceed 2 percent; and it would not meet TRRC's engineering or operational criteria for safe operations.

The Canyon Creek Alternative is similar to the Prairie Dog Creek Alternative except that it would leave the Tongue River

Valley at milepost 25.4 and then climb westerly towards the divide with Rosebud Creek. The high point on this alignment would be approximately 900 feet above the Tongue River Valley, where it would turn south to tie in with the northern part of the Four Mile Creek Alternative. TRRC rejected this alignment because the total length of the line equalled 54 miles; ascending and descending grades would exceed 2 percent; and it would not meet TRRC's engineering or operational criteria for safe operations.

The Hanging Woman Creek Alternative alignment would separate from TRRC's proposed alignment at milepost 14.8 just north of Birney, Montana. It would then proceed south following Hanging Woman Creek until a few miles north of the Montana/Wyoming border. The route would then turn west and climb toward the divide between Hanging Woman Creek and the Tongue River. The high point along the route would be approximately 600 feet above the Tongue River Valley. Upon crossing the divide, the route would then turn northwest and descend toward the East Decker Mine where the alignment would join the East Decker rail spur. TRRC rejected this alignment because the total length of the line would equal 56 miles; ascending and descending grades would exceed 2 percent; and it would not meet TRRC's engineering and operational criteria for safe operations.

Like the Four Mile Creek Alternative, these three routes would all be longer than TRRC's proposed alignment. Further, these routes also would have steeper topography than TRRC's proposed alignment and the Four Mile Creek Alternative. This would

necessitate grades even steeper than the Four Mile Creek Alternative and involve even greater land disturbance from deeper cuts and fills.

Based on the rough topography of the project area and SEA's evaluation of the engineering designs (which included consultation with the Commission's engineering and operations experts), SEA believes that, even though rail line construction along these three additional alignments would be possible, none of these alignments would be feasible.

CHAPTER 6

THE NO ACTION ALTERNATIVE

As required by the regulations of the Council on Environmental Quality which implement the National Environmental Policy Act, Federal agencies must address the "no action" alternative in an environmental impact statement, 40 CFR 1502.14 (d). In the DEIS, SEA discussed the "no action" or "no build" alternative. Since TRRC has already obtained ICC authority to construct and operate a 89-mile rail line between Miles City and Ashland, TRRC could decide to construct and operate that portion of the line even if the Commission denies authority to TRRC to construct and operate the proposed Extension from Ashland to Decker, Montana.

By constructing and operating the 89-mile line, TRRC could serve at least five potential new coal mines in the Ashland area. In its application to construct and operate the Miles City to

Ashland line, TRRC proposed serving the Montco mine, a permitted mine site with an estimated annual coal production capacity of 38 million tons. There are at least four additional, potential mine sites in the Ashland/Birney/Otter Creek area which could also be served on TRRC's Miles City to Ashland line. Moreover, coal moving presently from the Decker area (via an existing Burlington Northern line) would be unaffected by the "no action" alternative.

The "no action" alternative would be environmentally neutral. None of the potential environmental impacts associated with the proposed Extension from Ashland to Decker would occur. The previously authorized 89-mile line from Miles City to Ashland, designed to serve new mines in Montana, could still be constructed and operated. Moreover, the present movement of coal from the Decker area would be unaffected and would continue to be transported along the existing Burlington Northern line which now serves the Powder River Basin.

CONCLUSION

In the DEIS, SEA preliminarily concluded that TRRC's proposed route would have significant adverse environmental effects and that an alternative route, the Four Mile Creek Alternative, would be the environmentally preferable route if the Commission decided to grant TRRC's application. However, based on SEA's analysis of the comments to the DEIS; further investigation; site visits; consultation with various agencies; TRRC's agreement to make changes to its proposed route to mitigate potentially adverse

environmental effects; and the additional mitigation recommended in this document as well as well as the Mitigation Plan recommended in the DEIS, SEA now believes that TRRC's current preferred alignment would be the environmentally preferable route should the Commission approve this project.

As explained above, SEA now believes that the Four Mile Creek Alternative actually would have more adverse consequences on the environment than TRRC's proposed route, and that these consequences could not be successfully mitigated. Accordingly, at this stage in the environmental review process, SEA considers TRRC's proposed route to be environmentally preferable to the Four Mile Creek Alternative if the Commission decides to approve TRRC's application.

SEA carefully considered the "no action" alternative. The "no action" alternative would be environmentally neutral. None of the potential environmental impacts associated with the proposed Extension from Ashland to Decker would occur. The previously authorized 89-mile line from Miles City to Ashland, designed to serve new mines in Montana, could still be constructed and operated. Moreover, the present movement of coal from the Decker area would be unaffected and would continue to be transported along the exiting Burlington Northern line which now serves the Powder River Basin.

SEA specifically requests comments on the environmental preferability of TRRC's current proposed route and the Four Mile Creek Alternative, the "no action" alternative, and any other

feasible alternatives. These comments should provide as much substantive information and supporting evidence as possible. SEA will consider all environmental comments before issuing a FEIS in this proceeding containing SEA's final recommendations. The Commission will then consider the FEIS and the entire environmental record in reaching a decision on whether to grant or deny this proposal.

Send an original and 10 copies of comments regarding this matter, referring to Finance Docket 30186 (Sub No. 2), to: Dana White, Section of Environmental Analysis, Room 3214, Interstate Commerce Commission, Washington, DC 20423. Questions may also be directed to Ms. White at (202) 927-6214. Comments are due by May 9, 1994.

A copy of the comments should also be sent to TRRC's representative: Mr. Thomas Ebzery, Village Center I, Suite 165, 1500 Poly Drive, Billings, MT 59102.

EXPLANATION OF APPENDICES

Appendix A contains maps depicting TRRC's current proposed Extension and the Four Mile Creek Alternative, including the the most current adjustments to TRRC's proposed alignment, and the other alternative alignments.

Appendix B contains graphic materials outlining environmental, engineering and costing data associated with the Four Mile Creek Alternative. Appendix B-1 consists of graphs comparing the necessary cuts and fills that would be needed for the

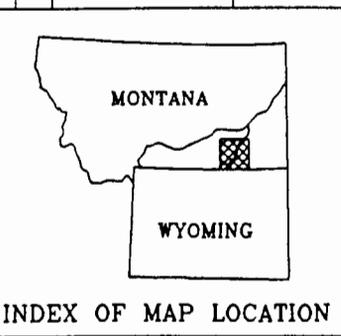
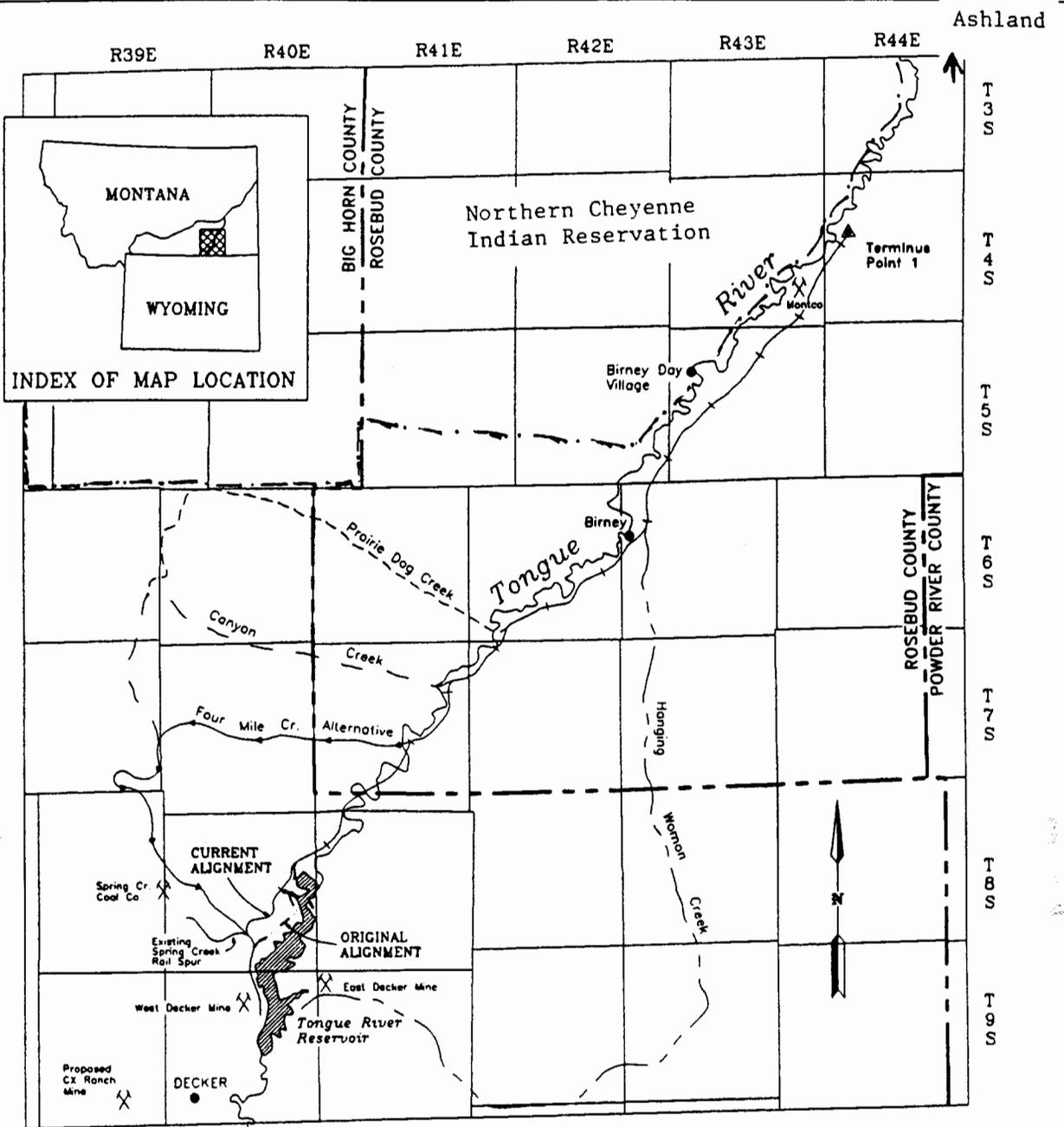
Four Mile Creek Alternative and TRRC's proposed alignment. Appendix B-2 summarizes the additional direct operating and capital costs that would result from use of the Four Mile Creek Alternative. Appendices B-3 and B-4 contain graphs which depict the profiles of TRRC's proposed alignment and the Four Mile Creek Alternative, respectively.

The Comparative Environmental Impact Table in Appendix B-5 compares, in summary form, the environmental impacts that would be associated with TRRC's proposed alignment and the Four Mile Creek Alternative. This table and a discussion of these environmental impacts were included in the DEIS.

The materials appearing in Appendix A and B were developed by TRRC in response to specific information requests by SEA.

Appendix C lists the staff members who were responsible for preparing this Supplement.

APPENDIX A

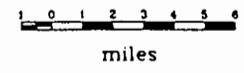


STUDIED ALIGNMENTS

- +—+—+— T.R.R.C. Extension
- Four Mile Cr. Alternative
- - - - ORIGINAL ALIGNMENT
- - - - HANGING WOMAN CREEK
- - - - CANYON CREEK
- - - - PRAIRIE DOG CREEK

⌵ Mine Site

ROUTE OF THE PROPOSED
T.R.R.C. EXTENSION



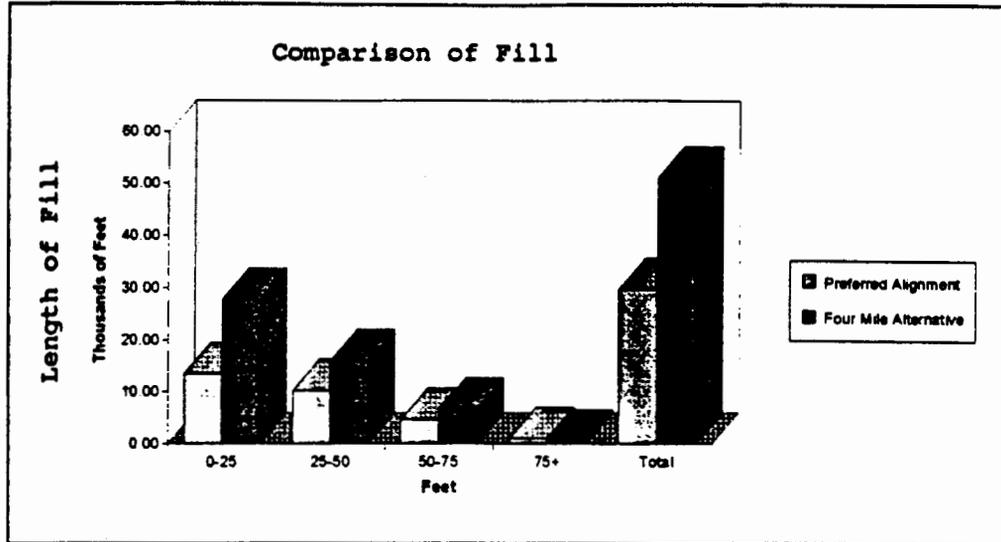
Prepared By Mission Engineering, Inc 1/94

APPENDIX B

COMPARISON OF CUTS AND FILL

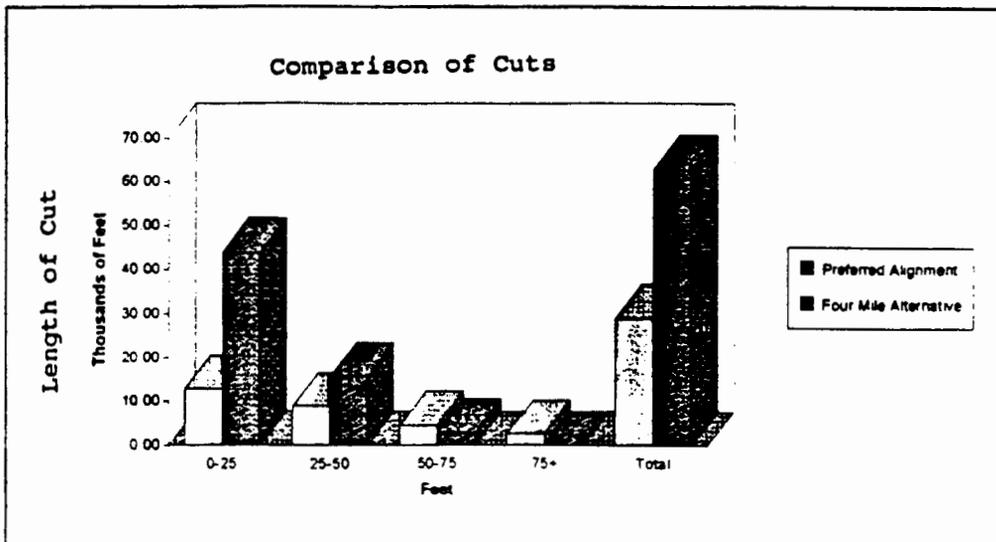
Lengths of Fill (Thousands of Feet)

Height of Fill	Preferred Alignment	Four Mile Alternative
0-25	13.58	27.80
25-50	10.35	16.10
50-75	4.75	6.70
75+	1.10	0.70
Total	29.78	51.30



Lengths of Cut (Thousands of Feet)

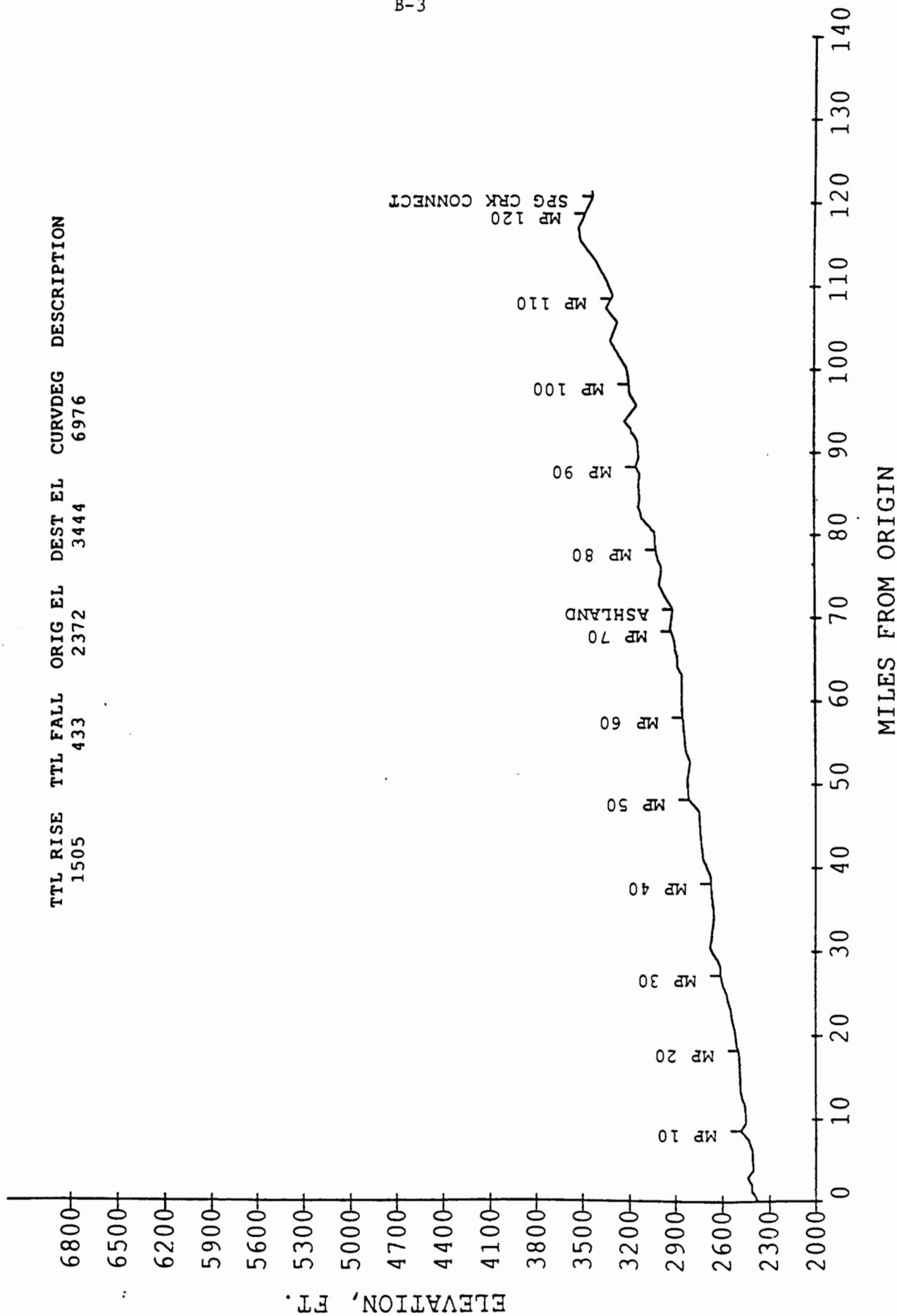
Depth of Cut	Preferred Alignment	Four Mile Alternative
0-25	12.85	44.05
25-50	9.00	15.90
50-75	4.65	2.95
75+	2.75	0.00
Total	29.25	62.90



SUMMARY OF ADDITIONAL DIRECT OPERATING AND CAPITAL COSTS ATTRIBUTABLE TO THE FOUR MILE CREEK ALTERNATIVE

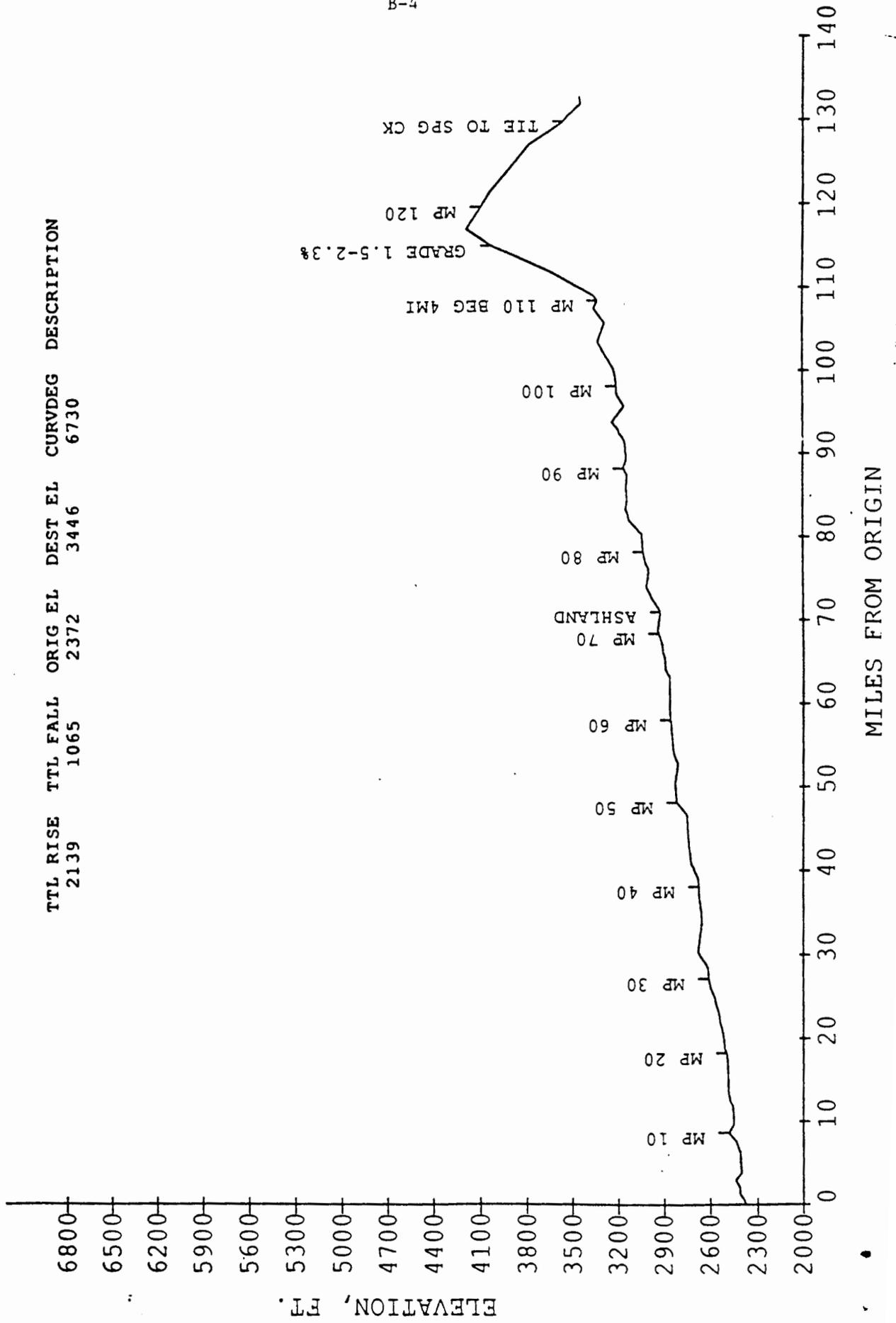
	Unit Cost	Per	Amount	Item	Total Cost Per Year @ 15 Million Tons
Locomotive Capital	\$143,218	Loco Unit	5	Loco Units	\$716,090
Locomotive Maintenance					
GTM Portion	\$1.00-	GTM	161,608	GTM/RT	\$46,616
LUM Portion	\$0.60-	Unit--Mile	73.9	Unit--Miles/RT	\$55,895
Helper Crews					
Direct Labor	\$30,000	Employee/Yr.	9.5	Employees/Yr.	\$285,000
Fringes @ 42%	\$12,600	Employee/Yr.	9.5	Employees/Yr.	\$119,700
Train Crews					
Additional Hours	\$36.86	Train Crew Hour	2.4	Added Hours/RT	\$110,947
Added Fringes @ 42%	\$15.48	Train Crew Hour	2.4	Added Hours/RT	\$46,594
Meals & Lodging	\$40	Per Man Per RT	2	Men Per RT	\$100,332
Track Maintenance	\$5,033	Per Mile, 1st Yr	9.24	Miles	\$46,505
Car Costs					
Mileage Portion	\$0.079	Per Car--Mile	2,125	Car--Miles/RT	\$105,280
Time Portion	\$0.57	Per Car--Hr	276	Car--Hrs/RT	\$98,651
Insurance					
12% of Direct Payroll	12%	\$ of Direct Pay	—	—	\$98,651
TOTAL ADDITIONAL ANNUAL DIRECT OPERATING COST					\$67,469
TOTAL ADDITIONAL ANNUAL DIRECT CAPITAL COSTS					\$3,214,513
TOTAL ADDITIONAL ANNUAL COSTS					\$4,214,513

**PROFILE OF TONGUE RIVER RAILROAD COMPANY'S
PREFERRED ALIGNMENT**



PROFILE OF FOUR MILE CREEK ALTERNATIVE

TTL RISE	TTL FALL	ORIG EL	DEST EL	CURVDEG	DESCRIPTION
2139	1065	2372	3446	6730	



COMPARATIVE ENVIRONMENTAL IMPACT TABLE¹

	PREFERRED ALIGNMENT	FOUR MILE ALTERNATIVE
LAND USE		
Right-of-way acquisition (acres)		
Agricultural land		
Irrigated	33	26
Non-Irrigated, grazing	1,207	1,330
Total agricultural land	1,240	1,356
Land in other uses	8	0
Total land	1,248	1,356
Additional land lost (acres)		
Due to irrigation impact	70	20
Due to severance, Cormorant Estates	60	0
Total loss of land use (acres)	1,378	1,376
Existing improvements affected		
Number of ditches intersected	5	7
Houses, Cormorant Estates	1	0
Proposed improvements affected		
Homesites, Cormorant Estates	2	0
Cumulative loss of production value (\$s) ²	212,220	222,912
TRANSPORTATION		
No. of rail/roadway crossing	7	8
No. of residential access roads crossed	0	6
SAFETY		
TRRC Trains (1995-2010)		
Total De-railments	3.459	4.353 ³
SOILS AND GEOLOGY		
Soils with potential for Slump (miles)	3.2	4.5

Comparative Environmental Impact Table¹

	PREFERRED ALIGNMENT	FOUR MILE ALTERNATIVE
HYDROLOGY AND WATER QUALITY		
Possible wetland and/or river crossing impact locations	7	3
Gross erosion during construction (T-year)	54,200	63,100
TERRESTRIAL ECOLOGY		
Vegetation and wildlife habitat lost due to the right-of-way (acres)	637	781
NOISE		
Sensitive receptors		
500-foot construction contour	28	32
2,000-foot construction contour	52	51
70-dBA contour	0	0
65-dBA contour	14	18
55-dBA contour	52	52
¹ The table is an elaboration of Table 3.2 "Summary Impact Table" presented in the July 17, 1992 Draft Environmental Impact Statement. Table 3 compares only the environmental factors that represent a substantial difference between the Preferred Alignment and the Four Mile Creek Alternative. ² Based on the table above, the total agricultural land lost for the TRRC's route would be 1,287, i.e., 1,217 + 70; for the Four Mile Creek Alternative, 1,376, i.e., 1,356 + 20. The total acreage is multiplied by the assumed value for agricultural land of \$162 per acre. ³ Based on mileage, not grade.		

APPENDIX C

1991
1992
1993

LIST OF PREPARERS

Preparers

Project Assignment

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