



Upper Black Hills Corridor Upgrade Project

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Railroad Overview

- G&W began operating the railroad after acquiring it in 2014, renaming it the RCP&E
- Since startup and in robust partnership with the state of South Dakota and the federal government, the railroad has completed multiple upgrade projects resulting in significant public benefits
- The railroad provides a critical connection to the national freight rail network for South Dakota – and Wyoming businesses
- RCP&E is committed to further investment, and is constantly working to improve service and safety, allowing customers to grow



Upper Black Hills Corridor Upgrade Project

The Problem:

- The Upper Black Hills Subdivision of the RCP&E cannot accommodate a fully loaded modern 286k railcar. Current weight restriction is 263k
- Current weight restrictions impact the efficiency of the railroad, and limits current customer expansion, and future customer attraction
- Older rail reduces railroad velocity, and can contribute to track caused derailments, ultimately affecting reliability and safety

“Making these types of improvements enhances the competitive advantage of each line segment and ensures that the railroad assets may continue providing safe and reliable transportation for decades to come.” South Dakota State Rail Plan



Upper Black Hills Corridor Upgrade Project

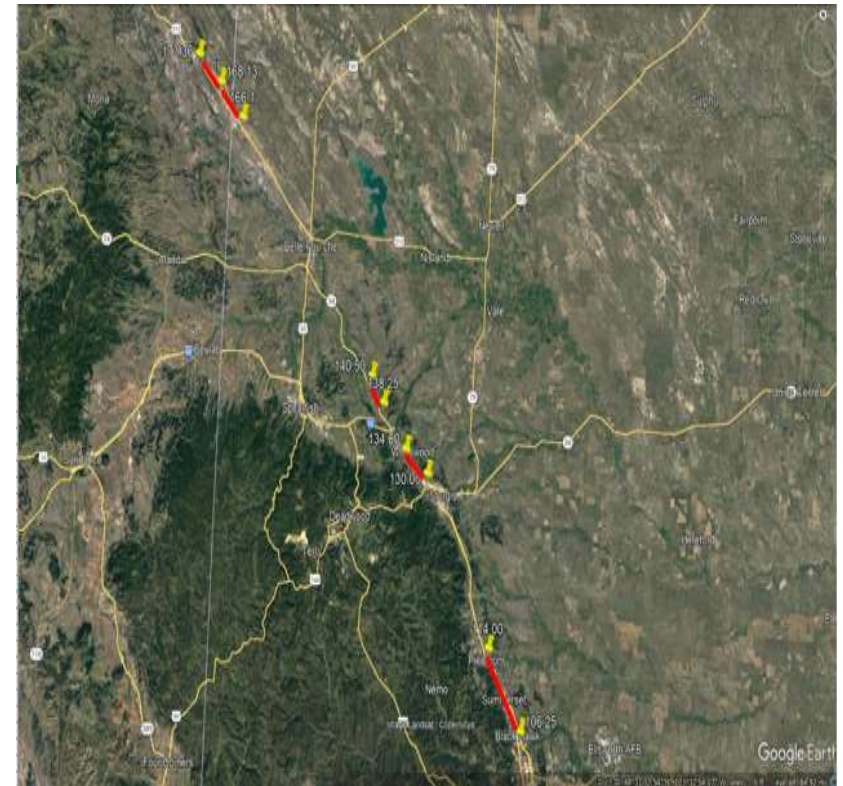
The Solution:

- Upgrade and replace 90lb rail and strengthen bridges to handle 286k
- Realize cost efficiencies from repurposing rail from RCP&E PRC subdivision upgrade work
 - 286k upgrade project would not be possible if it required all new rail
- Install new turnouts and rehabilitate several crossings
- Surface entire corridor
- Once completed, the Project aligns with the five goals stated in the SD state rail plan
- Project is currently ranked 3rd on the Short-Term Project Prioritization Ranking in Appendix C of the South Dakota Rail Investment Guide



Project Details

- Replace 21.25 miles of old, lightweight rail within the project limits
 - Project would take place between Rapid City, and the end of the line in Colony, WY
 - Rail will be repurposed from the PRC subdivision work as part of the successful RAISE grant
 - 27 miles of rail from the PRC project will be set aside
 - Because the Upper Black Hills does not have the Pierre shale problem, the rail currently used on portions of the PRC will work well for the Upper Black Hills
- Upgrade or replace 38 total structures to handle 286k
- Complete surfacing throughout entire project area
- Install three new turnouts, and 15,874 tons of ballast
- Work will also be completed in Wyoming, but paid for entirely by RCP&E
- RCP&E feels confident a Categorical Exclusion under NEPA will be obtained



Request

Funding Partner	Funding Program	Amount (in US Dollars)	Proposed Share Percentage
South Dakota Portion			
Federal	STC Grant	\$14,062,328.00	70 Percent
State	N/A	N/A	N/A
Applicant	RCP&E Capital	\$6,026,712.00	30 Percent
Total South Dakota Portion		\$20,089,040.00	100 Percent
Wyoming Portion			
Federal	N/A	N/A	N/A
State	N/A	N/A	N/A
Applicant	RCP&E Capital	\$1,921,293.00	100 Percent
Total Wyoming Portion		\$1,921,293.00	100 Percent
Total Project Cost		\$22,010,333.00	
Total RCP&E STC Request		\$14,062,328.00	

- Total cost of the Upper Black Hills Corridor Upgrade Project is \$22,010,333
 - SD portion is \$20,089,040
 - RCP&E will match 30 percent
 - Total STC request is \$14,062,328
- Work to be completed in Wyoming will be paid for entirely by RCP&E
 - WY portion is \$1,921,293

Total STC Request: \$14,062,328

Benefits of the Project

The Benefits:

- Allows railroad to increase overall velocity, reduce slow orders, and increase track classification
 - Railroad intends to operate at 40 mph after upgrade
- Decreases likelihood of track caused derailments
 - Improves safety
 - Improves resiliency and reliability of railroad
- Improves state of good repair
- Allows for eventual upgrade of the bentonite railcar fleet
- Increases Belle Fourche Business and Rail Park competitiveness
- Supports customer expansion and increased carloads
 - Customers on the line segment shipped a collective 11,000 carloads of outbound volume in 2022
 - One customer already looking to expand their annual carloads by over 4,000 per year
- Completion of the Project allows RCP&E to market railroad to new and existing customers that require 286k capacity
- Allows railroad customers to maintain economic competitiveness
 - Maintains connections for customers to the national freight rail network
- Reduces probability of modal conversion to truck, while increasing potential of modal conversion to rail

Thank You and Questions

