



PACIFIC HARBOR LINE

September 6, 2017

Mr. Chris Cannon
Director of Environmental Management
Port of Los Angeles
425 S. Palos Verdes Street
San Pedro, CA 90733

Dear Mr. Cannon:

Pacific Harbor Line (PHL) is pleased to continue its relationship with the Port of Los Angeles and VeRail by committing resources to demonstrate the VeRail VR21C-z electric locomotive as part of the Zero-Emission Track-Miles Demonstration project for the California Air Resources Board Off-Road Advanced Technology Demonstration Projects. This grant is very valuable to the continuing efforts PHL has with the Port of Los Angeles to make PHL the cleanest and most environmentally friendly port railroad operation in the world.

In June 2017, the mayors of Los Angeles and Long Beach signed a new pact setting zero emissions goals for POLA/POLB. This agreement particularly directs the nation's largest port complex to reduce air pollution by moving toward zero-emission trucks and yard equipment. Rail is apparently not exempt, which is why PHL is eager to demonstrate the VeRail VR21C-z battery locomotive.

In view of the move toward zero-emission vehicles, including zero-emission track-miles for locomotives, we are fully committed to being the demonstration partner for VeRail's planned zero-emission track-miles VR21C-z battery locomotive. It is very exciting for PHL to take the lead in emissions reduction and serve as a model for railroads across the U.S. and around the world. Therefore, we are pleased to offer our assistance and commitment to demonstrate the zero-emission locomotive in revenue service if awarded the California Air Resources Board (ARB) grant for Off-Road Advanced Technology Demonstrations. We understand that this demonstration will cost PHL approximately \$230,000 to operate and maintain the locomotive for the duration of the project.

I would also like to point out that PHL operates a fleet of 23 low emission locomotives, the cleanest locomotive fleet in the United States. We intend to remain the nation's cleanest railroad and this commitment is in line with our support of the Ports and cities of Los Angeles and Long Beach to keep our port complex the cleanest in the world. As such, it is our goal to convert our entire locomotive fleet to near-zero and zero-emission track-miles and VeRail could play an integral part in this process. As soon as PHL determines that the VeRail locomotives are meeting their emissions goals and PHL's operational needs, we will submit funding applications to the State of California to upgrade our fleet. We would appreciate VeRail's support in this endeavor by providing whatever emissions, performance, and cost data and calculations we would need to apply for state and federal funds that should be available to us for this planned upgrade to near-zero and zero-emission track-miles VeRail locomotives.

Our Chief Mechanical Officer, James O'Kelley, and I look forward to continuing to work with you on this project and review the VeRail locomotive designs and manufacturing progress.

Sincerely,

Otis Cliatt II
President

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