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Maine

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MASSACHUSETTS

EOT: Proposed rail commissioner, Worcester service.

Fall River: RI bars all LNG ships.

NEW HAMPSHIRE

[No report.]
RHODE ISLAND

PW: New customer Narragansett Pellet.

VERMONT

TSRD: The railroad must file an adverse abandonment petition to pursue its claim to track.

REPUBLIC OF MAURITIUS

Box on Forbes empire.

*Article unchanged from e-bulletin.

REGIONAL ISSUES

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MARITIMES/QUÉBEC

MMA: More on TAFISA.
CN & MMA: One Fraser lumber mill reopens.
Sydney/SCR: Xstrata coal move in two years?
Hamilton-Halifax: Proposal for new feeder service.
Saint John: Digby ferry suspended.*

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

[No report.]

FROM THE PUBLISHER

Guilford finances
While some may say this issue contains too much about Guilford, I include the equipment filing, the Pan Am decision, and the SLC determination because GRS has the largest carload traffic in the Atlantic Northeast, excepting possibly CN and CSXT. Its health matters to all of New England.

Note on responsiveness of the STB
When I noticed that the recordation document was not showing up on the website, I called the chief of the branch of the Management Information and Legal Support Services, Barbara Saddler. She told me it would post within the hour, and it did! Thank you, Ms. Saddler!

- Chop Hardenbergh Next issue 31 July

REGIONAL ISSUES

GUFLORD: CAR HIRE CASE
13 July, Boston. US DISTRICT COURT JUDGE WILLIAM YOUNG DENIED GUILFORD’S MOTION TO DISMISS SAN LUIS CENTRAL’S CASE. The railroad had paid the outstanding amount due for car hire, and wanted to be rid of SLC’s effort to pin it down to regular monthly payments [see 06#06B]. After questioning the ST’s attorney closely, the judge dismissed the motion in open court.

Now, said SLC counsel Jim Howard, the parties will proceed with the case on the merits, including discovery to determine, as he wrote in his brief in opposition to the motion to dismiss, ‘the financial situation of Springfield Terminal.’ (ANR&P discussion 13.Jul.06)

PAN AM (BOSTON-MAINE AIRWAYS)
23 June, DC. USDOT TURNED DOWN THE AIR LINE’S APPLICATION TO OPERATE WIDE-BODY AIRCRAFT: ‘based on our reexamination of the record before us, it does not appear as though BMAC has the financial wherewithal to conduct its proposed operations.’

Background
As readers recall, Pan Am Airlines (a sister company to Pan Am Railway), with flights operated by Boston-Maine Airways (BMAC), has applied to the USDOT for authority to fly wide-bodied aircraft. Prodded by the Air Line Pilots Association, the department has held BMAC to its financial standards. BMAC submitted that ST would back up any financial shortfalls [see 06#01B], indicating that in 2004 and 2005 ST had provided to BMAC at least a million dollars a month.

That backing did not meet the USDOT standard, as a letter from the department to Mr. Nathaniel P. Breed, counsel for BMAC at the Washington law firm of Zuckert Scott & Rasenberger, described. The letter, sent by Acting Assistant Secretary for Aviation and International Affairs Michael Reynolds, was posted to the DOT website on 26 June.

Boston-Maine financial condition poor
‘Moreover, the record indicates that the company’s overall financial condition continues to be extremely poor. BMAC’s audited financial statements for calendar years 2003, 2004, and 2005 show the air carrier having negative working capital of $14 million, $26 million, and $22 million, respectively, and net losses of $8 million, $11 million, and $19 million, respectively. In addition, the financial statements submitted by Pan American Airlines, Inc. (PAAI), BMAC’s parent company, for calendar years 2002, 2003, and 2004, show PAAI having negative working capital of $41 million, $21 million, and $67 million, respectively, and negative stockholders’ equity of $54 million, $80 million, and $71 million, respectively.’

Railroad cannot help enough
‘Further, our review of the financial statements provided for Springfield Terminal Railway Company (ST), a related company which has agreed to provide BMAC with a $7.2 million line-of-credit, indicates that ST does not currently have funding necessary to support BMAC’s operations and capital expenditures, as well as its own. Although ST states that it has provided funding to BMAC in the past from funds derived from its railroad revenues and expects to continue to do so through its anticipated revenues, it has been the Department’s policy not to accept projected or anticipated revenues as evidence of an applicant’s ability to meet our requirements. This policy holds true for both the applicant and any other entity providing financial support. Thus, we are unable to accept the proposed line-of-credit as a means to satisfy the Department’s financial fitness criteria.’

How Boston-Maine can meet the financial conditions
‘The Department generally requires applicants for amended authority to have resources sufficient to cover all start-up costs, plus a working capital reserve equal to the incremental operating costs associated with the proposed operations. In cases where an applicant has negative, working capital, we typically add this deficiency to the amount of capital required to meet our financial fitness requirements.

‘Under these circumstances, BMAC would need to demonstrate that it has access to $22 million to cover its current
negative working capital (see December 3 1,2005, balance sheet) plus the capital required to fund its proposed expansion of operations, as described in the preceding paragraph. We request that BMAC submit projected expenses for its proposed operations, including its forecast expenses related to operating additional aircraft and operating to foreign markets. We also request that BMAC provide evidence, along with third-party verification, of its ability to meet the Department’s financial fitness criteria for its proposed operations. BMAC’s response should be filed in the public docket as soon as possible but within 30 days of the date of this letter.’

What about John Nadolny’s false filings?
As Reynolds’ letter stated, ‘the Department deferred final action on BMAC’s continuing fitness, as well as its requests for expanded operating authority, pending the outcome of the OIG’s investigation into former BMAC counsel John Nadolny’s conduct in making false filings [see 05#07A].

‘Nevertheless, the Department continued to review the material filed by BMAC in support of its fitness. By letter dated December 5,2005, the Department notified BMAC that it was working as expeditiously as possible on the company's pending requests while the OIG's investigation was ongoing.

‘Although the OIG investigation is still classified under Department of Justice guidelines as "open," and any writtenproducts will not be available for request until the conclusion of any legal actions that might be taken by the Office of United States Attorney, we, in consultation with the OIG, now find it appropriate to take action on BMAC's pending applications.’ [See 06#03A, that observers were waiting for the OIG investigation.] {USDOT Docket Management System website, docket # OST-2000-7668-106}

**GUILFORD: SECURITY AGREEMENT**
7 July, DC. **THE STB RECEIVED A RECORDATION OF A TRANSACTION COVERING GRS ROLLING STOCK**, currently owned [see box for list of stock] or to be acquired in the future by any one of the Guilford family, which consists per the recordation of the following companies:


Eric H. Lawler, listed as the senior vice-president and chief financial officer of each company, signed for each company. Matthew Corriera, assistant vice-president, signed for Bank of America, as agent [see below].

**Purpose of agreement**
The property was listed as collateral for ‘a Credit Agreement, dated as of June 30, 2006 (as amended and in effect from time to time, the "Credit Agreement"), among the Company, the Lenders, the Administrative Agent and the L/C Issuer.’ Bank of America was listed as ‘administrative agent (hereinafter, in such capacity, the "Administrative Agent") for itself and the other lending institutions (hereinafter, collectively, the "Lenders") which are or may become parties to the credit agreement.

The agreement is considered a ‘condition precedent to the Lenders' making any loans or otherwise extending credit.’

**Excluded**
The collateral did not include ‘in the case of Boston and Maine, its Equity Interests or real property interests in NorthPoint, in each case, to the extent permitted to be pledged to or otherwise encumbered in favor of a secured lender financing NorthPoint pursuant to Section 7.01(b) of the Credit Agreement’ and its ‘Equity Interests in Maine Central permitted to be pledged to the Stockholder pursuant to Section 7.01(c) of the Credit Agreement. The Administrative Agent acknowledges that the attachment of its security interest in any commercial tort claim of any Grantor as original collateral is subject to such Grantor's compliance with §4.7.’

**Property covered**
The Agreement stated that the property listed ‘hereto constitutes all of the Rolling Stock which such Grantor owns or leases.’ [See box.] {STB website, recordings page, Recordation 26444, agreement dated 30 June 2006, recorded 6 July 2006}
According to the security agreement recorded with the STB, the following constituted all GRS rolling stock:

**78 locomotives.**
Two (2) Model GP-7 EMD 1,500 HP locomotives owned by Maine Central Railroad Company ("MEC") bearing Road Nos. MEC-12 and MEC-15.
Eight (8) Model GP-9 EMD 1,750 HP locomotives owned by Boston and Maine Corporation ("BM") bearing Road Nos. BM-45 through BM-77.
Ten (10) Model GP-35 EMD 2,500 HP locomotives owned by Springfield Terminal Railway Company ("ST") bearing Road Nos. ST-203 through ST-216.

One (1) Model GP-38 EMD 2,000 HP locomotive owned by Boston and Maine Corporation bearing Road No. BM-252.
Twenty (20) Model GP-40 EMD 3,000 HP locomotives owned by Maine Central Railroad Company bearing Road Nos. MEC-300 through MEC-321.
Eleven (11) Model GP-40 EMD 3,000 HP locomotives owned by Boston and Maine Corporation bearing Road Nos. BM-326 through BM-342.
Twenty-Two (22) Model GP-40 EMD 3,000 HP locomotives owned by Maine Central Railroad Company bearing Road Nos. MEC-343 through MEC-381.
Two (2) Model SD-26 EMD 2,625 HP locomotives owned by Springfield Terminal Railway Company bearing Road Nos. ST-621 and ST-643.
One (1) Model SD-45 EMD 3,600 HP locomotive owned by Springfield Terminal Railway Company bearing Road No. ST-681.
One (1) Model SD-39 EMD 2,300 locomotive owned by Boston and Maine Corporation bearing Road No. BM-690.

**1251 freight cars.**
Ninety-five PCF (95) 77-ton 50' boxcars owned by Boston and Maine Corporation bearing Road Nos. BM-3200 through 3299.
Two (2) SIECO 77-ton 50' boxcars owned by Boston and Maine Corporation bearing Road Nos. BM-3300 and BM-3318.
Seventeen (17) ACF 77 ton 50' boxcars owned by Boston and Maine Corporation bearing Road Nos. BM-3301 through BM-3317.
Twenty-eight (28) PORTEC 77 ton 50' boxcars owned by Boston and Maine Corporation bearing Road Nos. BM-3319 through BM-3349.
Forty-eight (48) PORTEC 77-ton 50' boxcars owned by Boston and Maine Corporation bearing Road Nos. BM-3350 through BM-3399.

Twenty-six (26) South Iron 77-ton 50' boxcars owned by Boston and Maine Corporation bearing Road Nos. BM-3500 through BM-3539.
Thirty-seven (37) USEX 77-ton 50' boxcars owned by Boston and Maine Corporation bearing Road Nos. BM-79000 through BM-79048.
Four (4) ACF 77-ton 50' boxcars owned by Maine Central Railroad Company bearing Road Nos. MEC-27101, MEC-27109, MEC-27110 and MEC-27118.
One hundred one (101) ACF 77 ton 50' boxcars owned by Maine Central Railroad Company bearing Road Nos. MEC-29001 through MEC-29229.
One hundred forty-three (143) FMC 77 ton 50' boxcars owned by Maine Central Railroad Company bearing Road Nos. MEC-31750 through MEC-31899.
Two hundred thirty-four (234) FMC 77-ton 50' boxcars owned by Maine Central Railroad Company bearing Road Nos. MEC-31900 through MEC-32149.
Twenty-seven (27) Pitt St 57' 100-ton gondola cars owned by Boston and Maine Corporation bearing Road Nos. BM-9001 through BM-9029.
Twelve (12) FMC 100-ton 57' gondola cars owned by Boston and Maine Corporation bearing Road Nos. BM-9030 through BM-9041.
Fifty-five (55) USEX 100-ton 57' gondola cars owned by Boston and Maine Corporation bearing Road Nos. BM-9042 through BM-9099.
Seventy-three (73) SIECO 100-ton 57' gondola cars owned by Maine Central Railroad Company bearing Road Nos. MEC-1100 through MEC-1174.
Fifteen (15) Pitt St 50-ton 57' gondola cars owned by Maine Central Railroad Company bearing Road Nos. MEC-12100 through MEC-12121.
Thirty (30) Beth St 77-ton 57' gondola cars owned by Maine Central Railroad Company bearing Road Nos. MEC-14103 through MEC-14248.
Nine (9) Pullman 70-ton covered hopper cars owned by Boston and Maine Corporation bearing Road Nos. BM-2750 through BM-2758.
Thirty-seven (37) Beth St 100-ton hopper cars owned by Boston and Maine Corporation bearing Road Nos. BM-1001 through BM-1198.

*Note:* Total of cars falls well under the January 2005 figure of 1,701 published in the **Official Railway Equipment Register**.
CBNS/NECR

12 July, Boca Raton, Fla. **RAILAMERICA ANNOUNCED THE FIFTH CONSECUTIVE MONTH OF CARLOAD DECLINE**: same railroads declined about 1% for the month, to 99,707 from 100,680 in June 2005. ‘Shipments of Paper Products continue to be negatively impacted by a work stoppage at a shipper's facility in Nova Scotia. [Stora Enso–see 06#05A.] In addition, the Company's Southern Ontario Railway continued to be affected by a Native Indian blockade in Caledonia, Ontario, until June 14, which was preventing traffic from moving southward on the Hagersville Subdivision. This primarily affected shipments of Petroleum Products.’ {RailAmerica press release}

NEW ENGLAND C&D FACILITIES

At the request of a subscriber, I produced the following table using our new Directory of Rail Freight Facilities in New England. I sorted by commodity, in this case construction and demolition debris, in the database (either Excel or Filemaker) and came up with 13 such facilities. **Editor**

<table>
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<tr>
<th>Name</th>
<th>State</th>
<th>City</th>
<th>Rail line</th>
<th>TPD permitted*</th>
<th>Directory #*</th>
<th>Reference*</th>
</tr>
</thead>
<tbody>
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<td>Trojan Recycling</td>
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<td>Brockton</td>
<td>CSXT</td>
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<td>HRRC</td>
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<td>NECR</td>
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<td>707</td>
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</tr>
</tbody>
</table>

*TPD = permitted tons per day. A Massachusetts 2005 listing covers Trojan, Champion, and Waste Management. A Connecticut 2004 listing covers all locations but Waste Conversion. TPD for facilities not in those two listings were obtained from the newsletter articles.

Directory # refers to the number in our Directory.
Reference refers to the issue of the Atlantic Northeast Rails & Ports.

CONNECTICUT

PERMATREAT

12 July, New Britain. **PERMA TREAT IS STILL USING RAIL IN CONNECTICUT**, contrary to a statement in 2004 by Maine Governor Baldacci [see 04#09B]. According to an official with the Naugatuck Railroad, William Sample: ‘Over the
past few years I have seen logs arrive in to be sawed into ties, I have seen untreated ties arriving as well. Outbound I have seen treated and untreated ties from time to time.’ Recently he has observed inbound carloads of mulch, and empty gondolas ready to receive ties. {e-mail to ANR&P 12.Jul.06}

The freight facility
Perma Treat’s Connecticut facility [it also has one in Mattawamkeag, Maine, our Directory #851] is located in Durham. It has always drayed inbound or outbound product to a siding in New Britain, on Whiting Street.

More about Perma Treat
In May 1977, Dave Fink incorporated Perma Treat Corporation, a pressure treated wood products company located in Durham, Connecticut. He served as president until 1980, when he and Timothy Mellon began acquiring railroads to form the Guilford [now Pan Am] Rail System.

In 2004, Perma Treat began operating in Mattawamkeag, Maine, as well [apparently subsuming the Aroostook and Bangor reload operation—editor]. According to Donald G. Ponko, a manager at Perma Treat, ‘the company rebuilt the ‘shuttered Forester Manufacturing plant’ with ‘state-of-the-art wood-fired boilers permitted to burn used creosote-treated products. This expansion allowed the company to offer cradle-to-grave management of creosote-treated lumber.’

‘The energy derived from the burning of used railroad ties and wood wastes creates steam that is used to either generate electricity or dry high-quality hardwood lumber in any one of four steam-driven kilns operating at the Maine facility. With 100,000 board feet capacity, expanding our current kiln operations to an even larger market is just one of our current goals.’

Perma Treat now provides forest products from treated crossties, switch ties and bridge timbers, to kiln-dried hardwoods as well as decorative bark mulch and firewood. The company operates ‘the only creosote treatment plant in New England and New York.’

In Connecticut it ranks as ‘one of the largest harvesters of hardwood saw timber as well as the largest user of low-grade logs. The company’s logging crews use selective harvesting and low-impact logging to supply the company’s sawmills.’

Rail facility
The Mattawamkeag facility offers ‘rail car loading and reloading to a broad customer base. At this time products ranging from lumber and stone to plastic and steel pipe have all been handled. Thousands of yards of mulch move south by rail annually from the Mattawamkeag facility as well. We feel if you can put it in or on a rail car, we are the right company for the job....

‘We look to a grade lumber distribution center and a crane mat processing facility as potential new markets. Expanding the current bark mulch market throughout Connecticut and surrounding states is a key part of our plan for the future. After close to thirty years in the rail products industry, everyone at Perma Treat is excited and ready for the challenges of the next thirty years.’{Donald G. Ponko in Pan Am Clipper 2Q.06}

PW: WILLI
9 July, New London. **PUBLIC SUPPORT FOR RESTORATION OF THE WILLIMANTIC BRANCH** appeared in the pages of this city’s newspaper, The Day. Responding to a fear-mongering op-ed piece by citizen Christine Hanauer opposed to PW’s plan to run trains on its line from Versailles to Willimantic [see 06#06B], Keith J. Robbins, Bozrah first selectman and chair of the Southeastern Connecticut Council of Governments, wrote that Hanauer is apparently ‘not concerned about the amount of trucks that trains take off the roadways of Connecticut, reducing pollution and congestion by huge margins.’

In the same issue, David Telesha, a railroad historian from Griswold, Connecticut, wrote in response to Hanauer’s contention that the use of tracks would block access to the Shetucket River. He noted that anyone crossing the right of way is doing so ‘illegally.’ The ‘economic development offered by the P&W trumps anyone illegally trespassing over the right of way to access the river.’ {New London Day 9 Jul.06}

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MAINE

GRS: MOVING AHEAD ON QUARRY
14 June, Embeden. **GRS OFFICIALS SAID ITS QUARRY WILL SATISFY STRICT ENVIRONMENTAL STANDARDS**, during a hearing it conducted as part of its request for a variance on its 10-acre, phase 1 parcel that borders wetlands, streams
and the Kennebec River. The DEP will allow 20 days for public comment, and then consider the variance that would allow the company to drain the quarry.

Residents of Embden and adjoining Solon expressed concern about the effects of erosion from blasting, and from drainage. Some are worried about noise pollution from the blasting. [Larry Grard in Central Maine Morning Sentinel 15 June 06]

GRS will not rebuild track to the quarry immediately [see 06#06A].

MAINE: THREE PORT STRATEGY

29 June, Augusta. **MDOT IS CHOOSING A CONSULTANT TO CREATE A STRATEGIC PLAN FOR THE STATE’S THREE DEEPWATER PORTS.** Proposals to do the work were due 9 June. Rob Elder, head of the Office of Freight, said the department hoped to decide by the end of July.

**Differing from freight plan**

Elder reiterated that the department is also completing its freight plan this autumn [see 06#05B], but that does not look at world shipping trends, as the strategic plan will. {ANR&P discussion}

**Some points from the RFP**

The consultant will:

1) Review current management, operations, and facilities at the state’s public deep water facilities in Eastport, Searsport, and Portland. Identify the strengths, weaknesses and opportunities facing each facility.

2) Offer recommendations for improvements to the management and operations at each facility and in general to the state’s overall system. This should take into account the existing and potential interconnections with highway and rail systems, access and proximity to industry and natural resources, and in context with projections about the future of Maine’s industries.

3) Recommend traffic management options that identify how to move cargo more efficiently such as short sea shipping and inland distribution to other regions. Identify the impacts these operations would have on local, state and regional economies; as well as impacts on air quality, congestion mitigation, highway maintenance, etc.

4) Propose a plan for new facilities that will allow the state to move forward in developing its port assets. This should include administrative, operational, and facilities proposals.

5) Recommend to the state an investment plan which mirrors the facilities and management plans to take full advantage of the abilities of each port looking at the development and needs of port facilities within the region and US for the next 15 to 20 years.

6) Identify any revenue sources not already utilized that could be accessed to cover construction and operation costs.

7) Review and comment on the security needs that may be incurred with the potential growth and development. This should be based on national and international trends.

8) Put these planning recommendations in global context (i.e. how will these fit into the North Atlantic region, national and international trends).

[Comment: I applaud MDOT for looking at the question of whether the state can capture some of the movement of maritime traffic to the Suez route from the Far East. Editor]

**Price and due date**

‘MDOT has a budget figure for this project but that figure will not be released during the proposal phase. As per the information in the RFP, selection will be based first on qualifications, after which the price proposal for the selected consultant will be reviewed and the MDOT will negotiate as needed.’

The department would like the result about six months after the consultant begins work. {MDOT Contract Procurement Office website}
MASSACHUSETTS

EOT: RAIL COMMISSIONER?
11 July, Framingham. **THE GOVERNOR SHOULD CREATE A RAIL COMMISSIONER** on par with the state highway commissioner, according to a candidate for lieutenant governor in this November’s election, Worcester Mayor Tim Murray. [Perhaps if such an official existed, EOT would be moving more quickly on a rail plan. See 06#03A. Editor]

A rail commissioner, Murray told the editorial board of the MetroWest *Daily News*, would focus on the best ways to handle the ever-increasing demand for public transportation, especially with gas prices continuing to skyrocket. “You need someone who understands both freight and passenger issues. There are two different cultures.”

Commuter rail expansion for Worcester
Murray also criticized state transportation officials for not making commuter rail expansion a top priority, saying he would like to see a decision made on increased service before this fall’s election. State leaders should either negotiate with CSX to buy the tracks or focus on the construction of about six miles of passing sidings, three miles on the Worcester portion and three in the Framingham and Ashland sections.

Eric Abell, EOT spokesperson, said Secretary Cogliano himself rides the Providence-Attleboro commuter rail line to work and understands its importance. “We share the mayor’s goals and we’re working closely with CSX to make sure expansion can happen” of the number of trains to Worcester. [Craig MacCormack in MetroWest *Daily News* 12 Jul. 06]

FALL RIVER
12 July, Providence. **THE RHODE ISLAND GENERAL ASSEMBLY EFFECTIVELY BANNED LNG SHIPS** from Narragansett Bay and hence from Fall River, by prohibiting their approaching obstacles and hazards.

Not effective?
Weaver’s Cove Energy, which plans a facility in Fall River [see 06#01B Regional] doesn’t believe Rhode Island authorities can regulate tanker traffic on Narragansett Bay, company spokesperson James Grasso said.

The Coast Guard has already established rules governing how tankers must transport hazardous cargo through Narragansett Bay. Those federal regulations generally supersede state law, said Captain Fred Kenney, a Coast Guard lawyer. [Ray Henry of AP in New Bedford *Standard-Times* 13 Jul. 06]

RHODE ISLAND

PW: NARRAGANSETT PELLET
12 July, East Providence. **A NEW CUSTOMER RECEIVED ITS FIRST CAR THIS DAY**. Bill Carden, principal of Narragansett Pellet, explained that his company has just begun to make wood pellets for burning. He plans to deliver them to New England, New York, and New Jersey.

Inbound raw materials
The company will use shavings and wood chips to make the pellets; Carden is obtaining them from Virginia and North Carolina via rail, as the least expensive delivery method, in 86-foot boxcars. He uses Bobcats (small front-end loaders) to unload the cars.

The facility and the track contractor
Formerly the home of Nyman Manufacturing, and subsequently Huhtamaki, Andrew Nyman is leasing the building, located in the northwest quadrant of the Ferris Avenue grade crossing in the East Providence locality of Rumford, to Narragansett Pellet and several other tenants. Nyman stated that he hired, on the recommendation of PW, Northern Rail Services of Old Saybrook to rehab the siding. [ANR&P discussions 12 Jul. 06]
VERMONT

WACR: CALKINS RAILS TO CPR
1 July, Vermont. **CPR RAN A BALLAST SPECIAL TO CALKINS ROCK.** According to Nancy Rice of VAOT, the severe weather on the East coast resulted in a number of washouts on CPR in the Oneonta, NY area. Rip-rap and ballast were picked up by the ballast special (32 side dumps and 11 ballast cars along with two CPR locomotives) on the new siding at Calkins, paid for by the state’s three-way partnership fund. The train then departed south to Oneonta via WACR/NECR/GMRC/CLP to CPR at Whitehall. *(e-mail to ANR&P from Rice 5.Jul.06)*

Orleans, Vermont Southbound CPR ballast special, empty, heads to Lyndonville on 1 July 2006. There it will load ballast at Calkins Rock [our Directory #1016] which has a new siding [see 06#05A] and then proceed to Bellows Falls, Rutland, and Whitehall where it will unload the ballast on CPR in New York. *(photo courtesy Mark Fortin)*

Lyndonville, Vermont. Calkins Rock loading rip-rap into CPR ballast train. *(Photo courtesy VAOT website)*

TSRD: NEXT STEP
26 June, Boston. **THE TSRD ACTION AGAINST GRS MUST NOWAwait AN STB DETERMINATION.** On this day, US District Court Judge Joseph Tauro signed an order dismissing TSRD’s ‘complaint for lack of subject matter jurisdiction and without prejudice to refiling within thirty (30) days of a substantive decision by the Surface Transportation Board granting an application for adverse abandonment and discontinuance authority on the rail line that is the subject of this action.’

Background
[A complex case! Editor] In 1984, GRS leased TSRD the right to use a line of railroad between Gilman and St Johnsbury, Vermont. Prior to that, GRS operated the line.

On 17 August 2004, TSRD filed a Verified Notice of Exemption to the STB to abandon the Line in order to, as it understood the lease agreement, salvage the rail, ties and other track materials. On 12 October 2004, the STB granted Twin State a conditional abandonment exemption subject to several conditions including the condition that Twin State “leave the line, track, ties and other track materials intact and undisturbed”; however, the STB did not resolve whether Twin State has the legal right to abandon and salvage the Line pursuant to the Lease.
On 28 October 2004, TSRD filed the complaint in US District Court in Boston, to obtain a declaration that it had the right to salvage the track materials.

In August 2005, the Court denied the GRS motion to dismiss, pending the STB’s determination of whether the STB had addressed the question of salvage.

In October 2005, the STB said removal of the track materials had to await full abandonment, which GRS could undertake. [Also, apparently, TSRD could initiate an adverse abandonment action. Editor]

**Twin State position**

In its response to the GRS motion to dismiss the US District Court case, TSRD stated: ‘Twin State has never questioned that it needs two things in order to retire the railroad line at issue and retain the proceeds thereof for its benefit: (1) abandonment authority from the Surface Transportation Board and (2) a declaration of its rights under its lease from Maine Central. Nor is there any doubt that there is a substantial dispute between Twin State and Maine Central as to the extent of Twin State’s rights under the lease.’

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**THE ONCE-LARGE FORBES RAIL EMPIRE**

On 6 July, Clyde Forbes reviewed the status of his four railroads, subsidiaries of his CSF Acquisition Corporation. In a 1991 letter, Forbes wrote that CSF was incorporated in March 1987. The company ‘acquired the Florida West Coast Railroad on December 13, 1987. Management of the Lamoille Valley Railroad was acquired on September 1, 1989 along with the Twin State Railroad [TSRD was created in 1984. Editor]. The New Hampshire and Vermont was acquired on November 21, 1989.’ {Railroad Retirement Board, Employer Status Determination, 1991}

**Lamoille Valley Railroad Company**

VAOT’s contractor is currently lifting [see 05#05B] the rails and track of this line from St.Johnsbury to Swanton [see04#02B].

**New Hampshire Vermont**

NHDOT bought the two branches making up this line: the Groveton (Groveton to Jefferson) in 1999, and the Berlin (Barrett to Jefferson) in 1996/1998/1999. {NH State Rail Plan 2001} The line remains intact, but has no traffic [see NHCR 06#06A], though NHCR has the freight rights.

**Twin State Railroad Company**

TSRD leased the line from Guilford. It has a section in Vermont, still under lease by TSRD though it has formally discontinued operating rights [see above] and claims the right to salvage the track materials. Guilford contests this [see Vermont].

It also has a section in New Hampshire from Gilman Vermont to Whitefield NH. NHDOT purchased the underlying ownership from Guilford in 2002 [see 04#03A]. TSRD has not discontinued operating rights on this section [see 05#10B].

**Florida West Coast Railroad**

Florida West Coast (FWC) consisted of a 13-mile line between Trenton and an interchange with CSXT in Newberry, Florida. In 2004, SWC sought permission to abandon most of the track, from milepost 721.0 to 734.0; the abandonment is not yet consummated, pending a trail use determination. {STB decisions website, Docket No.AB 347 3 X 14.June.06}

According to Forbes, the railroad is still serving customers. According to a CSXT official, the interchange remains active.{ANR&P discussion 6.Jul.06}

**Florida Rail Services**

For some months, a Forbes subsidiary, Florida Rail Services, switched Sappi’s Somerset Mill [our Directory #863]. It did industrial switching, and did not technically qualify as a “railroad” since it did not operate on the national rail network. In 2002 [see 02#07A], Sappi changed to use Maine Track Maintenance.
TSRD regretted that Judge Tauro had not seen fit to address the extent of TSRD’s rights, but accepted the notion of dismissal at this time. {US District Court website, Case 04-12292, filings by GRS and TSRD}

Next step
Leonard Singer, TSRD attorney, said the railroad does intend to file an adverse abandonment petition. {e-mail to ANR&P 7.Jul.06}

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**QUEBEC/MARITIMES**

**MMA: MORE ON TAFISA**
7 July, Lac Megantic.  **TAFISA WILL REBUILD ITS LINE #2** and reopen it July 2007. Line #1 resumed in June, after the April fire. [See 06#06B.] {Radio Canada 7.July.06}

**MMA service**
Dick Rushmore, MMA vice-president marketing, wrote that the railway ‘will work closely with TAFISA to provide service commensurate with their shipping needs. Our present service is once weekly and as needed, and we will increase that as traffic increases.’ {e-mail to ANR&P 14.Jul.06}

**CN & MMA: FRASER LUMBER MILL**
13 July, Plaster Rock NB.  **FRASER WILL REOPEN THE LUMBER MILL HERE ON 17 JULY**, said Paul McKinley, general manager of lumber mill operations. Fraser Papers will decide about the Juniper mill, which like Plaster Rock was closed in mid-July [see 06#06A], within the next week.

The initial two-week closing was extended to four weeks. {ANR&P discussion 13.Jul.06}

**SYDNEY/SCR**
13 July, Sydney.  **XSTRATA IS INDICATING IT WILL RAIL COAL OUT OF DONKIN IN ABOUT TWO YEARS.** According to John Whalley, economic development officer for the Cape Breton Regional Municipality, as well as a railroad source, Xstrata is talking with various groups about its plans to develop the Donkin reserve, for which it won the right to develop in December 2005 [see 05#12B].

Over the next two years the company will test its ability to mine the coal. Assuming, as Whalley cautions, that the reserves prove worth Xstrata’s while to mine, the company will then rail it to Sydney for export or furtherance to the continent, or to Lingan for burning.

The alignment for the rail line remains uncertain. {ANR&P discussion 13.Jul.06}

**HALIFAX: FEEDER TO HAMILTON?**
11 July, Hamilton Ontario.  **THE PORT OF HAMILTON IS EXAMINING WHETHER A FEEDER SHIP COULD GET A PIECE OF THE MARKET** which is rapidly growing and currently uses only CN’s container service between Halifax and Upper Canada. Bob Matthews, vice-president marketing for Hamilton Port Authority, addressed the facets of the plan.

**The plan**
Hamilton would host a weekly feeder ship operation between Halifax and the Port of Hamilton, at the southwest end of Lake Ontario, during the ten months of the year the St.Lawrence Seaway remains open. The feeder would transport import or export containers, using a terminal to be built in Hamilton, and the existing terminals in Halifax.

When the Seaway is closed by ice, the feeder ship would sail to Albany NY, whence truckers would dray the containers to Oswego NY for ferry service to Hamilton.
According to Keith Robson, who heads the Port Authority, the biggest vessel to transit the Seaway would have capacity for about 1,050 TEUs. “We are also looking at services, tug and barge particularly, from Montreal to Hamilton, but we think the best opportunity for us is with Halifax.”

**Demand**
Matthews believes that smaller customers in southern Ontario unhappy with CN service would utilize the feeder ship. He argued that those “second- and third-tier customers will never get the same level of service that the Wal-Marts of this world command. These very customers are the ones who can perhaps benefit from having the option that a feeder would provide.”

Moreover, argued Matthews, as the traffic volume grows, the rail service could well decline. He acknowledged that Halifax terminals have excess capacity now [see 06#03B], and that CN is now running only two intermodal trains each way each day [see 06#06A]. However, the impending doubling of trade in the next ten years will consume that capacity, yet North American ports and railroads are not ready. “The numbers have not sunk in yet.”

**The service time**
The Port of Hamilton calculates that a feeder ship can move containers from Halifax to Hamilton in five days, three days longer than the current CN service [see 06#06A] which takes only 35 hours westbound and 30 hours eastbound.

But, said Matthews, consider the amount of time the box spends grounded in Halifax. Halifax stakeholders have a goal of 90% of boxes out within 48 hours [see 06#05B]. The shipper whose box fall in the other 10% may well wait five days to receive it in southern Ontario.

Moreover, argued Matthews, shippers are more focussed on consistency than on speed. The logistics community has moved from “just-in-time” to “scheduled service.”

**A complement to ro-ro ferry service**
Currently, Hampton handles 12-14 million tons of cargo a year, mostly bulk. It is working with potential operators to create two new cross-border ferry services, in an effort to cut down border congestion, by creating new border crossings.

Nanticoke to United States. Matthews recited the recent growth in auto parts and automobile manufacturing in southern Ontario. While the new plants will have rail access, much transport is accomplished by truck to other auto facilities in Ohio, Pennsylvania, and Michigan. To overcome border congestion, Hamilton is looking at establishing a ferry from Nanticoke, Ontario, to one of several ports on the US side of Lake Erie.

The Port Authority, noted Matthews, is “discussing with Stelco (the property owner, which has a major presence in Hamilton as well) how best to develop a portion of the property. This could be a purchase of a portion of the land or it could be a lease or joint venture with others.”

This project and the Oswego service [see below] is spearheaded by Upper Lakes Group, one of the partners in Seaway Marine Transport in St. Catharines.

Oswego-Hamilton. The Port of Hamilton would serve as one end of a ro-ro ferry service across Ontario, with Oswego NY as the other end. Matthews envisions truckers from the Port of New York and New Jersey, for example, dropping import containers in Oswego. After an overnight ferry voyage, draymen in Hamilton would make the local deliveries in the morning.

The Halifax service would use the Ontario ferry during the ice-up period in the St.Lawrence.
Handling January-March
Matthews also addressed how the service used the Albany route. The St.Lawrence Seaway has recently stated that it anticipates remaining open ten months of the year, excluding mid-January to mid-March. Hamilton did examine using the New York State Barge Canal from Albany to Buffalo (paralleling the Erie Canal) but found the vertical clearances too low. [Reminds me of a song....] The drayage from Albany to Oswego would add extra lifts to the route, and would probably create the need to subsidize this move during winter’s two months out of profits during the other 10 months.
Matthews acknowledged the trip would take longer than the five days direct service, but not, he believed, as much as ten days.

Next step
At this point Hamilton is not only pursuing the two cross-lake ferry services, but also working with the Upper Lakes Group, to examine the feeder ship from Halifax.

In addition, the port hopes to enlist the research capability of McMaster University, as it did in developing the cross-lake services. Elkafi Hassini, assistant professor in Management Science and Information Systems at the DeGroote School of Business, will be approached to act as de facto project manager working with the Port of Hamilton.
Matthews anticipates having further information, including some pricing, by the end of the summer. At this point he could not definitely state how much the feeder service would save shippers. {ANR&P discussion 11 Jul.06; Tom Peters in Halifax Herald 1 July.06}

STRAIT OF CANSO
5 July, Melford. STAKEHOLDERS HOPE TO ANNOUNCE A NEW CONTAINER TERMINAL before the end of 2006. The $300 million project will be built by Halifax-based Trident Holdings, headed by Halifax industrialist Bob Stevens. Company officials expect the Melford terminal to be a “natural complement” to the Port of Halifax, as opposed to competing with it.

The District of Guysborough [within which Melford lies] has indicated in the past that it was in discussions with parties interested in industrial development at Melford, although confidentiality agreements barred release of any details. When asked about this specific project on 4 July, District Warden Lloyd Hines called Melford a “world-class port opportunity” which are getting scarce around the world and particularly on the coasts of North America. If this project comes to fruition, Hines said it will “mean people will live here with the confidence that they have a future and that their kids can stay here and not worry about having to travel out West to get a job.”

History of consideration
In 1997 [see 7 March 1997 issue], stakeholders proposed a terminal at Bear Head, where now Andarko is building an LNG facility. In January 1999, Halterm was still considering a terminal there [see 99#01]. In December 2005 the possibility was mentioned again [see 05#12B].

In autumn 2005, Guysborough Council met with the community to begin the process of rezoning four parcels of land into the Melford Industrial Park for heavy industrial use in order to provide water access for new developments in the area.

West coast congestion, ship size, and Suez traffic
A terminal at Melford has been under consideration for a number of years, but the increasing congestion of existing terminals (the West Coast is pretty much at capacity now and East Coast terminals are expected to be at capacity soon) has made the company step up its efforts on the project this year.

The growing size of container ships is also a challenge for some existing ports, furthering the case for a modern container terminal at Melford's ice-free port. The Melford location is said to be “ideally situated” to act as a transfer point for goods from Asia—slightly closer to shipping lanes from Europe than the port of Halifax. Sources say the company’s market assessment indicates the Melford terminal is a viable project. The facility is to be 100% financed by the private sector.
**Feeder service**

According to the sources who provided information for this article, the Canso terminal would offer feeder service to other East coast ports, for those ports who cannot accept the larger container ships. [Maersk has ships of 9,000TEU capacity, and ships as large as 12,000TEUs are on the drawing boards. *Editor*]

**St.Lawrence Seaway also**

Although the sources did not mention feeder to destinations on the St.Lawrence River or the Great Lakes, Don MacLeod, board member Transport 2000 (Atlantic), wrote that Melford is ideally located for such service. ‘The locks on the Canso Causeway canal were built to the same dimensions as those on the Seaway.’

**Why not rail?**

[The article did not mention rail as an option to “feed” the containers elsewhere on the continent. Melford currently has no rail, but an old alignment still exists for about 12 miles as far as Mulgrave [see map 05#12B–the terminal would lie in the ‘Melford Industrial Reserve’ shown on the map] and workers would need to construct another five miles of new line to reach the site. *Editor*.

MacLeod suggested another option: “Although Melford is expected to be primarily a ship to ship transfer terminal, it should be expected that some containers will be enroute to/from inland locations best served by overland transportation. Melford is not served by rail now; however, it lies only 10 miles from the Sydney / Truro main line at Auld Cove across terrain that should pose no difficulties for modern railroad builders.” [Don MacLeod Board Member Transport 2000 (Atlantic) in *e-mail to ANR&P 13 Jul.06*]

**Financing and schedule**

The private sector will cover the entire cost of the project. A formal announcement on Trident's intentions for Melford is expected within the next couple of months. Ground-breaking is expected to take place in 2007. Site preparation and construction will take 18 months. [Helen Murphy in *Guysborough Journal 5 July.06*]

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**DIGBY/SAINT JOHN FERRY**

30 June, Saint John. **BAY FERRIES ANNOUNCED IT WOULD SUSPEND THE FERRY TO DIGBY** at the end of October. President Mark MacDonald broke the news to employees today. “At the moment our company is not in a position that we can absorb the loss and the risk any longer,” he told CBC News. *The Princess of Acadia* has been crossing the Bay of Fundy since the early 1970s. In 1997, the federal government privatized ferry service and Bay Ferries took it over. The company says traffic peaked in 1998 with about 190,000 passengers, but it has dropped by 25% since then.

Faced with higher fuel prices, a reduction in the tourism and forest industries, and improved highways in the two provinces, MacDonald said the company has no choice but to cancel the route after 31 October. Bay Ferries considered offering only seasonal service, he added, but concluded that wouldn't be feasible. “At the end of the day we have to look at the economics.”

Larry Wark, Atlantic director for the Canadian Auto Workers, the union representing ferry employees, was shocked to hear the news. He did not expect the federal government to help keep the ferry running, but the two provincial governments may be willing to step in. “Whether the two provinces can come up with a plan or if there’s a different schedule, I don't know what the outcome will be,” Wark said.

The MLA for Digby, Liberal Harold Theriault, stated that many businesses in Nova Scotia rely on the ferry to get their goods to market, so he urged the government to subsidize the service. “Without the ferries down in western Nova Scotia, it's going to [have] an impact on everyone here,” Theriault said.

But Nova Scotia Economic Development Minister Richard Hurlburt believed it was too early to talk about a subsidy. “I believe it's essential that we keep that service in Southwest Nova, but we have to look at the cost for the taxpayers of the province,” Hurlburt said. Any solution has to include New Brunswick, the federal government and Bay Ferries, he added.

*The Princess of Acadia* is currently in service year round, except for a few days in December and February. A one-way ticket for a small car in the peak summer season is $80, plus taxes. [CBC webposted 30 June.06]
RAIL SHIPPERS

Described in this issue. Our Directory of Rail Freight Facilities in New England has more information on the companies denoted with their directory number.

C&D shippers, see listing in Regional.
Calkins Rock (VRS, Vermont #1016)
Fraser Papers (MMA, CN, New Brunswick)
Narragansett Pellet (PW, Rhode Island)
Perma Treat (GRS, Maine #851)
Perma Treat (GRS, Connecticut)
TAFISA (MMA, Quebec)

ATLANTIC NORTHEAST RAILS & PORTS

162 Main Street Yarmouth, Maine 04096
Vox (207) 846-3549 Fax (contact me for #)
Chalmers (Chop) Hardenbergh, publisher and editor
C_Hardenbergh@juno.com www.atlanticnortheast.com

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m.laughlin@atlanticnortheast.com
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Malcolm Laughlin, editor
Chop Hardenbergh, publisher