**Article unchanged from e-bulletin.**

**Blue type shows changes from e-bulletin.**

### REGION

**CONEG:** Winning stimulus funds; call by New England Rail Coalition for cooperation.

**ST/ConnRiver:** ST will provide good service.

**NECR/Palmer:** Amtrak should continue.

**NS/PAS:** Status of haulage agreements with PW, NECR, and VRS.*

**PW:** 2008 (positive) and 1Q09 (negative) results.*

**NECR/PAS:** Haulage agreement will come into effect in late summer on ConnRiver.*

### CONNECTICUT

**New Haven:** Innovation Fuels coming. Rail too?

**New Haven:** Logistec update, rail spur.

### MASSACHUSETTS

**MERR:** Quebec-bound cement traffic for Dragon resumes.*

**ST:** US Navy will bid for rail maintenance at Portsmouth Naval Shipyard later this year.*

**ST:** Lewiston Lower possible customer closes.

**Eastport/ST:** Domtar to reopen.

### RHODE ISLAND

**PW:** Pond View (now TLA) expanding.

### VERMONT

**Legislature:** Governor did sign transportation bill.*

**VAOT:** Rail Council advises agency to spend funds now on NECR section of western corridor.**

### MARITIMES/QUÉBEC

**CBNS:** Will ask for subsidy renewal after 9 June provincial elections. NDP wins.**

**WHRC:** Gypsum moves suspended. Layoffs.

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

[No report.]

### FROM THE PUBLISHER

**Stimulus subsidies, redux**

As promised, this issue has stories on whether, and for which projects, New England might obtain some of the high-speed rail stimulus funding.

 Crucial is that all six governors agree, that the states provide some funding themselves, and that the freight railroads are on board. I continue to believe that a rail czar can help in accomplishing those goals.

- Chop Hardenbergh

Next issue: 29 June.
CONEG AND FEDERAL RAIL FUNDS

10 June. **THE NORTHEAST STATES ARE COOPERATING TO OBTAIN FEDERAL RAIL FUNDS**, according New York Governor David Paterson and Rhode Island Governor Donald Carcieri. In a letter to the *Boston Globe* published this day, in their role as co-chairs of the Coalition of Northeast Governors, they wrote:

A recent *Globe* article described the Northeast states as trailing in the race for federal intercity rail funds. Readers should know that Northeast residents aren’t being left at the station.

The Coalition of Northeastern Governors has worked for more than 30 years to bring more and better intercity passenger rail service to the Northeast. An early success of this regional leadership is the Acela service....

State, Amtrak, federal, and freight rail officials routinely collaborate on plans and projects that will improve service on the network of corridors that link our states.

Among the plans being developed are: expanded Downeaster service; improved commuter service from Boston to Providence and points south; upgraded infrastructure for the New Haven-Hartford-Springfield-Vermont service; and improved intercity service across upstate New York. States are participating in the development of a master plan for infrastructure along the Northeast Corridor that would improve intercity, commuter, and freight rail service throughout the region.

We are committed to the vision for high speed and intercity passenger rail for the Northeast and the nation. Our states are jointly identifying projects and corridor plans that will fulfill that vision in the Northeast, and that will be strong candidates for federal rail funds [see 09#04B]. *(Boston Globe)*

11 June. **STEPS TO COORDINATE A NEW ENGLAND RAIL PROGRAM FOR FEDERAL FUNDS** are going ahead.

CONEG

As stated above, the Northeast (Maryland to Maine) is jointly identifying projects and corridor plans. Anne Stubbs, CONEG’s executive director, said the governors had asked the organization to help put together a joint program. *(ANR&P discussion)*

New England Rail Coalition

On 11 June this group of NGOs and businesses (Omya), in a letter to the six New England governors, said ‘it is essential that the New England region as a whole begin to organize, coordinate, and establish a region-wide rail plan. This level of regional organization – with the New England region speaking with a single voice on the needs and opportunities for strategic rail investments – will be critical for the region to compete for ARRA rail funding.’

The Coalition listed five steps:

1. Designating lead staff to advance this work on your behalf and to serve as your respective state’s liaison;
2. Convening those liaisons, and staff, in the coming weeks to begin developing a regional blueprint for rail;
3. Ensuring consideration and involvement of Canada for regional rail planning;
4. Engaging in the CSG New England Rail Summit [see below]; and
5. Committing to ongoing regional cooperation, with the eventual designation of a regional joint-program administrator or “rail czar” to implement that blueprint.’

Council of State Governments

The Coalition noted: ‘[T]he Council of State Governments (CSG) is organizing a New England Rail Summit as part of its August 3, 2009 regional meeting in Burlington, Vermont. We view this summit as a critically important step in establishing a coordinated regional blueprint for rail in New England.’ *(text from NE Rail Coalition, emphasis added)*
ST: AMTRAK ON CONNRIVER

10 June, Northampton. **PAS WILL PROVE A GOOD HOST TO AMTRAK HERE**, said Dana Roscoe, senior planner for the Pioneer Valley Planning Commission, which is spearheading the effort to return Amtrak to the Springfield-Northampton-Deerfield-East Northfield line.

In 1988-1990 a major ICC and court battle about poor track ended with Amtrak seizing ST’s track and trackage rights between East Northfield and White River Junction, and transferring them to the Central Vermont, now NECR, with ST retaining trackage rights on the line. Amtrak moved the Montrealer to a Springfield-Palmer-East Northfield route.

Roscoe was recently asked whether, if Amtrak returns to ST track, the host railroad will permit Amtrak to provide the service it wants to. “Before I ever invested one single hour in this project,” Roscoe told the Advocate, “I...personally discussed that with [Pan Am president] David Fink and said, 'This is your track, this is your property. Is Pan Am going to commit to this?’” [Since Roscoe talked to Fink, ST and NS have created the Pan Am Southern, a joint venture which now owns the ConnRiver line between Springfield and East Northfield. Editor]

“What he said is, if you look at the Downeaster between Portland and Boston, it's one of Amtrak's shining gems. The ridership has been going up and up and up. That is a Pan Am track. They've changed their ways. They saw the opportunity there, they took advantage of it, and it's been to everyone's advantage. The other thing that's changed is their merger with Norfolk Southern. With that Class I carrier also involved in the picture, it brings a much longer history of reputable service.

“If they had maintained their tracks in 1989, the move never would have happened. The move happened because it was the only way to get passengers to Vermont, not because it was the best way to get passengers to Vermont. At that time Guilford was playing the 'too bad' card. I think they've had a change of heart.

“Before federal funds can be spent, they must agree to terms that will allow long-term operations on this line. Vermont will also have to make commitments to keep that service functioning. Your fears—we fix their tracks and then they kick us out—the feds don't want that to happen, either. All those agreements will have to be in place.'

Roscoe is willing to commit himself; he says he believes that Guilford-Pan Am-Pan Am Southern will make good. {Stephanie Kraft in The Valley Advocate 11.Jun.09}

**More detail**

In a discussion on 15 June, Roscoe said that while PVPC is the recipient of planning funds for the study of passenger rail north of Springfield, EOT is preparing for the application for subsidy funds for the ConnRiver line.

“HDR [the consultant on the study—see 08#03B] is working with Pan Am and EOT...envisioning submitting in August” for the shovel-ready tranche of high-speed rail funds.

**Passenger and freight.** The subsidy funds would bring the line from Springfield to East Northfield from its current FRA class 1 (10 miles per hour for freight) to passenger speeds, for one Vermonter per day in each direction.

Roscoe pointed out this would help freight as well. “Freight is not viable with the [existing] track speed....There are ample opportunities in Holyoke” for more rail traffic [see scrap, 09#04A].

**Tie to New Haven-Hartford-Springfield.** While the governors [see above] view the corridor as running from New Haven to Vermont, the Connecticut part is not ready for immediate funding, Roscoe said. “They’re still doing their environmental statement.”

PVPC has not yet completed the feasibility study. “We’re jumping three steps ahead because of the subsidy funding.”

The project would jump “nine steps ahead” if it were to encompass increasing the frequency of service, which would require Vermont to commit to purchasing more equipment, and to providing an additional operational subsidy. That leap will not happen.

**PAS commitment.** Because of the amount of money for the project, Roscoe believes that Massachusetts can make
a “significant ask” for Pan Am service requirements. EOT is negotiating the size of that ask. \textit{\{ANR&P discussion\}}

### NECR: KEEP AMTRAK ROUTE

**June.** \textbf{NECR WOULD LIKE TO RETAIN THE VERMONTER ON ITS MASSACHUSETTS LINE.} From Palmer to East Northfield, the \textit{Vermonter} operates 45.70 miles on NECR in Massachusetts. It then runs a further 192.6 miles from East Northfield to St. Albans, mostly in Vermont, though the ConnRiver line does duck into New Hampshire for a stretch.

#### Arguments favoring the Palmer route

Charles Hunter, director, State Relations East for RailAmerica, discussed the advantages of the current route through Palmer.

**Track improvements.** With track improvements on the existing NECR route, NECR can cut 35 minutes off the running time, about as much time as using the ConnRiver line would save. NECR is seeking support from VAOT, NHDOT, and EOT for an FRA Intercity Passenger grant to fund the work.

Major items consist of an undercutting project and replacement rail. VAOT and NECR were successful in 2008 with this FRA grant program for work now scheduled for 2009.

**Retention of Amherst.** Amherst passengers make it the second-busiest Amtrak stop west of Boston, and the third-largest passenger station on the NECR section of the Vermonter route. Vermont receives credit for all ticket revenue on the NECR portion of the route, even for tickets sold in Massachusetts. The more ticket revenue from Amherst or other NECR stations, the less Vermont pays in subsidy. Amherst handled 12,679 passengers in 2008. That is an increase of 3,268 passengers since 2005, or up 35%.


The Knowledge Corridor study by the Pioneer Valley Planning Commission predicts an increase in Amtrak ridership, over a three-year period, of 24\%. Hunter asks: “Note that ridership has already grown at a rate of 44\% on the existing route over the past three years. Why would ridership be forecasted to be lower via an alternate route?”

**No need for backup move at Palmer.** Hunter acknowledged that the \textit{Vermonter} must make a backup move Palmer. “The last two times I rode the Vermonter, I timed the moves at Palmer and it took 5 minutes in one direction and 8 minutes in the other. Keep in mind that a train running on the [ConnRiver] will have to perform a back-up move at Springfield station.”

The backup move could be eliminated with a new connection between NECR and CSXT.

**Advantage of Palmer as stop**
The Town of Palmer has a proposal for a parking lot and facilities to host the stop. The Mohegan Sun has secured land in Palmer and plans to invest $1 billion in a new casino, a huge potential rail passenger draw in the future. “Why would you abandon this route with this possibility on the horizon?” Hunter asks.

**The Knowledge Corridor commuter service.** Knowledge Corridor advocates focus on establishing commuter service, said Hunter. “So why isn't this treated as a commuter rail project and appropriate funding sought for a New Starts?”

\[\text{One may add that the stimulus funding for high-speed rail will cover only inter-city service, not commuter.} \]

**Editor**

**Population.** Ridership is not just about population, it concerns demographics. ‘College students in Amherst ride trains, it is a proven fact. Just comparing online populations at Amherst (34,874) versus Northampton (28,978), the two competing [college] stops, Amherst has the larger population.’
‘In summary, if the so-called Knowledge Corridor does deserve passenger service, it should not come at the expense and risk of a successful route that deserves consideration for enhancement and even more success. It should be approached as a stand alone project.’ {e-mail to ANR&P 14.Jun.09}

**Why the state of Vermont should support the Palmer route**

Charlie Moore, former general manager of the NECR, wrote a letter to Vermont legislators following up a May breakfast meeting in St.Albans. In part it read: ‘As most of you know, I have been in the railroad business for 40 plus years with the last 10 years directly associated with the New England Central Railroad (NECR). I presently serve on the Vermont Governor’s Rail Council and chair the passenger rail sub-committee.

‘...The Ethan Allen rail service out of Rutland was saved because of a voice expressed by both state and federal legislators, business groups, interested citizens and rail advocates. We need to have that same enthusiasm and voice of support concerning rail here in our area for the Vermonter.

‘One of the most recent efforts by the AOT is to reroute the Vermonter through East Northfield to Springfield.... This would reduce the mileage now being operated on the NECR and would more than likely require the NECR to make manpower reductions and create a loss in revenue. You will hear all kinds of justifications for this. One being it would reduce the transit time of the Vermonter to New York by forty-five minutes.’

Moore’s letter continued: ‘Why would the state not use these funds to upgrade the line of the NECR (a Vermont company) and make infrastructure changes to make up this forty-five minutes using the existing route? Furthermore, by rerouting the Vermonter on this proposed route, this will allow Pan Am Railway, through the Commonwealth of Massachusetts to qualify for stimulus (intercity passenger rail) funds. Without our Vermonter being rerouted, they would not qualify.

‘What will be the benefits to the State of Vermont? Is the State of Vermont going to guarantee the Commonwealth of Massachusetts that the Vermonter will continue to be subsidized entirely by Vermont if it is rerouted via the proposed route so that they can apply for stimulus intercity grants in Massachusetts?’ {text from Moore}

**NS/PAS: HAULAGE AGREEMENTS**

*Note: The Operating Plan (page 10) NS and ST filed with the STB announcing the proposed ST-ST deal stated that PAS ‘will provide haulage’ to Gardner for an interchange with PW, to East Northfield and Millers Falls for NECR, and to Hoosick Junction for VRS. [See 08#05B.]*

**NECR haulage**

NECR has no direct deal with NS, said Charles Hunter, director, State Relations East for RailAmerica. “All our deals are with PAS; we have PAS interchanges.” {ANR&P discussion 8.Jun.09} [See below for ConnRiver haulage.]

**PW haulage**

Marie Angelini, PW general counsel, wrote on 8 June: ‘We do have a haulage agreement though no move to date.’ {e-mail to ANR&P}

**VRS haulage**

President David Wulfson wrote on 4 June: ‘We have established a direct VTR-NS interchange at Hoosick Jct effective June 1. We have begun quoting rates via this route. Nothing has moved via this route yet. Volume of traffic moving VTR-HOSJN- ST (now PAS)- Mechanicville-NS has been growing.

‘So indirectly...I guess that you could say traffic is moving under existing contracts which will be converted to new routes as they come up for renewal.’ {e-mail to ANR&P}
NECR/PAS HAULAGE AGREEMENT*

4 June, St.Albans. **NECR AND PAS/NS ARE ‘IN THE PROCESS OF NEGOTIATING A HAULAGE ARRANGEMENT’**, and an agreement to establish an interchange at Millers Falls. Until those arrangements are complete, we will continue with the interchange arrangements we have historically had with PanAm,’ wrote Charles Hunter, RailAmerica regional vice-president for governmental affairs.

‘Regarding Millers Falls, there will have to some construction before that interchange can be used [see 09#04B NS-ST]. It is tentatively planned for later this summer, as part of the PAS's work schedule.’ {e-mail to ANR&P}

Hunter later clarified that under the haulage agreement, the NECR trains would move PAS traffic to the PAS [formerly ST] customers on the ConnRiver line between East Northfield and White River Junction, as well as to interchange with other railroads. In 2008, NS and ST said they would consider this option once the transaction closed [see 08#09A Vermont].

The haulage agreement would benefit everyone: PAS because it would not need to operate trains, NECR because it would gain traffic, and the customers because they would get daily service. With daily service, the customers might increase their rail moves. {ANR&P discussion 8.Jun.09}

PW: 2008 and 1Q09**

25 March, Worcester. **PW CONVENTIONAL TRAFFIC INCREASED 10.2% IN 2008.** ‘Operating Revenues increased $3.6 million, or 13.7%, to $29.8 million in 2008 from $26.2 million in 2007. This increase is the net result of a $4.4 million (19.5%) increase in conventional freight revenues, a $63,000 (8.1%) increase in other freight-related revenues and a $126,000 (39.5%) increase in other operating revenues partially offset by a $1.0 million (44.8%) decrease in container freight revenues.

Conventional freight volume
The increase in conventional freight revenues is attributable to a 10.2% increase in traffic volume and an 8.4% increase in the average revenue received per carloading. The Company's conventional carloadings increased by 3,156 to 33,953 in 2008 from 30,797 in 2007. Shipments of ethanol, coal, automobiles and steel ingots accounted for substantially all of the increase in traffic volume. Ethanol and automobiles are commodities which the Company began hauling during the third quarter of 2007. These increases were somewhat offset by decreases in shipments of construction aggregates, chemicals (other than ethanol), building materials and certain other commodities during the year.

‘These decreases appear to result from the current economic downturn in the United States economy. The increase in the average revenue received per conventional carloading is attributable to a shift in the mix of freight hauled toward higher-rated commodities, as well as some rate increases, including diesel fuel surcharges.

Intermodal continues to decline
[See comment in 09#05A.]

Increase in switching revenues
The increase in other freight-related revenues is primarily due to an increase in secondary switching services provided to freight customers. This is directly related to the increase in conventional traffic volume during the year.

‘The increase in other operating revenues reflects greater maintenance department billings for services rendered to freight customers and outside parties. Other income increased by $160,000 to $1.1 million in 2008 from $890,000 in 2007. The most significant change was an increase in gains realized from the sale of property, equipment and easements, which revenues can vary significantly from year to year.

Operating expenses
‘Operating expenses increased by $2.6 million, or 9.4%, to $30.5 million in 2008 from $27.9 million in 2007. Higher expenditures for diesel fuel accounted for $1.5 million of this increase. This is primarily the result of significantly
higher prices for petroleum products which were in effect for most of the year. The price of diesel fuel decreased during the fourth quarter of 2008 and such lower prices have continued into 2009.’

**Auto traffic**

In his cover letter, President Scott Conti said auto traffic had increased to 1,043 carloads from 167 in 2007 ‘of Subaru (and occasionally, Volkswagen) automobiles....Early this month, the Company handled outbound vehicles delivered from Germany to Davisville via oceangoing vessel and destined for the West coast of the United States for the first time.’ {Annual Report}

15 May, Worcester. **PW CONVENTIONAL TRAFFIC DROPPED 18.9% IN THE FIRST QUARTER.**

‘Operating revenues decreased $1.1 million, or 17.6%, to $4.9 million in the first quarter of 2009 from $6.0 million in the first quarter of 2008. This decrease is the combined result of an $877,000 (16.6%) decrease in conventional freight revenues, a $114,000 (30.9%) decrease in container freight revenues, a $48,000 (20.4%) decrease in other freight related revenues and a $16,000 (14.2%) decrease in other operating revenues.

**Conventional freight drop**

‘The decrease in conventional freight revenues is attributable to an 18.9% decline in traffic volume offset, to a small degree, by a 2.8% increase in the average revenue received per conventional carloading. The Company's conventional carloadings decreased by 1,106 to 4,757 in the first quarter of 2009 from 5,863 in 2008.

‘Shipments of most commodities handled by the Company decreased during the first quarter of 2009. This decline is primarily attributable to the current state of the United States and world economies and is consistent with the experience of other railroads in North America. The modest increase in the average revenue received per conventional carloading is the combined result of a shift in the mix of commodities, as well as some rate increases. While the Company's traffic volume has begun to improve during the second quarter of 2009 management cannot predict if and when economic conditions will improve enough to enable the Company to return to profitable operations.

**Intermodal also down**

‘The decrease in container freight revenues is the result of a 38.2% decline in traffic volume partially offset by an 11.8% increase in the average revenue received per container. Container traffic volume decreased by 2,267 containers to 3,667 in the first quarter of 2009 from 5,934 in 2008. This decline in traffic continues a trend which began in 2007 in which cross country container traffic to the East Coast has been shifted from rail to all water routes.

‘Current economic conditions have further added to this decline in traffic. The increase in the average revenue received per container is attributable to a change in the mix of traffic toward higher rated containers as well as contractual rate adjustments based upon railroad industry cost indices.

**Other revenue**

‘The decrease in other freight-related revenues is the result of a decrease in demurrage billings. The decrease in demurrage revenue is consistent with the decrease in conventional traffic volume and the related decline in net car hire expense. The decrease in other operating revenues reflects lower maintenance department billings for services rendered to freight customers and other outside parties.

‘Increased rental income received accounted for most of the $26,000 increase in other income realized during the quarter.’

**Expenses also down**

Operating expenses for the first quarter of 2009 decreased by $339,000, or 4.5%, to $7.1 million from $7.5 million in the first quarter of 2008. More than 80% of this decrease consists of a $278,000 decrease in the cost of diesel fuel due to declining prices of petroleum products as well as decreased usage due to the reduced traffic volume.
Decreases in other operating expenses were somewhat offset by increased locomotive repair and maintenance costs. {text of quarterly filing with SEC}

**Operating ratio 144.7**

‘Operating expense came down only 5%, dragging operating income down 48% and pushing the operating ratio to a spectacular 144.7 9 (up from 124.9 in 1Q08; PW annually loses money in the first quarter), a number I for one have never seen.

‘Comp and benefits now account for 78 cents out of every dollar of revenue (up from 65.7 cents in 1Q08); railroads of this size may see as high as forty cents in only the worst of quarters. Trackage rights fees, mainly paid to Amtrak for the Groton-Boston Switch segment, increased 31% ($98,000 to $128,000) and maintenance of equipment expenditures jumped 86%.

The $278 million reduction in fuel expense was totally absorbed in these other extravagances, though comp and benefits actually was down 2%.’ {Roy Blanchard Railroad Week in Review 6.Jun.09–I checked Roy’s figures and indeed he pulled the figures right from the 10-Q}

---

**CONNECTICUT**

**INNOVATION FUELS**

8 June. **INNOVATION FUELS WILL MOVE ITS DEEP-SEA OPERATION HERE**, this summer, said John Fox, CEO, and Paul Niznik, vice-president of strategic operations for the company, as a part of the opening of a biodiesel terminal here. Innovation operates two biodiesel production facilities, one in Milwaukee and one in Newark. Fox expects service to begin in July.

**Current operation in Newark**

Ocean-going vessels cannot call the Innovation Fuels’ production facility in Newark at 126 Passaic Street. Barges can move up the Passaic River to the Innovation Terminal, which has 11 feet of water, enough for a 15,000-barrel barge.

Fox said currently Innovation sends out B99 either by truck, or by barge. His company delivers B99 to points in New York Harbor by barge, for which Innovation uses Marine Environmental.1

**The plan in New Haven**

Innovation has leased tank space from New Haven Terminal [see box].

**Competition with other terminals**

Both Hudson/Global [see 09#05A] and Alterra [see 09#04B] plan terminals which will mix B99 with diesel and heating oil to provide the blend requested by customers. The New Haven site will not compete with the distributors, said Niznik. It will primarily deal in B99. “We don’t want to deal in petroleum,” he said, “there’s no margin.”

Innovation will supply distributors such as Global and Alterra, as well as municipalities who want to buy B99 for their buses and heating plants.

**Two functions in New Haven**

Innovation will move B99 produced at its Newark facility, as well as B99 purchased from other producers around the country and already arriving in Newark, to the New Haven site. The B99 will probably arrive by barge, though

---

1 In May 2009, Innovation announced that it started regularly scheduled biodiesel shipments via barge to customers in New York City. The company currently services its customers in 5,000, 10,000, and 15,000 barrel increments using Marine Environmental Transportation, LLC and Captain Fil Balico to provide barge services. {Innovation press release}
Niznik mentioned rail and truck as modes of transportation as well. “That’s why we chose the New Haven site: it’s got truck, rail, and deep-sea access.”

Innovation will supply B99 throughout New England, by truck, rail, or barge. It will also supply deep-sea vessels from the port.

With the tanks in New Haven, Innovation can simplify its loading of deep-sea vessels, and end the current lightering operation.

**Lightering/import export**

In 2008, Innovation sent B99 by deep-sea vessel to Europe. It loaded the barge in Newark which proceeded to Stapleton, the area off Staten Island’s eastern shore north of the Verrazano Narrows Bridge, where the B99 was transferred to the ocean-going vessel.

Fox said that in March 2009 the European Union imposed a tariff on biodiesel, which cut off that market. Innovation will continue to look for overseas customers, though.

He did not anticipate using such vessels to serve US ports, because of the Jones Act requirement of US ships and US crews to do such transporting.

**Rail service in Newark and New Haven**

NS serves the Innovation facility in Newark, but of late the company has not sent any product out by rail.

In New Haven, Innovation might use PW to deliver B99 to the tanks, or to move it outbound. Getting rail service

---

**TRYING TO GET RAIL SERVICE IN NEW HAVEN**

Innovation Fuels was attracted to New Haven because it offered road, rail, and marine service. Getting railcars to the tanks on the waterfront is not simple.

Per Niznik, NHT has the responsibility to provide the service; he would only say that “negotiations are ongoing.” NHT has two options: using the Logistec spur, or renovating its own spur. Northern Rail Services, which installed the Logistec spur, is ready to do the same for NHT, said co-principal John Ogren.

**Logistec spur.** One source said NHT had declined to participate in the construction of the Logistec spur [see below], though its tanks lie nearby. Nevertheless, Logistec’s Vannelli said he is willing to permit railcars on the Logistec spur, which would require piping the biofuel out of the tanks and across the pier to the Logistec spur and railcars. That raises questions of responsibility, and liability. Logistec and NHT are discussing this now.

**NHT spur.** The state could do for NHT what it did for Logistec: get the spur laid across Waterfront Street to the B99 tanks, and help with the costs of rebuilding the track on the NHT property. However, NHT has been incomunicative, according to three different sources. “We can’t help you unless you talk to us,” noted one. [Over the past months, your editor has never received a return call from NHT’s Mike Vasaturo, a former Logistec official. *Editor*]
has proved problematic [see box]. {ANR&P discussions}

A Connecticut mandate for biodiesel
The Connecticut General Assembly is looking at a bill to require a biodiesel minimum blend of 2% in diesel and heating oil starting in 2010, rising to 5% by 2013. Niznik emphasized that the oil dealers support the bill. Gus Kellogg of Greenleaf Biofuels, which has approval for a processing plant in the North Yard of the Port of New Haven off Wheeler Street, and Niznik lobbied for the bill on 2 June. {Mary O’Leary in New Haven Register 3-Jun.09}

NEW HAVEN: LOGISTEC TRAFFIC

Logistec rail spur
Logistec is the only terminal which now has a functioning rail spur on dock, completed in December 2008 [see 08#12A]. When Logistec had a possible move of winter steel, the Port of New Haven convinced the state to advance the spur installation [see 08#12A]. The cost was split among the state, Logistec, and PW.

Unfortunately, that late in the year Logistec could not land a contract and had no rail traffic on the spur, to the chagrin of the state. However, pointed out Judi Sheiffele, director of the Port Authority, Logistec “could not go to the table if there’s no track.”

And the existence of the spur led to the cold call from Paul Niznik of Innovation [see other article].

Logistec traffic
Frank Vannelli, senior vice-president, sales and marketing for Logistec Stevedoring, said the New Haven terminal operated by Logistec has had “a good few months” for metals. In April it handled five ships, in May four ships, with 5,000 and 8,000 tons respectively. While not the 15,000 tons a month of the past, nevertheless customers had
returned which had not moved steel for some time, including Marubeni.

Logistec also handled delivery of Vogt Power-produced heat recovery steam generators for the Kleen Energy Systems plant in Middletown [PW delivered steam turbines to the same site—see 09#02A]. {ANR&P discussions 11 & 12 Jun. 09}

Upcoming traffic
Jay Baird, who manages marketing and sales for New Haven, said on 9 June that Logistec was looking for winter steel contracts for 2009-2010. “We are looking at expanding and diversifying.” In addition to steel, the terminal could handle other break bulk such as CaCl in sacks [see 08#12A] and bulk materials, and is “continuing to work on autos,” a possible move [see 08#10B]. {ANR&P discussion}

MAINE

MERR: QUEBEC TRAFFIC*
2 June, Thomaston. DRAGON CEMENT HAS ‘JUST STARTED TO MOVE CARS TO WINDSOR, QUEBEC’ from its plant here [see 09#05B]. Bill Phillips, the railroad marketer, wrote: ‘Don't know how many will move this year versus last year but they have started to ship again.’ {e-mail to ANR&P}

MERR new sister railroad
‘A new railroad is the Stourbridge Railway. Utilizing Reporting Mark SBR and AAR Rule 260 Code 703, the railroad will operate approximately 25 miles of line in Pike and Wayne Counties in northeast Pennsylvania. It will interchange with the Central New York Railroad at Lackawaxen, PA. They may be reached by contacting Mr. Steve Friedland, Director-Operations, Stourbridge Railway, PO Box 2206, Morristown, NJ 07962, P: (973) 267-4300, F: (973) 267-9010, E: sfriedland@merail.com. (Note: AAR Rule 260 Code 703 was previously assigned/coupled to Reporting Mark SO.)’ {ASLRRRA News & Views}

ST: TRACK WORK AT SHIP YARD*
8 June, Kittery. THE NAVY RECEIVED NO “CAPABILITY PACKAGES” FOR THE TRACK MAINTENANCE HERE at the Portsmouth Naval Shipyard, in response to a solicitation for disabled or small business contractors [see 09#04B]. Kathleen Barry, who handled the solicitation, said the request for proposals from any contractors would emerge from “my headquarters” within a few months.

The incumbent, Maine Track Maintenance, has a contract which expires in spring 2010. Interested parties should watch the Navy electronic commerce website for the solicitation. {ANR&P discussion}

ST: LEWISTON LOWER
10 June, Lisbon. KNIGHT-CELOTEX CLOSED PERMANENTLY. Celotex spokesperson Laura Peet said on 11 June that Bank of America representatives met with company CEO Jim Knight on 9 June and indicated the bank would work with Celotex if Knight resigned, which he did.

An interim CEO was appointed, and a new plan and a new budget presented, but Bank of America would not agree to continued operation of Celotex under those terms, Peet said. On 11 June, the U.S. Bankruptcy Court appointed a trustee to oversee the corporation's liquidation in Chapter 7.

Peet said, "We are hoping for a sale quickly. Celotex is a fabulous brand. Admiral Byrd used Celotex (products) during his excursion to the North Pole a century ago."

In addition to the plant in Lisbon Falls, the company had plants in Sunbury, Pennsylvania, Marrero, Louisiana, and Danville, Virginia, and had employed a total of 250 people to manufacture eco-friendly specialty fiberboard with high-insulating and sound-proofing qualities.

After closing in 2008 and then re-opening [see 08#08B], the Lisbon plant made Conflex, a concrete expansion board used in road construction. {Connie Footman in Lewiston Sun-Journal 12 Jun. 09}
Rail impact
The rail line through Knight-Celotex is ready [see 09#04A]; owned by the state, ST has freight rights on it. The Great Recession has meant the remaining possible customer, Grimmell scrap, has not ordered any cars.

EASTPORT/NBSR/ST
10 June Baileyville. **DOMTAR ANNOUNCED IT WOULD RE-OPEN THE PULP MILL HERE**, in a press release: ‘Approximately 300 employees will be called back for the restart of pulp production, which is targeted to resume the week of June 22, 2009. The mill has an annual hardwood pulp production capacity of 398,000 air dry metric tons.

‘Domtar announced the closure of the Woodland pulp mill for an undetermined period on March 5, 2009, due to weak global pulp demand, historically high inventory levels and depressed prices. Domtar pulp inventory levels have since been substantially reduced. The timely benefits from the refundable tax credits for the production and use of alternative bio fuel mixtures, and other important conditions, such as stronger global demand, improving prices, and favorable currency exchange rates have made the reopening possible. Domtar will closely monitor the mill's profitability, which is critical to maintaining operations.’ {text of press release}

Eastport plus
Since Domtar suspended operation at the mill, the Port of Eastport lost all traffic except a shipment of wind turbine parts in May [see 09#05A]. In recent years, Domtar has shipped virtually its entire pulp production overseas, amounting to 385,000 tonnes in 2008 [see 09#01A]. The Great Recession meant a cutback in production and shipments in late 2008.

Scott Beal, a mill spokesperson, expected “we come back to at a better rate than” late 2008, though whether the mill would reach capacity he could not say. He praised the mill’s general manager for working hard to “find a way and an opportunity, for believing he could restart the mill.”

Skip Rogers, manager of Federal Marine Terminals which operates the pier in Eastport, pronounced himself “pleased they found it profitable” to restart. He expected the first ship to call in August, well before Eastport Port Days on 11-13 September.

Rail use
Though ST moved its equipment out in May [see 09#05A], Beal “fully expected we will use rail” and therefore the railroad will return its locomotive to switch the traffic between the Calais interchange with NBSR and the mill in Baileyville. {ANR&P discussions}

MASSACHUSETTS

GU: NEW TERMINAL*
5 June, West Upton. **THE RAILROAD AND DANA TRANSPORT PLAN TO JOINTLY DEVELOP A TERMINAL HERE.** [More information in a future issue.]

FRVT: TRANSYSTEMS
January. **THE MASSACHUSETTS WATER RESOURCES AUTHORITY HIRED TRANSYSTEMS** to do ‘As-Needed Engineering Services for the Fore River Railroad Corporation.

‘Contract period is three years. The RFP states that the consultant will inspect all of the FRR trackage, about

---

2 Over the past three months, the dollar has fallen against most currencies, and the loonie has risen to 88 cents. Editor
2.7 line miles and additional sidings and spurs both in the first and third year of the contract. It will propose work, design repairs, and assist with grant applications. The work will include the 10 storage tracks inside the shipyard.’

{ANR&P discussion with Barbara Awlyard of MWRA 10Jun.09; Rail Project Guide service}

[TranSystems was the incumbent. See 08#11B.]

NEW HAMPSHIRE

CSRX/SEARSPORT: SCHNABEL*

31 May, Searsport to North Conway. THE CONWAY SCENIC WILL HANDLE FREIGHT for the first time in years. At the 30 May MRG Annual Meeting, Russ Seybold announced that a high wide (and heavy) transformer and exciter for PSNH will arrive on a Schnabel car from Searsport in June. MMA will start them on a route of MMA/SLR/NHCR/CSRX. {Richard Hosking and others in e-lists}

RHODE ISLAND

PW: POND VIEW C&D

9 June, Providence. THE EAST PROVIDENCE C&D FACILITY IS PLANNING THROUGHPUT IMPROVEMENTS, according to John Langlois, director of the Office of Waste Management in the Rhode Island Department of Environmental Management (DEM). DEM licenses waste facilities.

TransLoad America Providence (Pond View)

In March 2008, the registration of Pond View Excavating Corporation was transferred to Transload America Providence LLC when owner Ken Foley sold to TransLoad America (TLA) [see box].

Plan to expand

TLA has filed an application to triple the capacity of the facility, said Langlois. It stated that it had more than enough railcars to handle that additional capacity.

Instead of physically expanding the site [which is constrained by the Pond and by adjacent businesses–editor], TLA will install machinery to compact the C&D. The compacting will permit TLA to move more debris per railcar, and to use less space in its landfill in Ohio.

By becoming more efficient than other waste shippers, TLA expects to offer tippers a lower price, and thus attract enough additional C&D to justify the capacity expansion, said Langlois.

MORE ON TRANSLOAD AMERICA

TransLoad America is establishing itself as North America’s leader in rail-based transfer, transportation, recycling and disposal of solid waste. According to its website, the company does:

* Acquire, develop and operate high volume truck/rail recycling and transload facilities in the US and Canada, typically located in large urban centers with limited or diminishing disposal options
* Acquire, develop and operate waste disposal/conversion facilities – linked by rail to our origin/transload facilities logistically served by Class I railroads
* Operate, manage and assume the economic maintenance/repair of a growing fleet of specialized rail cars
* Technological innovation of bulk materials handling and resource recovery
* Partner with key railroads, public authorities and private entrepreneurs to provide cost-effective solid waste management solutions.

Headquartered in South Orange, New Jersey, it operates nationwide six transfer stations and four disposal sites. East Providence has the only rail-served site in New England; Stamford hosts a site without rail. {website}
Next step

DEM has no specific time line to decide on the application; it has commented to TLA on its initial application, and
the two parties are now discussing the details. Once the application is satisfactory to both DEM and TLA, the
department will conduct a workshop and a public notice period. “You won’t see a decision in six months,” he said.

{ANR&P discussion}

VERMONT

VAOT: GOVERNOR SIGNS BILL*

CORRECTION
29 May, Montpelier. THE GOVERNOR DID SIGN THE TRANSPORTATION BILL this day, H.438, which paid
for capital projects and called for a study of equipment and routes for the Amtrak service [see 09#05B, which
erroneously said the governor had vetoed the bill].

In a special session in June, the House overrode the governor’s veto of the omnibus spending bill. On 10 June
the governor signed several bills, including the spending bill (H.441). {legislature website}

VAOT: WHERE TO SPEND FUNDS??

8 June, St.Albans. THE STATE CAN CHOOSE TO IMPROVE THE NECR PORTION OF THE WESTERN
CORRIDOR as well as the VRS portion, said Charles Hunter, director, State Relations East for RailAmerica. He
was responding to a newspaper article this day quoting Robert Ide, AOT rail director.

In its entirety, the article reads:

RUTLAND, Vt. (AP) – The Vermont Agency of transportation's rail director says the governor’s Rail Advisory Council was
wrong when it recommended redirecting money from a Rutland County project to one in Essex Junction. Rail Director Robert
Ide says the vote by the council is unlikely to change the agency's priorities that are part of $26 million in funding secured

The current plan is to use about $4 million to build a new railroad bridge in Pittsford.

The Rutland Herald says several Rutland County rail advocates were upset by the decision to use federal money
dedicated to the Pittsford bridge for a rail project in Essex Junction. Ide says the two projects have nearly the same price tag.

The NECR portion of the western corridor

In 2005, at the behest of then-Senator James Jeffords, Congress passed a $30 million authorization earmark for
improvements to the western corridor in SAFETEA-LU [see 05#08A Regional]. The language of the House Report
on the bill included this:

‘Of the amounts appropriated in Section 1934 for item # to the State of Vermont for improvements to the Western
Rail Corridor between Alburg, St Albans, Burlington, Middlebury, Rutland, Manchester, Bennington and west to
Hoosick Junction, New York, priority shall be given to completing the Middlebury Rail Spur, upgrading the rail line
for passenger service between Manchester, Rutland and Charlotte and improving the movement of freight rail
through major cities, including Rutland.’ {House Report 109-203 - Safe, Accountable, Flexible, Efficient
Transportation Equity Act: a Legacy For Users }

On the corridor, NECR has 28% of the rail miles, from Burlington to East Alburg. Hunter noted that some $26
million remains of the earmark. NECR is proposing to spend around $4 million for some bridgework and trackwork
between Essex Junction and East Alburg to make that section of the line capable of handling 286,000-pound rail
cars, and some trackwork between Essex Junction and Burlington to raise the speed on that section from FRA Class
1 to FRA Class 2.

“St. Albans is...the busiest freight rail yard in the state. Several commodities that move over the proposed
upgrade route include feed grains, road salt, and cement. Bulk commodities such as these lend themselves to the opportunities of loading 286,000-pound railcars.”

The AP article appeared to pose a false choice [but not Ide, see below] between the bridge on VTR which requires $4 million to bring it to 286 [see 09#05B] and the NECR work. Hunter noted that AOT could do both, and still have funds remaining for other chosen projects. The funds have been available for about five years. “Our project is shovel ready and has widespread support in Franklin County and Chittendon County.”

The match
The federal government requires a 20% match for the rail work. NECR’s parent, RailAmerica, is prepared to pay the 20% match for the NECR work. “The improvements to the Burlington tunnel on the NECR line [see 09#01B] were paid by the western corridor funds,” noted Hunter, “and RailAmerica provided the 20% match.” Work done on the state-owned portion of the western corridor also requires a 20% match which has to come from the state or other non-federal sources.

Furthermore, under another federal earmark, RailAmerica is improving the Alburg trestle to 286, and again RailAmerica is paying the 20% match. RailAmerica and NECR have a good track record of successful public-private partnerships which also includes the Bellows Falls Tunnel lowering.

The Rail Council action
The Vermont Rail Council last week voted unanimously, with David Wulfson of VRS abstaining, to support the NECR project. {ANR&P discussion}

David Allaire, one of two Rutland County appointees to the council — both of whom were absent at the time of the vote — said he will abstain from casting a dissenting vote in order to allow him to raise the issue for reconsideration at the council's September meeting.

Though Allaire and Eric Bohn of Omya, another member of the council, were not present for the vote, Rutland Redevelopment Authority Executive Director Tom Macaulay was. He said he felt the need to speak up and raise concern about how manipulating the funding would affect both the construction of the Middlebury spur, of which the bridge is part, and the Rutland rail-yard relocation.

“Until we understand what the impact on those projects is, it doesn't make sense to me to put $22 million in local contributions (secured for the Middlebury spur) at risk,” Macaulay said. “Those $22 million will leverage $88 million more.”

Macaulay also noted that the only council members present at the time of the vote were Chittenden County representatives. “If they want to take Chittenden County money and put that toward Essex that’s fine, but don’t come to Rutland County for it.” {Stephanie Peters in Rutland Herald 8.Jun.09}

VAOT position
On 9 June, Ide explained that his agency has a budget and a plan for spending the Jeffords earmark, in fact “$8 million more than the Jeffords earmark.” The budget and plan do not include the proposed NECR expenditures. The earmark, as appropriated by Congress, only came to $26.8 million.

The NECR project “was never presented as part of the agency expenditure, nor approved by the legislature.” The Rail Council voted to “make this expenditure during this construction season,” but “we can’t do that because it is not approved.” Nor is the Jeffords earmark “the most appropriate funding source.” The NECR project is contained on the list of stimulus expenditures prepared by the state.

Expend on private line?
Ide said that the Essex Junction Village manager had presented to the Vermont Rail Council a plan to expend the funds on the track from College Street in Burlington to Essex Junction. That would pay for the “deferred maintenance on a private rail line.” Informed of Hunter’s description of the project, Ide was not aware of the proposal to pay for the improvements north of Essex Junction.

RailAmerica would pay $1 million toward a total project “on a private rail line of $5.2 million.” {ANR&P discussion 9.Jun.09}
CBNS: SUBSIDY RENEWAL?

27 May, North Sydney. **AFTER THE PROVINCIAL ELECTION ON 9 JUNE, THE RAILWAY WILL ASK FOR A RENEWAL OF THE SUBSIDY** for operating on Cape Breton Island. [See 09#03B for statement that it would request a renewal.]

“By and large the business that we have between Sydney and Port Hawkesbury today is the same as it was since the closure of Devco and Sydney Steel,” said Rail America Regional Vice-president Peter Touesnard. “And it doesn’t generate sufficient revenue to really justify keeping 100 miles of railroad open.”

**Full amount of existing subsidy not used**

The 2005 agreement for up to $2 million/year was created to “assist with operating shortfalls and capital shortfalls to keep the rail line in place”; it ends 31 March 2010. CBNS has not used the full allotment of $2 million per year. “Off the top of my head I can’t tell you exactly what that number is, but we haven’t spent the full allotment that was provided for,” said Touesnard. “We haven’t expended that much money in part because we’ve been a little bit more successful than we thought we were going to be.”

**Traffic increase not soon**

“If the port facility in Sydney [the container terminal—see 09#05B] developed to such an extent that by 2012 we didn’t have operating losses, then there would be little or no need for the program that we have with the province,” said Touesnard. “But looking through our crystal ball at this point, we don’t anticipate 2010 will give us the business that we need to make a sustainable venture on its own.”

**Post-election: the crossing fee issue**

RailAmerica doesn’t anticipate formally asking for an extension to the subsidy until after the 9 June provincial election. The Conservatives currently hold power over the Liberals in Nova Scotia. Cape Breton North Progressive Conservative MLA Cecil Clarke [former minister of Energy—see 04#07B, minister of Economic Development, and minister of Justice {provincial website}] said his party is willing to consider the company’s proposal, when it comes. “We have had a positive relationship with regards to the agreement that we’ve been in,” said Clarke. [the Conservative government made the original agreement—editor]. “With all of the work that’s underway for the dredging of Sydney harbour and port development, rail is an essential component to that and we will look at it.”

Renewal will not be automatic, Clarke cautioned, even if the Conservatives win. “Part of what will be looked at is the current business and volumes on the line and then subsequent to that we’ll look at the business case. It will continue on likely for months in the future to get all the details looked at and all the players around the table.”

Cape Breton North Liberal candidate Ken Jardine said the provincial government basically wrote Rail America a $10-million blank cheque” in 2005. He also serves as spokesman for the Cape Breton Railway Victims Association, made up of landowners who believe that CBNS is overcharging them for easements to cross the rail line [see 08#07B].

According to Jardine, a Liberal government would not grant an extension on the subsidy until Railway America makes some concessions on its lease and crossing fees for landowners along its tracks. “We want to make sure we keep our infrastructure, but we want to make sure the money that was given already was properly spent because there really hasn’t been a great accounting of it or any attempt by government to tell us that,” said Jardine, adding that he and provincial Liberal Leader Stephen McNeil are “on the same page” on the issue. “It’s not going to be a blank cheque. They’re not asking for $20,000. This is another $2 million.”

Clarke said the subsidy is not related to lease and crossing fees, which he described as “consistent with elsewhere in Nova Scotia. “They’re two separate processes that will be dealt with and continue to be dealt with as
a separate matter.”

In January, NDP leader Darrell Dexter told the Cape Breton Post he was in favour of continued financial support for the rail line until there is increased traffic to make the line viable, calling it an integral part of the province’s infrastructure. {Greg MacVicar in Cape Breton Post 27.May.09}

9 June. **THE NDP WON THE PROVINCIAL ELECTION.** Relying on new Premier Darrell Dexter’s statement of January [see above], the subsidy will continue. {editor}

**Results**

Seats in Nova Scotia House of Assembly: 52

<table>
<thead>
<tr>
<th>Party</th>
<th>Standings</th>
<th>Current Party Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDP</td>
<td>31</td>
<td>Darrell Dexter</td>
</tr>
<tr>
<td>Liberal</td>
<td>11</td>
<td>Stephen McNeil</td>
</tr>
<tr>
<td>PC</td>
<td>10</td>
<td>Rodney MacDonald</td>
</tr>
</tbody>
</table>

The Progressive Conservatives had led a minority government. For the first time east of Ontario, the New Democratic Party won a provincial election.

**WHRC**

5 June, Windsor. **THE RAILROAD LAID OFF ALL BUT TWO WORKERS,** General Manager Jim Taylor and the track supervisor. Fundy Gypsum has shut its Miller's Creek mine; the Wentworth mine is stockpiling white gypsum.

The remaining two are operating the train to Windsor Junction for the interchange with CN. {ANR&P discussion with Taylor 10.Jun.09}

**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.

Dana Transport (GU, Massachusetts) New customer.
Domtar (ST, Maine #850) Re-opening.
Dragon Cement (MERR, Maine #893) Shipping to Quebec.
Fundy Gypsum (WHRC, Nova Scotia) Stopped mining.
Knight-Celotex (ST, Maine) Potential customer closed.
Logistec (PW, Connecticut #545-1)
Pond View (Transload America) (PW, Rhode Island #473) More
Portsmouth Naval Shipyard (ST, Maine #41) New contract.

**Letter to the editor:**

You have an excellent publication, and I always look forward to reading it.

Jan Okolowicz, Parsons Brinckerhoff
Coverage
The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

Advertising
Subscribers may purchase half-page ads for $100 per issue. Non-subscribers, $200.

Frequency and the e-bulletin
ANR&P appears at least four times a month. We send a formal issue twice a month, via post or e-mail. Between the issues, we send out the e-bulletin, only by e-mail. All information in the e-bulletin is included, and often updated, in the issue.

Stories not updated for the issue are noted with an asterisk. I urge readers to look at the issue’s updated stories (those without an asterisk).

Readers building a personal archive of the newsletter should discard the e-bulletins. All subscribers have access to the newsletter archive on the web, via password, at www.atlanticnortheast.com. If you do not have a password, merely request one from me.

Pricing
Subscriptions cost $395 for professionals, $125 per year for students, young and old. (Subtract $40/year for e-mail). Introductory prices available. The e-bulletin, sent by e-mail at least weekly between issues, is free of charge to all subscribers.

Purpose
Atlantic Northeast Rails & Ports is dedicated to the preservation and extension of the regional rail network. The editor believes that publishing news on railroads and ports spotlights needed action to preserve the rail network. The publication also imbues the region with a sense of an interdependent community, employing the network to move rail and port traffic. ‘No railroad is an island, entire onto itself.’

Copyright notice
PLEASE DO NOT COPY THIS NEWSLETTER or forward it in e-mail format, in whole or in part. You receive it as a paying subscriber, or a potential subscriber. Passing it on without explicit permission of the editor violates copyright law, and diminishes the likelihood of our staying in business.

E-ISSUE