**Article unchanged from e-bulletin.**

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

### REGION

[No report.]

**CONNECTICUT**

CSO: Atlas Container in Meriden closes.*

Bridgeport: Coal usage at PSEG station, lightering, and potential dredging.**

Bridgeport: Status of dredging for ‘deepwater’.*

**MAINE**

Amtrak: LaHood positive about Maine funds.

**VERMONT**

Vermont road salt: ISCO wins five of six districts.*

MMA: Proposes to abandon 241 miles.**

MMA: Matt Jacobson says state should explore CN and NBSR as possible buyers of track first.*

MMA: Legislators introduce bond bill.

ST/Eastport: Domtar at capacity; no rail yet.**

**MASSACHUSETTS**

PAS/CSXT: No talks about Ayer auto facility.*

PW: Gallo building salt facility in Worcester.**

PW: MHF sold to Penguin Logistics.

**NEW HAMPSHIRE**

New Hampshire road salt: ISCO wins two, Granite State four districts.*

NHDOT stimulus: Applications filed.*

MBRX/ST: Attorney General sees no criminal violations by public officials.* ST does not like it.*

MBRX: Governor and Council renew lease.*

**RHODE ISLAND**

[No report.]

### FROM THE PUBLISHER

Not actually cooperating

Although the Northeast States claim they are cooperating with each other in filing their applications for High-Speed Intercity Passenger Rail stimulus funding, I doubt it. No one can supply me with a simple table of which states have applied for how much funding under which Tracks of the HSIPR program.

Some attribute the problems to last-minute program tweaks by the FRA. I prefer this from Tom Irwin of the New England Rail Coalition: “If states were really cooperating with each other” this table would exist.

- Chop

Next formal issue 15 September
**CONNECTICUT**

**CSO: CUSTOMER CHANGE?**

17 August, Meriden. **ATLAS CONTAINER HAS CLOSED ITS OPERATION HERE.** The company filed a report with the state Department of Labor stating it would close the plant on 9 August. However, several workers are still on site to complete the move. State law mandates that companies file reports when they close an operation or lay off the majority of employees. It will move production to its Severn, Maryland headquarters.

[Atlas bought the 175,000SF building on Empire Avenue from Weyerhaeuser Co. in late 2001. {John Case in Inc Magazine 3.03} The underlying land was owned by Westvaco, which opened in 1957, and operated, a corrugated box company which allowed toxins to leach into the earth. {US EPA New England website}]

**Rail impact**

CSO was delivering paper to the plant, located on Empire Avenue.

**New use**

A company called Interstate Resources bought some of the Atlas customer list and is leasing a small part of the building, according to Peggy Brennan, the city’s economic development director. However, Atlas does have the entire building up for sale. {ANR&P discussion 17.Aug.09}

**BRIDGEPORT: INBOUND COAL**

17 August, Newark NJ. **PSEG IS STILL LIGHTERING COAL INTO ITS BRIDGEPORT HARBOR GENERATING STATION,** though plans exist to dredge enough to permit access by Panamax vessels.

**The power plant**

The Bridgeport Harbor Generating Station has four generating units, total capacity 529 MW: a 380 MW coal-fired (oil backup capability) unit, the largest in the state and the third largest in the New England Power Pool (NEPOOL); a 160 MW oil-fired unit; an 80 MW oil-fired in deactivated reserve; and a 20 MW quick-start combustion turbine.

**Coal use**

David Domogala, who purchases coal¹ for the plant as the manager – Fuel Supply and Trading for the Public Service Enterprise Group (PSEG), said Bridgeport can burn in excess of one million tons per year. The company likes to keep a strategic reserve to guard against delays in delivery as well as to take advantage

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¹While not disclosing any proprietary information, Domogala noted that PSEG uses “both long-term contracts and the spot market to keep prices low. We are in competition with other generators.”
of price changes. The Bridgeport site contains a storage area holding 150,000 tons; PSEG also uses Provport for storage, which now has about 100,000 tons.

Environmental regulations require the Station to burn mostly low-sulfur, low-ash coal, from Indonesia. From time to time PSEG will burn domestic coal: “We can mix the two,” said Domogala.

The Station does not have a scrubber [unlike the Bow, New Hampshire plant—see 09#08A]. Domogala said it uses a “baghouse” to capture particulates [20-foot bags, also used in Portsmouth’s Schiller Station {Elizabeth Dinan in Portsmouth Herald 14.June.07}]. The ash from the plant is trucked out.

**Competition from other generators**
Under the ISO New England (Independent System Operator) rules, owners of electric generating stations bid each day to supply power. ISO awards that day’s supply to the lowest-price bidder. Coal has had the lowest price, until very recently, when the price of natural gas dropped to a level at which many gas-fired power plants can deliver electricity cheaper than can Bridgeport.

In the last months, Bridgeport has not run at capacity.

**Delivery of offshore coal**
Because of shallow draft in Bridgeport harbor and at the PSEG wharf [see map in future issue], Panamax vessels (70,000 deadweight tons) cannot dock at the wharf. The ship anchors offshore. A vessel with specialized bulk handling equipment [see photo] ties up, and moves the coal out of the Panamax collier to barges which bring the coal to the PSEG wharf. PSEG uses the CSLI Pool [see photo and box].

**Delivery of domestic coal**
While the Station’s “main diet is Indonesian coal,” said Domogala, it also receives domestic coal out of mid-Atlantic ports such as Baltimore, Newport News, and Norfolk, by barge.

**Proposed dredging**
In 2007, the US Army Corps of Engineers announced that PSEG had applied for a permit to dredge a 128,128SF area to a depth of 35 feet mean low water, and to install a mooring dolphin. This would permit docking a Panamax vessel, which would unload into a new structure, a hopper on a new, fixed platform, and a 54-inch-wide conveyor to move the coal from the hopper to the existing coal pile. {USACE press release 5.June.07}

The dredging plans have not progressed much further because, as Domogala pointed out, “we’d be all dressed up with no place to go.” The Corps must dredge the harbor itself before Panamax vessels can reach the PSEG wharf. [See other article.]

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3Why has the price dropped so much? Citing open industry reports, Domogala said a new drilling technique, the “spider well”, permits drillers to branch out off a main well. The well can then draw from several points in the gas field at the same time, increasing the throughput significantly. The increase in supply has dropped the price.

3Weight of cargo, fuel, crew, and passengers carried by vessel, according to my *Concise Oxford Dictionary*. 
The term ‘deepwater’ or ‘deep water’ appears to have no fixed depth attached to it. Riccio uses it to refer to 35 feet.

Coal lightering. The CSLI Pool’s MV *Barkald* transshipment vessel, anchored off Bridgeport Harbor, uses its cranes to move coal from the Panamax collier into the barge. (CSL Transshipment website)

**BRIDGEPORT DREDGING**

10 August. **DREDGING IS DEFINITELY NEEDED** for the harbor, said Joe Riccio, former executive director of the Bridgeport Port Authority. He listed three ‘deepwater’ terminals in the harbor [depths according to the NOAA chart showing December 2006 survey data]:

- **PSEG.** The company would like to land Panamax vessels here to offload coal [see other article]. But the wharf has only 27 to 28 feet.

- **Motiva.** The tanks located inland have a unloading terminal in the harbor, which has 35 feet of water.

- **CILCO.** The public terminal points have 34 feet.

At the request of BPA, Congress provided funds to the Corps of Engineers to move the process this far, including enough money to do the plans and specifications which will lead to finding a contractor, once the actual dredging is funded. {ANR&P discussion 10.Aug.09}

**Channel**

According to a survey furnished to BPA by the Corps of Engineers, the Bridgeport entrance channel in Long Island Sound outside the breakwater is 35 feet deep, but inside the breakwater, depths generally range between 30 and 35 feet with several areas as shallow as 27 and 28 feet.


The plan seeks approval for a CAD (confined aquatic disposal) cell. If New York approves the plan, the Corps would first consult with the public on the CAD, and assuming

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4The term ‘deepwater’ or ‘deep water’ appears to have no fixed depth attached to it. Riccio uses it to refer to 35 feet.
no show-stoppers, then obtain permits and other approvals. If the CAD plan is not approved, Bridgeport could look at decontaminating the dredge spoils instead. Rees said the decontamination study is not part of the DMMP at this point.

Once these are in place, the Corps, with the assistance of stakeholders, will ask Congress for an appropriation. Then the Corps can ask a contractor to do the actual dredging. Rees estimated the process will require at least two years. \{ANR&P discussion\}

Rees worked for the Corp beginning in 1969, and last served as deputy assistant secretary, planning policy and legislation, in the Office of Assistant Secretary of the Army for Civil Work. From 1995 he has consulted as Rees Engineering and Environmental Services to those who need help with the Corps processes.]

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**MAINE**

**MAINE ROAD SALT**

16 June, Augusta. *MDOT AWARDED FOUR OF SIX DISTRICTS TO LAST YEAR’S SUPPLIER*, according to a table of bid awards supplied by Terry Demerchant, who handled the bidding for MDOT. Bids were advertised on 27 May, due on 11 June. This year the department split off a new District Six from District Three. Demerchant said this ‘helped the municipalities on the cost.’

Contracts in 2008 were awarded in August \[see 08#09A\]. Demerchant expects to advertise in May 2010, as well. ‘We decided to do it earlier to get a jump on ordering so the salt would be available for us before some of the other states.’ \{e-mail to ANR&P 20.Aug.09\}

**MAINE ROAD SALT CONTRACTS JUNE 2009**

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<td>Six/Western*</td>
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<td>6,030</td>
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</table>

**Other MDOT bidders**

Region 1: Morton Salt, $68.06; Eastern Salt Company Inc. $71, Granite State Minerals, Inc $77.10.

2: International Salt $67.51; Eastern Salt $73.80; Mid-Atlantic Salt $75.86; Morton $81.87; Cargill $92.68.

3: International Salt $79.47; Eastern Salt $80.00; Morton $85.34; Granite State $87.00; Cargill $92.68.

4: Cargill $69.73; Mid-Atlantic $84.82; Harcros Chemicals $95.45.

5: International Salt $91.96; Harcros Chemicals $99.98.

6: Cargill $81.45. \{Terry Demerchant of MDOT supplied info 18.Aug.09\}
AMTRAK: STIMULUS FUNDS?
17 August, Orono. **USDOT SECRETARY RAY LAHOOD TALKED ABOUT MAINE’S APPLICATION FOR HIGH-SPEED RAIL FUNDS**, during a tour at the University of Maine in Orono to look at the ‘bridge in a box’ technology developed there.

He commented: “We're spending a lot of time in different regions in the country working with folks on high speed rail and Maine is certainly a part of that. And we know that people would like to see a connection coming up from Boston all the way up probably to the Canadian border. And so we've been working very hard with folks in this part of the region to do what we can to be helpful.”

He noted: “We have $8 billion [in stimulus funds], there are about 13 regions around the country that are very interested in passenger rail. And so Maine will certainly be in the mix and I think they'll be part of the passenger rail service for the Northeast Corridor.”

LaHood says Maine is somewhat unusual in its persistence in bringing back passenger rail. “I don't know that there are other rural parts of the country that have taken the interest in rail that perhaps Maine has. I mean, when you think of the western states or states that are pretty rural, they've put almost all their resources into highways. And they haven't put their resources really into a kind of passenger rail.” {Ann Ravana in Maine Public Broadcasting Network 17.Aug.09}

MMA: PROPOSAL TO ABANDON**
13 August, Northern Maine Junction. **MMA MAY ABANDON HALF OF ITS TRACKAGE IN MAINE**, under a proposal shown in its System Diagram Map, to be filed after newspaper notices at the STB. Economic reasons drove the decision, said Ed Burkhardt, chair of MMA’s board. His Rail World is the principal investor in the railway, which operates 745 miles of track in Maine, Quebec, New Brunswick, and Vermont. [See map - this is not the System Diagram Map.]

The railway has taken this step toward selling or abandoning, according to a press release issued this day, ‘approximately 241 miles of low-revenue trackage within Maine by filing a System Diagram Map with the Surface Transportation Board (STB). The lines under consideration involve approximately half of its trackage in the State, and primarily impacts Aroostook County. The details of the lines involved are shown with the System Diagram Map, but in summary, service could be eliminated to Presque Isle, Caribou, Houlton, Easton and all the communities on its line between Millinocket and Madawaska (non-inclusive).’ [MMA would continue to serve Millinocket and Madawaska.]

‘Under Federal law, 60 days after filing a System Diagram Map, lines shown as potentially subject to abandonment can be made subject to an abandonment application to the STB.’

Burkhardt expanded on the press release. “We studied revenue per mile, including overhead, for the entire system. The worst part is the central part of the north-south line, where we have only logs, chips, and lumber.” The revenue is “much lower than anything sustainable” and therefore MMA has chosen to abandon that part.

[Warnings about need to abandon
On 2 April, Grindrod warned the Rail Caucus that MMA did not have enough traffic to maintain the system, and the state may need to step in. Revenue was down 35%. See 09#04A.]

Shortfall means deferred maintenance
MMA has already cut its “expenses down far enough that we can sustain ourselves, to costs corresponding with very poor revenue. [See 09#02A for cutbacks.]

“The issue is long-term sustainability. We are not providing enough cash flow” for the necessary capital expenses. That results in “deferred maintenance,” and it is getting worse each day. When MMA bought the line from the bankrupt Bangor and Aroostook Railroad, “it already had deferred maintenance. Now, the income is nowhere near adequate.”

In rough numbers, Burkhardt said, “Maine needs about $12 million per year of capital. In our budget for the last
couple of years, we’ve had about $5 million. That means at the end of the year, we have increased deferred maintenance of $7 million. There’s already a lot of deferred maintenance out there. The condition gets worse, the engineering department puts on slow orders,” and then the service gets worse.

“Good management will address that situation” sooner rather than later.

Measures of profitability
“In rough figures, we need $50,000 of revenue per mile of line. That doesn’t make us flush, and nobody on a class I [railroad] would support that figure. But we can do it there, if we cut out that middle section, what’s left will all have a figure of over $50,000.”

The middle section “only has $16,000 per mile.” Asked if that included the Fraser traffic from Madawaska, Burkhardt said not. However, “even if Fraser gave us 100% of its traffic and cut CN out entirely, it still does not compute.”

Why not abandon Brownville to Jackman?
Asked specifically whether MMA had considered severing its tie to Montreal, as it has virtually no customers between Brownville Junction and Jackman, Burkhardt said yes, it had considered that option. Traffic gathered by MMA on its Millinocket and Searsport stubs, plus the NBSR interchange traffic, would then run on ST and possibly SLR to reach Montreal.

“In fact, that would run into a lot of problems,” he said, “as you know. I was very pleased when that line turned out to be profitable.”

IMPACT ON CUSTOMERS
[According to the 2006 Directory of Rail Freight Facilities in New England, MMA had at that time 31 customers between Madawaska and Millinocket. I would estimate that number has dropped to 20. Editor]

In 2008, the railroad claimed overall 300 customers and 40,000 carloads [see 08#06B]. Sixty percent of the traffic is related to forest products, with Katahdin then generating 8200 carloads, and Fraser second with 5700.

Looking at the effect on specific customers, Burkhardt said:

**Fraser.** MMA inherited an agreement to do haulage for CN between Madawaska [see 09#08A] and St.Leonard, where CN does a physical interchange. “That would continue,” and even increase, as all Fraser traffic would move via St.Leonard.

Over the years, he said, Fraser has been “dividing the business...pitting the two against each other in terms of competition....That’s ok, but [the abandonment] will leave them with only one rail service.”

**McCain** The french fry company is already “a heavy trucker. There’s not a whole lot of support from the customer base of rail in this territory. McCain is probably 95% truck.” [MMA offered to deliver fuel oil at an extremely low cost, but McCain was not interested. See 09#04A.]

**Louisiana-Pacific** This producer of laminated-strand lumber [located in New Limerick on the Houlton line–our Directory #781] was already moving very little rail traffic. Burkhardt said MMA ran a train only once a week, “with a handful of cars.”

[**Katahdin Paper.** (Not affected by the abandonment plans.) This paper mill ranked as MMA’s largest customer, with 4500 carloads at the end of 2006 [see 07#01A]. In 2008, the Millinocket machines stopped, because the cost of energy had grown too high. Restart awaits the possible installation of a biomass boiler–see 08#06A.

The East Millinocket machines employ a biomass boiler, which eliminated the oil move MMA had, tank cars from Searsport–see 08#06B.]
Loring Commerce Center. This former air force base has rail, but no customers at this point [see 07#03B]. Carl Flora, president of the Loring Development Authority, wrote that his agency ‘is disappointed with MMAR’s proposal but we understand the underlying economic reality. LDA has been exploring several projects for Loring Commerce Centre for which the availability of rail service is a critical consideration. Without rail, these developments would be off the table. We are hopeful that a solution can be crafted that assures continued rail service and supports the continued movement of raw and value-added natural resource products between Northern Maine and the marketplace.’ {e-mail to ANR&P 14.Aug.09}

How were the data generated?
MMA hired no consultant to reach this conclusion, according to Burkhardt. “We’ve been working on this for four months, looking at each segment, where we’re making money, where we’re losing. We looked at various plans to split [the railway] into pieces.”

MMA officials “did it ourselves, a lot I did on my desktop. We took the 2008 traffic data, which showed all the traffic handled on-line.”

Why not wait for the economic recovery?
Burkhardt said the decision on what to do took into account the impending economic recovery, which would not “bring Maine back to where we were a couple years.” The heavy industry, the forest products, the home-building products, will not get back to where it was. “That was a hothouse climate” and even then, MMA was not doing that well.

With this move, MMA should be in a good position, “whatever the market hands us,” but that could change.

ABANDONMENT OR STATE PURCHASE
MMA officials have talked to the state for some time about this. A statement released on 13 August by Governor Baldacci’s office said: ‘[The Governor] believes it is very important to maintain existing rail corridors. Potential abandonment is of great concern to him.

‘The Governor and the Maine Department of Transportation will look at every avenue of funding that may be available, including potential federal Recovery Act funds so that the corridor and service can be maintained.

‘The action taken by the company starts a three-year window of abandonment [sic–this is incorrect–editor]. We do not at this time know how much funding would be needed to maintain the corridor and service [MMA is not asking for funding to maintain service–editor].
The Governor will work with the Maine Department of Transportation, the company and the federal government - including Maine's Congressional delegation - to identify potential funding.

Burkhardt assessed the net liquidation value of the track at $17 million. [Like other states, Maine is struggling with its budget. Recent state revenue once again fell below projects. {Maine Public Broadcasting Network}]

[Grindrod said upgrading the tracks would cost an estimated $6 million, and the annual maintenance expense would total about $2.5 million. {Judy Harrison in Bangor Daily News 19.Aug.09}]

Help with capital costs

Nevertheless, Burkhardt hoped that the state could buy the line. If the state could shoulder the capital burden of maintaining the lines MMA proposing to abandon, that would put MMA into the black on those lines. “We are telling customers that if the state buys the line, they should not see any change” in service.

He emphasized that MMA would continue to serve the customers on the trackage, without any subsidy. The railway is looking only for the state to handle the capital costs.

Previous request to state

In 2002, MDOT promised MMA $2.3 million for capital improvements, but has not paid that. In 2009, MDOT requested the funds from the Legislature; the Legislature refused that. [See 09#03B.]

Next step

When MMA files the system diagram map, that starts a 60-day clock ticking on the 241 miles the map will show as in a category for abandonment. “We have not made a decision yet to abandon,” Burkhardt emphasized. “If we have no agreement [on a state purchase], or we are not close, we will file an abandonment.” [Unlike many recent abandonments where no traffic has run on the line in more than two years, MMA is running on all of this trackage every week. Therefore it must go through the more formal, and lengthy, abandonment process at the STB. Editor]

{ANR&P discussion 13.Aug.09; statement from governor’s office; MMA press release}

MDOT comment

Commissioner David Cole said on 17 August: “We're looking to see if there are any options under the Recovery Act for discretionary rail funding to assist in preserving any of these stretches of railroad. And we'll continue to reach out as well to those private companies who are impacted by this. I mean we all need to work together.”

U.S. Representative Mike Michaud (D, northern Maine) said the situation is of great concern to him. “Having worked at Great Northern Paper Company [now Katahdin Paper, our Directory #s 790-791] for over 28 years, I know how important freight rail is for the state of Maine, for our economy. I can understand the problems that the railroad is having financially and I know that the governor's been working very closely with the railroad and hopefully will be able to come up with some type of solution to hopefully keep the rail line open.” [Why not an earmark such as the one Senator James Jeffords got for Vermont? – editor]

Michaud says even though many mills along the rail line have closed, the line serves as an important resource for future economic development in Northern Maine.

Cole and Michaud were attending the confab with Illinois Republican Representative-turned-U.S. Secretary of Transportation Ray LaHood [see other article]. {Ann Ravana in Maine Public Broadcasting Network 17.Aug.09}

MMA: NO STATE TAKEOVER*

19 August. MATT JACOBSON OPPOSED A STATE TAKEOVER OF THE MMA TRACKAGE the railroad proposes to abandon in Aroostook County. The candidate for the Republican nomination for governor and former SLR president wrote: ‘There can be no debate that rail service is critical for Maine, especially northern Maine. Our long-term economic prospects will be determined by our connections - our ability to move data, people and goods. Abandoning the tracks and removing rail service to these communities will have a negative and lasting effect on job creation.

‘....Government takeover of our industries is the least effective way for our state to save jobs or to encourage
long-term job growth. There are other options to save rail service in Aroostook County. For example, the tracks in question connect in the north to the Canadian National Railroad, and in the south with the New Brunswick Southern Railroad. Before any tax revenue is committed, every opportunity for other railroads to operate the lines—or for an alternative private solution to be reached—ought to be explored. It will take leadership and careful negotiation. But that isn’t enough.

‘The real problem is that companies who could use this rail service, and who create solid opportunity for jobs in our state, can’t do business here because we make it too expensive.’ He called for a better tax system and lower energy costs. {Jacobson website}

More on CN and NBSR
In a discussion on 23 August, Jacobson pointed out that neither NBSR or CN directly connect to the trackage MMA may abandon. MMA is not abandoning Brownville Junction (NBSR interchange) to Millinocket, nor Madawaska to St. Leonard (CN interchange). “The point is that we need to look closely for other operators; these two are the nearest and they both have deep pockets.” {ANR&P discussion}

**MMA: BILL TO PURCHASE TRACK**

24 August, Madawaska. *THE MAINE LEGISLATURE WILL REVIEW A $20 MILLION BOND BILL TO BUY THE MMA TRACKAGE IT PROPOSES TO ABANDON.* State Representative Charles “Ken” Theriault, D-Madawaska, submitted legislation for the 124th Maine Legislature’s second regular session that would authorize that amount of money for the state to purchase and upgrade 241 miles of MMA line.

Theriault, who sits on the Joint Transportation Committee, said he has not been involved in conversations between the state MMA, but said he wanted to keep all of the state’s options open. “This is still a fresh bill, and I am still working things out in my mind,” Theriault acknowledged. “I just wanted to submit the bill so that we could explore all of our options. I wanted to make the first move. I feel that if the tracks were abandoned, it would isolate this area and hurt economic development.”

At this point, Theriault said, he has not heard a lot of talk among local business owners about the railway situation. Talk should increase as the process moves forward. “I feel this would put our region in a real bind if we did not have rail service to deliver goods. We need to maintain that service here. I would really like to be in touch with the governor and others involved and get everyone on board to discuss options.”

Theriault has gotten support for the bill from other legislators, including Representative Patricia Sutherland, D-Chapman, and Senator Troy Jackson, D-Aroostook County. Representative Herb Clark, D-Millinocket, also has spoken in support of the bill.

The bill proposal will go before legislative council in September for inclusion in the second session of the 124th Legislature. {Jen Lynds in Bangor Daily News 25.Aug.09}

**EASTPORT/ST**

26 August, Baileyville. *DOMTAR IS PRODUCING AT CAPACITY,* said spokesperson Scott Beal, nearly 400,000 tons per year. ‘We are producing at our expected rate’ [Domtar restarted production in June—see 09#06A].

‘In the near term, we expect to have fewer ships but more tonnage shipped per vessel. All of our capacity for the time being is destined for Asia.’

Domtar loaded the second post-start ship on 25 August, with 34,000 short tons of pulp, exceeding the average load of prior years of about 14,000 tons per ship. {ANR&P discussion}

**Rail service not yet returned**

In mid-July, ST and Domtar were still discussing whether ST would resume service [see 09#07B NBSR and 09#06A]. Beal wrote: ‘Nothing new to report on rail.’ {e-mail to ANR&P 21.Aug.09}
One knowledgeable rail source said that after San Vel went bankrupt, a salt company did consider locating inside one of the concrete forms buildings. This is now part of Middlesex Paving at 1 Spectacle Pond Road, Littleton. ST did not buy the entire San Vel parcel, just a northerly parcel. {ANR&P discussion 21.Aug.09}

Google aerial photography now clearly shows three spurs on the future auto terminal property, parallel to the Freight Main.

Neither party is willing
Sources close to the situation related that neither ST nor CSXT is willing to talk about the situation now. PAS “is going to build the San Vel facility,” even if it could use the other auto terminal, said one. ST appears to be saying, “We put so much effort into establishing our right to build, by God we are going to build it.” {ANR&P discussions 19.Aug.09}

History of San Vel site
See footnote 5 in Gallo story, below. Paving will start at the San Vel site in mid-September.

Salt as first product
Gallo has just completed the conveyor pit and installing the conveyor. He will buy 80,000 tons of rock salt from American Rock Salt, and sell it to commercial accounts.

CSXT will bring the loaded railcars to Worcester, and PW will switch them into the salt area. Gallo has on “short-term” leased acreage from PW formerly used by lessor Intransit Container, which became available when Intransit stopped using the Southbridge terminal [see 09#03B and below] because of the steep traffic decline [see 09#05A Regional].

History of search for site
Gallo said his company had tried for fifteen years to get another salt pile. In the 1990s, it tried first in Sterling, and then in Ayer at the San Vel site [ironically, now becoming an auto terminal–see other story]. At that time, Akzo [a predecessor to American Rock Salt–editor] was going to use the terminal, and “dropped the project at the 11th hour,” after 10 months of negotiation, due to local opposition. Even though Gallo would have had a truck wash, and would done all unloading inside a building, locals feared the contamination of the aquifer.5 The head of Akzo, said Gallo, did not want to be known as the person who ruined Littleton’s water.

Gallo then spent a year on a site in Westboro, where CSXT offered a side track to a piece of land, but the town fathers axed it immediately.

The company also looked at a site on GU. “We were going to go to Upton, though the Upton site was very expensive. After spending a great deal of money on engineering, we could not get American Rock Salt to bite.”

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5One knowledgeable rail source said that after San Vel went bankrupt, a salt company did consider locating inside one of the concrete forms buildings. This is now part of Middlesex Paving at 1 Spectacle Pond Road, Littleton. ST did not buy the entire San Vel parcel, just a northerly parcel. {ANR&P discussion 21.Aug.09}

Google aerial photography now clearly shows three spurs on the future auto terminal property, parallel to the Freight Main.
With PW, Gallo looked for about a year and a half at different sites: “Every turn where we found the rail, we found the Blackstone River.” Thereafter, Gallo did find four acres behind Rodman's Furniture in Worcester, but then Rodman decided against the project due to concerns about truck traffic.

**Commercial accounts**

Gallo has tentatively signed up accounts which would use 30,000 tons of road salt, he said. The market is huge: from Connecticut to Maine, the region uses over a million tons a year between commercial and government accounts [see other articles on Maine and New Hampshire road salt purchases]. He eventually would like to tap southern New Hampshire and southern Vermont.

Commercial accounts will enjoy top priority at the Worcester pile, he said. In other locations contracted to state and municipal accounts, the salt supplier must meet the government requirements first, or pay a penalty. Consequently, “commercial accounts play second fiddle.”

**Other bulk accounts**

Gallo emphasized that the Worcester facility can handle other bulk products with its loading capability, and he is open to handling other products.

**Taunton site; CSXT service**

At Taunton, his first salt terminal, Gallo operates mostly for American Rock Salt customers [our Directory #283-2], but also takes 20,000 tons for his own commercial customers. “We’ve expanded the salt pile there.” Gallo added another six acres by acquiring the former Crown Wire site.

The cullet [for CRG-Recycle America Alliance–#283-1] moved to Middleborough [see 09#05A]. “I’m trying to get them to Worcester.” CSXT service east of Attleborough has deteriorated. It used to provide service five days; that has decreased to three days a week. Asked why, he could not say. “Some things that the railroads do boggle the mind.”

**Sagamore site**

Here Gallo, served by MC, is still receiving fly ash from Mirant [#305], and loading it into rail cars, though that has slowed down. {ANR&P discussion 20.Aug.09}

**The Worcester site**

Marie Angelini, PW general counsel, said Gallo will ‘site its salt pile on 5.5 acres within P&W's Southbridge Street yard facility, on land that was previously leased to [Intransit Container Inc] which has agreed to a reduced footprint in consideration of other space it uses for its intermodal operations in Worcester. We expect Gallo to distribute salt from the site beginning in late 2009.’ {e-mail to ANR&P 25.Aug.09}

**PW: CUSTOMER SOLD**

19 June, Cranberry Township, PA. *THE MHF FACILITY IN WORCESTER WAS ACQUIRED BY A UNIT OF RELATIVITY CAPITAL LLC* as part of a deal with Allied Capital. Penguin Logistics LLC, owned by Relativity Capital and doing business as MHF Services, acquired for $5 million ‘certain assets of MHF Logistical Solutions’ from Allied Capital. The headquarters of MHF Services is located in Cranberry Township, near Pittsburgh. {MHF
Even though this newsletter does not directly cover passenger rail, many freight corridors could receive upgrades under various federal programs, particularly the High-Speed Intercity Passenger Rail stimulus funding (HSIPR). The FRA required any state seeking HSIPR funds to pre-apply by 10 July. Final applications depend upon the ‘track’ for which the state is applying.

### Track 1
- **Track 1a** projects must have the environmental permitting in place; they must be completed within two years. For **Track 1b**, preliminary engineering and NEPA permitting must be completed within two years (not construction). Final applications are due 24 August.

### Track 2
- Service Development Programs. This track is intended to develop new high-speed and intercity passenger services, including substantial upgrades to existing services. Projects do not need to be ready-to-go and the Federal Government may commit to fund the entire program through a Letter of Intent (LOI), and obligate funds through cooperative agreements that establish deadlines for completion of environmental, engineering, design and other work. Final applications are due on 2 October.

### Track 3
- Service planning agreements. FRA will pay 50% of advance planning activities. Final applications are due 24 August. (National Railroad Construction and Maintenance Association website)
ST pullout?

Asked whether ST had returned to the bargaining table to conclude an operating agreement for the future passenger service, Burling said, “Not yet. I remain open to that happening.”

However, the state has other options. “The Rail Transit Authority remains convinced that a $300 million project which will generate additional hundreds of millions of dollars in development for New Hampshire will not be stymied by a personal dispute between two relatively small railroads.”

Burling emphasized that the project of beginning passenger rail between Boston and Concord would put “$154 million into [the ST] rail line. The primary beneficiaries will be Pan Am, NS, and PSNH [Public Service of New Hampshire].” {ANR&P discussion 21.Aug.09}

NEW HAMPSHIRE ROAD SALT*

[I am seeking better information, such as the actual price per ton, from New Hampshire.]

MBRX: NO WRONGDOING*

12 August, Concord. THE ATTORNEY GENERAL’S OFFICE RULED THAT NO CRIMINAL ACTION HAD OCCURRED during the process leading up to the NHDOT signature on a 10-year renewal of the MBRX operating rights on the state-owned line [see 09#08A].

Associate Attorney General Anne Rice concluded, after interviewing several principals:

‘Based on these events, there is no basis to conclude that any public official engaged in criminal conduct with respect to the handling of the MBRR contract. Rather, the contract was handled in accordance with standard practice. Accordingly, this office will not be conducting any further investigation.’

Investigative interviews revealed differing accounts from Fink and Transportation Commissioner George Campbell. Fink alleged in his complaint that Campbell said he had been worried about bidding the contract for fear it could jeopardize his agency budget since Leishman is a member of the House Finance Committee.

During an interview with prosecutors, Campbell said he did not want to deal with this relatively trivial issue of a railroad lease while his budget was before lawmakers. ‘The commissioner specifically denies making any comment to you to the effect that broaching the issue of the MBRR contract would antagonize Peter Leishman who is on the budget committee,’ Rice wrote.

Rice forwarded a copy of Fink's complaint to the Legislative Ethics Committee that is in charge of looking into improper but not illegal contact by lawmakers. {text of her letter to David Fink senior}

13 August, Nashua. ST GENERAL COUNSEL ROB CULLIFORD EXPRESSED DISAPPOINTMENT WITH RICE’S CONCLUSION, in a letter to her this day. ‘[T]he real travesty is that the allegations that have been raised not only by Pan Am but also by others are extremely serious and the failure of your office to fully investigate those claims reinforces the belief expressed by Mr. Fink in his letter to Governor Lynch that the transparency and integrity that is required of all public officials is being undermined in New Hampshire by these recent events....

‘Unfortunately, what we believed would be an extensive investigation instead was limited to a much shorter period, with the results reflecting the amount of time actually spent on this issue. In an effort to provide a fuller understanding of exactly what occurred, I would ask that you consider the questions raised in this letter and respond more fully at your earliest convenience.’ {text of letter}

Culliford did not mention ST’s refusal to continue to negotiate with the state on the commuter rail [technically, since the High-Speed Rail money cannot be used for commuter service, one should call it ‘passenger rail’—editor] startup [see 09#08A].
THE SMOKING GUN?*
During the investigation, a 19 May 2009 e-mail from Campbell to Kate Peters, Governor Lynch’s special assistant for transportation policy, came to light, discussing the Leishman bill to study the purchase of all rail lines in the state. Interesting excerpts:

- ‘Next, it is clear Peter Leishman has extraordinary financial conflicts on this. He and PanAm are in huge battles. The senate saw through that.’

- ‘DOT and Rail Authority are negotiating an MOU with PanAm (exactly the same arrangement they have with NNEPRA). The AG has a lawyer at the table....The alternative is acquisition and in light of our funding crisis should not be explored unless the operating rights agreement fails. All of this has been fully and completely discussed.’

- ‘You didn’t mention that Peter alleges I have a conflict because I worked for Guilford. I did - 25 years ago. If anything it would make me negative towards them. However, I made all that clear in my application and confirmation. And I simply see it as further evidence of the level of viciousness that these representatives will go in order to destroy NH’s chances to get this passenger rail service. By the way, Chris [Clements] and not me is the NHDOT negotiator.

Kate Peters comments
Campbell was responding to a 19 May 2009 e-mail from Peters, which said in part:

- ‘Big picture I still think the bottom line is that the state either has a relationship with PanAm and has a chance of getting commuter rail running, or we don’t have a relationship with them and we can’t afford to purchase the right of way and taking by eminent domain goes on for years, and we lose our chance to get commuter rail running.’ {text of e-mails}

MBRX: LEASE RENEWED*
19 August, Manchester. THE GOVERNOR AND COUNCIL RENEWED THE MBRX OPERATING RIGHTS AGREEMENT FOR ANOTHER TEN YEARS, at their monthly meeting here at the Manchester Community College. “I think the attorney general looked at it in a very comprehensive way [see article above],” Lynch told reporters after the council meeting at Manchester Community College. “That's why the council approved the lease renewal without any discussion.”

In recent weeks several executive councilors said their past dealings with Pan Am or Fink discouraged them from approving someone other than Leishman for the contract. {Kevin Landrigan in Nashua Telegraph 20.Aug.09}

VERMONT
ROAD SALT
SLQ/MMA: PASSENGER RAIL?

24 August, Sherbrooke. **A VIA RAIL STUDY SHOWED PASSENGER SERVICE BETWEEN MONTREAL AND SHERBROOKE WOULD NOT MAKE MONEY.** The study, conducted by Via Rail at the request of Bloc Québécois MP Christian Ouellet, focused on two possible routes: the shorter, MMA route via St-Jean-sur-le-Richelieu, Farnham, Bromont and Magog; and the other, the SLR route via Ste-Hyacinthe.

Via Rail spokesperson Catherine Kaloutsky placed the cost of such a service at $75 million annually with estimated annual losses between two and three million dollars.

Kaloutsky said Via Rail would have to spend an additional $75,000 to $150,000 just to assess the feasibility and potential profits the project could produce. But the company does not wish to go much further into the idea. “We prefer to use our money for services we already offer,” Kaloutsky said.

Via Rail said it is willing to share the results of its study with individuals or organizations supporting a train service between Montreal and Sherbrooke. Ouellet has received a copy of the study but has yet to make an official comment on the findings. He is presently consulting railway experts to for further evaluation. {Sherbrooke Record 24.Aug.09}

**Previous efforts**

Advocates were proposing an excursion service from Montreal to the Eastern Townships in 2000, but that never started [see 00#20].

HALIFAX: DIRECT TO VIETNAM

12 August. **DIRECT CONTAINER SHIPPING SERVICE BETWEEN HALIFAX AND VIETNAM PORTS BEGINS 19 AUGUST,** according to an announcement this day. Ho Chi Minh City is being added to the current AWE-4 service including direct port calls at Singapore, Shekou, Hong Kong, and Yantian.

The CKYH Alliance members, Cosco Container Lines, "K" Line, Yang Ming and Hanjin Shipping, began calling the Port of Halifax in May 2009 providing connections between Asia and the East coast of North America. Halifax is the only Canadian port of call on the weekly service.

“K” Line operates eight of its 4015-TEU vessels on behalf of the CKYH Alliance for the AWE-4 service. This will be the first direct service between the port of Cai Mep, which serves Ho Chi Minh City, and Norfolk/New York. Transit time is estimated to be 30 days from Ho Chi Minh City to Halifax and 23 days from Halifax to Ho Chi Minh City.

Direct service between Vietnam is achieved with the harbor at Cai Mep being dredged to handle deep-sea container vessels. Cai Mep is the first port completed of six planned container terminals. {Halifax Port Authority press release}

**CORRECTION**

The person who supplied the photo for the previous formal issue, of the transformer move in Quebec, is ‘Frank Jolin’. See 09#08A.
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.*

Domtar (ST, Maine #850) Service not yet resumed.
Fraser Paper (MMA, Maine #750)
Gallo (PW, Massachusetts) New facility.
Louisiana Pacific (MMA, Maine #781)
McCain (MMA, Maine #772)
MHF (PW, Massachusetts #442)
PAS/Ford (PAS, Massachusetts) Under construction.

PEOPLE

Dan Hamilton, former director of supply chain for Sappi, and then president of Nexus Distribution Company, is ‘seeking the next opportunity,’ he writes from Chicago. He left Nexus in April 2009, ‘a mutual agreement on good terms’.

ATLANTIC NORTHEAST RAILS & PORTS

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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).

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