**Regional Issues**

**MassDOT**: Bill to require railroads to move cars to interchange in 48 hours. Congressional bill may preempt Maine law.**

**MDOT**: First draft of rail plan in January.

**ST**: Grimmell scrap move continuing.

**Rockland**: Details of Hartley Marine’s tug and barge moving cement to Boston. Box on other tug moves in Maine.*

**Searsport**: Still some optimism. Shipping News.

**MAINE**

**Maine Legislature**: Bill to require railroads to move cars to interchange in 48 hours. Congressional bill may preempt Maine law.**

**SLQ**

**New Hampshire**

**General Court**: Bill to prohibit state rail subsidy.

**SLR**: Hauls away parts of a former New Hampshire customer.*

**Portsmouth**: PSNH installing new coal unloader.

**Rhode Island**

**Shipping News for Providence**: [No report.]

**Vermont**

**Maritimes/Québec**

**CBNS**: Will Nova Scotia continue Cape Breton subsidy?

**Rail Shippers/Receivers**

A cross-reference to companies mentioned here.

**People, Positions, Events**

[No report.]

**From the Publisher**

Happy New Decade!

The year 2009 marked the end of 15 years of doing the newsletter, which I began publishing in 1994. The next decade, I hope, will see coverage expand to New York and beyond. I still need help to do that: free-lance writers and editors.

The ‘oughts’ have proved worse than zero: carloadings are down versus the beginning of the decade. Will the next decade bring new prosperity to New England and Maritime railroading? Not without significant change: federal government stimulus, or state government requirements to ship by rail, or a leap in the price of diesel.

- Chop Hardenbergh

Next formal issue: 15 January
REGIONAL ISSUES

PW/ST: BOW COAL BACK
30 December, Worcester-Bow. **A 60-CAR TRAIN OF OFFSHORE COAL MOVED TO THE PSNH POWER PLANT THIS DAY.** {e-mail to ANR&P from PW’s Frank Rogers}

PW originated the move in ProvPort, where a ship had discharged 41,000 tons of coal. Stevedores of Waterson Terminal Services loaded 30 cars at a time; PW moved two cuts, 30 cars each, to Worcester where they were combined for the trip to Bow. The train used PW power.

For the time being, PW has added a second train between Rhode Island and Worcester, DAWO-WODA, Davisville to Worcester. The regular WOPR-PRWO will handle the coal. {e-mails to ANR&P from special correspondent Ron Chouinard}

Trucks will still move from Portsmouth
One source who understands the move said trucks will continue to haul off-shore coal from Portsmouth [see New Hampshire] to Bow as well. The current rail move will last until the 41,000 tons are moved [if 6000 tons per train, that will entail only 7 trains—editor]. Players in the move hope ‘it’s the first of many.’ {PSNH spokesperson Martin Murray said in March that about half the offshore coal, from Venezuela, moves by rail, and half by truck. See 09#03A.}

Limestone and gypsum
The railroads and power plant are also talking about, when the limestone scrubber at Bow comes on line, possibly in 2010 [see 09#03A], how to bring in the limestone and how to move out the synthetic gypsum created. No solution yet. {e-mail to ANR&P 28.Dec.09}

PAS-NS: FORD WILL BEGIN
30 December, Voorheesville NY. **NS WILL BEGIN ITS FORD AUTORACK TRAINS ON 7 JANUARY,** said Jeff Sutch, president of SMS Rail Services here, which will unload the autoracks for a period of months in 2010. “This will be a great boost for us,” though the industrial park served by SMS Rail is “doing well and growing. We’re in the right location, served by two Class Is.” [See 09#05B.] {ANR&P discussion}

As reported earlier [see 09#10A], NS and CP will begin operating two intermodal trains, instead of one, and add the Ford autoracks to them. A train will serve Voorheesville with the racks and CP’s Kenwood Yard with the intermodal for the Albany region, and another train will operate direct to Ayer with racks and intermodal cars there.

Mechanicville
The project to build a combination intermodal and auto terminal is moving ahead, slowed by winter [see 09#10A].

Ayer automotive
Despite the resistance of some to the construction of the San Vel facility, it will [possibly]¹ open on 8 January as the first train arrives. Shaun Suhoski, town manager, said he and environmental officials inspected the site in mid-December. “PAS has thus far gone beyond what would normally expected....but the devil is in the details.” The stakeholders are “still working through the final wrinkles” of environmental compliance.

PAS has invited the officials back to view the site when it is operating, but he knew of no formal grand opening.

¹NS’s Rudy Husband wrote that San Vel ‘should open sometime in the 1Q.’ Railfans report that two trains will begin running in January. Possibly autoracks will not run to Ayer until weeks after they run to SMS Rail. {editor}
PW: CONSUMING CASH

16 November, Worcester. **PW HAS GENERATED VIRTUALLY NO FREE CASH FLOW OVER THE PAST FOUR YEARS.** This conclusion is reached from the railroad’s quarterly reports, which provide:

**Current assets.** This states the cash and receivables at the end of the quarter.

**Current liabilities.** This states the monies owed at the end of the quarter, essentially unpaid but current bills.

**Net current position.** Current assets minus current liabilities. This states whether the company would have cash after paying the current liabilities.

[Then General Counsel Mary Tanona asserted the company had sufficient cash when this question was raised four years ago–see 05#05A. PW commented on cash in its quarterly report later that year–see 05#08A.]

**Historical reconstruction**

Four years ago, at the end of 3Q05, PW had a net current position of $4.33 million. Because the company spent much of its extra cash on capital expenses, that position shrank to a negative $984,000 at the end of 2007.

Then PW brought in GATX as a shareholder. The railcar leasing company bought $5.5 million worth of stock [SEC Form 8–K, 1.Jan.08–see 08#0-1A], which went into the current assets account. As the table shows, much of the addition to current assets was apparently consumed by the negative $984,000 of 4Q07 and new liabilities generated during 1Q08, so that current assets only grew by about $3 million at the end of 1Q08, showing PW with a net current position of $3.38 million.

Since then, the net current position has continued to shrink, to $29,000 at the end of 3Q09.

**Why does this happen?**

The company is not frittering away the cash, although, coincidentally, the $4 million decline in current assets over the period mirrors the $4 million paid in compensation and dividends to the top three officers.

Most of the decline has gone into capital expenditures, exactly the reason PW gave at the time for raising cash by selling stock to GATX. The cash has not gone to pay current expenses: the balance sheet shows that the railroad had net income of $1.213 million in 2005 and $1.042 million in 2006. In 2007 it did have a loss of $652,000, but bounced back in 2008 to $166,000. Through 3Q09 it is down $902,000.

Thus net income since 3Q05 comes to $867,000.

**No debt**

PW, unlike many short–line railroads, has no debt. The balance sheet shows a company gradually building an asset base of property and equipment, but to what end? The assets do not appear to generate significant free cash flow. And with unit volumes considerably lower, what is the appeal of additional capacity anyway? Shrinking revenues make high returns on assets seem improbable in the foreseeable future.

If we consider the effect of shrinking revenues on railroads with debt, the picture must get much darker. Then it’s not just a matter of lower yields to investors, but a threat to survival as debt becomes harder to repay and, perhaps, harder to refinance.

The chart paints a bleak picture for PW and by extension all the shortline operators in the region. {ANR&P opinion by special correspondent Tom Farley}
PW COMMENT: NOT A BLEAK FUTURE

Asked to respond to Farley’s contention, PW General Counsel Marie Angelini wrote:

P&W agrees that it is ‘not frittering away cash,’ and that is particularly true with respect to executive compensation and capital expenditures. On the matter of executive compensation, salaries of the Company’s executive team is neither tied to nor in any way driven by the Company’s cash position. There was no dramatic change in compensation during the period from 2005 to date which, in fact, declined in 2006.

On the matter of capital expenditures, debt and related matters, the Company strongly disagrees with your supposition on P&W’s ‘bleak’ future. The Company agrees that a scenario of shrinking revenues and debt poses a threat to the long-term health of an organization — but this is not the situation at P&W. As you correctly observe, P&W has no debt — unlike many businesses, including many railroads. The Company’s strategy, to build and maintain a railroad that provides outstanding service to its customers, is furthered by continual, incremental investments necessary for securing new opportunities to sustain and grow revenues. Infrastructure improvements like those in South Providence yard (ethanol), Davisville (autos) and the Port of Providence (coal) have generated significant revenues for the Company and keep it relevant in southern New England’s competitive environment. Reactivation of the Willimantic Branch interchange has expanded the Company’s Class 1 connections, ensuring its ability to furnish alternate routes and pricing.

P&W continues to operate on the basis of sound business principles and to eschew factors (e.g., analysts’ expectations and the like) which may guide others. It has no borrowings outstanding under its $5 Million line of credit. While P&W’s car counts have been off significantly in 2009 — consistent with the rest of the industry — and P&W concedes that 2009’s business environment has been challenging, the...
Company looks to the future with optimism for continued growth and opportunity. In short, P&W believes your ‘bleak’ analysis misses the mark.  

{e-mail to ANR&P}

PAS NY: NEW CUSTOMER*

17 December, Scotia. DIMENSION FABRICATORS WILL MOVE INTO THE FORMER SUPER STEEL FACILITY here, giving ST a second customer on its Rotterdam branch.

Why not the former ALCo plant?

Dimension Fabricators now occupies four buildings in Schenectady on Maxon Road Extension totaling 49,000SF, and leases 50,000SF at the former American Locomotive plant (ALCo) on Erie Boulevard.

Why not expand into ALCo? “It’s not a bad question,” said Scott Stevens, Dimension’s chief executive officer. He contemplated it, and talked with the owners but “the environmental issues are overwhelming.” After ALCo, GE came, and “kept the facility in tiptop shape,” then left in 1985. The current owners don’t have a lot of money, leaving the “large and looming buildings...old and tired.”

Second, Stevens noted, “the tracks were ripped out” and the site has no rail access at this point. Nevertheless, he does “see opportunity” because the site has 60-ton cranes, and the buildings have columns every 20 feet. However, “code compliance is so far from complete.” In contrast, “Super Steel is only 13 years old.”

Current operations: rail, truck, and barge

Scott said that at Maxon Road, on the CP main line, he receives about 50 cars a year: “We are tiny.” Switching the cars into one of his buildings is not easy. To move the fabrication to the finishing plant at ALCo requires a three-quarter mile dray, some on a public road, so “we need a registered trailer in good shape, for two, three, or four moves a day.”

Dimension put in a wharf on the Mohawk River for one large project. “To move the product by barge you need a customer to receive by barge, which is even more rare than a customer with a [rail] siding.” The new site will not have water access; “I’m happy to let that go.”

Quality of rail service

Dimension will return to ST service. “We were over there 20 years, when they were Guilford, and that was bad.” said Stevens. “We hope they are better. It’s important we have rail, but not as critical” as truck. “We might get to 100" carloads a year. He receives 70-75% of the raw material trucked from mills in Auburn NY, Wallingford Connecticut, and New Jersey.

CP, his current rail provider, he rated as “less than overly friendly.” He recognizes he is a small customer, but in his business “we treat every customer the same.” {ANR&P discussion}

The former Super Steel: also locomotives

Up to 200 jobs were lost when the company, a division of Super Steel Products Corporation in Milwaukee, shut down the plant, located in the Town of Glenville in the former Scotia Naval Supply Depot, because of a big decline in locomotive orders during the recession. Its rail access was a key point to Stevens.

On 16 December, the Schenectady County Industrial Development Agency approved exemptions that will save Dimension money on the mortgage recording tax and sales tax for building materials and equipment. Dimension will also assume a payment-in-lieu-of-taxes agreement that Super Steel had for the property, said Ray Gillen, chairman of the Metroplex Development Authority.

Founded in 1984, Dimension Fabricators makes concrete reinforcing steel products such as rebar and continuous steel spirals that are used in complex civil engineering jobs, such as bridges, tunnels and roads. The order backlog is in good shape despite the recession, Stevens said.

He wanted to stay local because he values the workforce here. “We’ve got several dozen people that are skilled and competent and familiar with what we do. It’s not easy to recreate that 30 or 40 miles away just because land is cheap.” {Michael DeMasi in Schenectady Business Journal 16.Dec.09}
CONNECTICUT

ConnDOT: RAIL PLAN
29 December, Newington. AN UPDATE ON THE STATUS OF THE STATE RAIL PLAN was provided by Brenda Jannotta, manager of operations, administration, and security for ConnDOT’s Office of Rail. In November 2009, she assumed the role of manager for the plan after Peter Richter took early retirement.

Richter was deputized by ConnDOT Commissioner Joseph Marie in November of 2008 to shepherd the plan [see 09#01A], succeeding Carmine Trotta. Work on the plan actually began in summer 2005 [see 05#09A].

How far along is the plan?
Jannotta said the current draft is about 75% complete. She has collaborated with state and local agencies, freight railroads, Amtrak, MTA, Metro-North, and others for input into the plan and is focusing on developing the long-term investment plan at this point.

Freight railroads
ConnDOT has asked all the state’s freight railroads (HRRC, NAUG, PAS, CNZR, CSO, PW, Valley Railroad, Branford Steam Railway [see 09#10B for these two]) for information, said Jannotta. As of this day, several of the railroads have provided input, but a few of the railroads have yet to provide comments. She is continuing to collaborate with the railroads since they are an important component of the plan.

The rail plan will have a separate chapter on freight.

Next steps
Jannotta will meet with Commissioner Marie next week to discuss the status, and will at that point ask him what kind of outreach he would like.

She expects to have a first draft in “the next couple of months.” {ANR&P discussion}
LD 1638 garnered eight co-sponsors on this day:

Representative BROWNE of Vassalboro (R, ranking minority member of Transportation committee)
Representative CAREY of Lewiston (D, member of Transportation committee)
Senator DAMON of Hancock (co-chair, Transportation committee)
Senator GERZOFSKY of Cumberland (D, co-chair, rail caucus)
Representative MacDONALD of Boothbay
Representative MAZUREK of Rockland (co-chair, Transportation committee, co-chair, rail caucus)
Representative ROTUNDO of Lewiston
Representative THOMAS of Ripley (R, member of Transportation committee)

The supporters got LD 1638 through the Legislative Council, whose approval is needed to introduce a bill during the second session of this Legislature, which has less time to consider proposed new law.

Fitts expected the Transportation committee to hold a public hearing on the bill early in the session. He sits on the Utilities committee, which itself looked at rail service for two years using a survey by the Public Advocate [see 07#01B].

Response from MMA
Bob Grindrod, the railroad’s president, wrote:

Chop – I would have to oppose the bill as written for two reasons.

First, it sets too short a time frame for delivery to the next interchange carrier when considering that industries are switched five days per week or less, depending on the area and the volume of traffic. Any car released Friday afternoon would be in default by the time the plant is next switched on Monday (there does not seem to be any "except for weekends" language in the bill). On lines where service is provided less than five days per week (out of economic necessity) the impact would be even greater, and would weaken these lines even further.

Second, if the charge is seen to be unreasonable (the hurdle is set unrealistically high under the current economic circumstances), it is likely that the railroads will pay the charge and pass the cost along to the shippers. This would only serve to make rail less competitive with truck, and probably drive some volume of traffic from rail to truck. I think such a result would be contrary to good public policy, and would certainly not have a beneficial impact on the railroads.

There needs to be some recognition of the economic situation which the carriers are facing. Service levels have been reduced because shipments (which pay for the levels of service) have been reduced substantially as a result of general economic conditions. Railroading is a volume business which has a very difficult time reducing expenses (to bring them in line with revenues) without a reduction.
Federal pre-emption?

Just as Fitts was drafting his bill, the US Senate Commerce Committee produced a rail bill which required the STB to address service. According to Senate bill S.2889, section 304:

SEC. 304. SERVICE.

Section 11101 is amended--

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following:

’(f) The Board shall, by regulation, require rail carriers to publish reasonable common carrier service expectation ranges. These may include ranges for normal car cycle times, transit times, switching frequency, and other service components as determined by the Board to be appropriate.’ {Library of Congress website}

Could this language permit railroads to argue that the federal statute (if enacted) pre-empted any state legislation on service? Two opinions:

Representative Fitts. ‘One way to look at it, we bring light to the subject in the process at the federal level. Being the first state to do it makes our Congressional delegation stronger in the discussion, and we may not necessarily be pre-empted because this legislation is tied to state funding, for which we have full right to attach strings. ‘I think the effort is notable at the Federal level, and we should watch its progress through the remaining steps that it faces before becoming law. That is no small feat by the way...’ {e-mail to ANR&P 28.Dec.09}

Counsel’s view. An attorney versed in STB practice wrote this: ‘The proposed Senate bill seems so vague as to be meaningless. Railroads would need to publish reasonable "service expectation ranges", but there is no specific service standard, as in the Maine legislation, or any penalty provision. If this bill becomes law, I would think that a railroad could comply by publishing a statement that indicated an expectation to be able to pick up loaded cars, for example, within a specified range of hours or days, absent unforeseen circumstances, acts of God, declines in business levels warranting corresponding declines in service levels, etc. In other words, there could be so many caveats that the expectation range would be meaningless. I would think that most rail carriers would find such legislation to be relatively benign, because compliance would be easy and it would clearly preempt state laws, such as the one under consideration in Maine.’ {e-mail to ANR&P 29.Dec.09}

ST: SCRAP

26 December, Topsham. THE RAILROAD LIFTED A SECOND TEN LOADED GONDOLAS OF SCRAP at Grimmell Industries here. The company has enough scrap to continue moving these cars, using the newly-opened siding [see 09#11B]. {ANR&P discussion 28.Dec.09 with Grimmell official}

SCRAP LOADINGS UP NATIONWIDE

‘In a week when many cargoes were down as a heavy winter storm blew across the Midwest, major U.S. railroads had their strongest loadings of scrap materials in three weeks. That suggests ongoing demand from U.S. factories for cheap, recycled inputs to mix with costlier raw materials, in order to keep producing their own products.

New carloads of rail-hauled scrap, which is dominated by metals, reached 7,323 units at large U.S. lines in the week ending 12 December, the most since 7,707 on 21 November.’ {Journal of Commerce on-line 18.Dec.09}
SEARSPORT
27 December, Searsport. **NOT EVERYONE WANTS TO GIVE UP ON A NEW TERMINAL HERE**, despite the lack of response to the Maine Port Authority’s Request for Expressions of Interest [see 09#11B] sent to more than 50 firms.

“It is time to hang up the cleats,” Stephen Miller, executive director of the Islesboro Island Trust, said recently. Becky Bartovics, a member of the executive committee of the Maine Chapter of the Sierra Club, which long opposed development on Sears Island, doubted an international cargo terminal on Sears Island is economically viable, in part because the cost of developing the environmentally sensitive area will scare away private developers. She, like Miller, served on the committee that reached the compromise over Sears Island's uses. Her group intends to make sure the transportation department holds to the requirement that Mack Point be developed first.

But......
John Henshaw, the Port Authority’s director, said he has had several inquiries since the 25 November deadline, though he would not elaborate. And MDOT Commissioner David Cole said his department would continue the effort: “Right now, ports are operating under capacity and capital is very tight. But we are in this for the long term. There is no timetable on this matter. There is no clock ticking.” The department has the responsibility to protect transportation assets, such as abandoned railways and other facilities, for the long term.

State Senator Dennis Damon, D-Trenton, co-chair of the Legislature's Transportation Committee, said the lack of interest from developers this fall didn't diminish his hope. His committee will take up the matter next month and will likely encourage a new marketing effort.

“I have talked with enough people in government to know there is still interest here.”{Beth Quimby in *Maine Sunday Telegram* 27 Dec. 09}

### THE SHIPPING NEWS FOR SEARSPORT

- **New England**, calls Searsport & Bucksport, gas, oil, jet fuel
  - 30 December
- **Nor’easter**, Searsport, diesel., 2 January
- **Vernon C/Liberty** (tug and barge) Searsport, ethanol
  - 2 January
- **Baizo** Searsport, oil, 3 January
- **Lucy Reinauer/RTC 83** (tug+barge) Searsport, kerosene
  - 3 January
{Penobscot Bay Pilots Association}

ROCKLAND: TOWING BARGES*

19 November. **HARTLEY MARINE SERVICE HAS ALL ITS EGGS IN ONE BASKET**: towing cement for Dragon Cement of Thomaston. The Boothbay Harbor-based towing company has had the contract since 1993.

MERR moves the cement in DPCX railcars from the Thomaston plant to the Atlantic Point pier in Rockland [see 09#05B] where compressed air pushes it through a pipe to a barge. HMS then tows the barge to the Coastal Cement terminal [sister company to Dragon] in South Boston [see 03#03A].

Kelsy Hartley, who took over HMS when her father Gregg Hartley was killed in an airplane crash in 2007, said business is slow but steady. “Cement need is down. When times were good, we’d run back-to-back non-stop. In 2007, we were running as fast as we could to get cement to Boston.”

The 170-mile tow takes 24 hours down, 24 to 30 hours to unload, and 18 hours to return light. Loading again in Rockland takes at least two days, because, with demand down in a tough economic environment, Dragon Cement doesn’t need to pay its crews round-the-clock overtime to load.

In 2007, HMS tugboats were making the round trip an average of 1.5 times a week. Now, they make the trip once every week to 10 days.

Towing cement barges, HMS gets “in the vicinity of the industry standards,” Welch said: $350 an hour at sea...
Welsh is close with his guess. To move 100 tons in a rail car from Rockland to Boston costs around $1000 (order of magnitude) or ten dollars a ton. If HMS moves 4000 tons of cement to Boston in 24 hours, HMS might charge the industry standard of $350 an hour, or $8400 one-way, $16800 round trip, a little more than four dollars a ton.

To move by road into the congested Boston area would cost probably double the rail cost, or $20/ton.

HMS would like to diversify into other cargoes, but that would require investing in new and different equipment, something the company can’t afford in the current economy. “We’re in the planning stages. The accident really threw this company for a loop and then the recession hit,” Hartley said.

What about a backhaul?
HMS operations manager Mike Welch noted that HMS can’t backhaul liquids or anything else from Boston in the 245-foot, 4,000 ton cement barge, a former river barge converted to haul powdery cement. “Cement is highly specialized. In order to handle cement, it has to be aerated.”

In theory, the tug could tow the empty cement barge and a loaded barge back in tandem to Maine. However, petroleum could not be the load, because federal law mandates twin-shaft tugs for petroleum barges.

Nor can the tugs do docking of ships. Large towing companies such as Moran and McAllister use tractor tugs, which have multidirectional thrust, for docking ships. HMS would like to purchase a tractor tug, but Welch estimated the cost for newbuild at $18 million, a decent second one at $3 million. “Without a foothold already in the door it’s more than we can commit to a new venture at the moment. All of the current ship docking needs are being met by existing companies. We would have to procure work by soliciting shipping companies and agents, and that’s not the type of security banks loan money on.”

The HMS fleet
Dragon owns the three barges HMS uses: the 4,000-ton barge, another primarily as a spacer to keep the cement barge in deep water, and a second self-loading barge.

The company owns three tugboats: the 105-foot, 3,000-horsepower Penobscot, the 109-foot, 2,000-horsepower Seguin, and the 122-foot, 3,000-horsepower Narragansett. Welch describes all three as “single-shaft boats that go all day and all night for cheap money.” HMS tends to keep one tug working the cement barge for six months at a time, then rotate in another one when the first tug needs maintenance.

The tug-barge benefits
Kelsy Hartley said tugs needed more emphasis as a freight transportation mode. “They are better environmentally, but they’re not something everybody sees. They use less fuel to move a product and produce less emissions.”

Despite the 2,500 gallons of diesel used to move the barge, “It’s still cheaper than by road by a factor of five,” Welch added. “Even with the expense of the return trip, it’s worth it.”

According to American Waterways Operators, there are 4,000 tugboats and 27,000 barges in the U.S. fleet. In terms of fuel efficiency, tug-barge tows average 576 ton-miles per gallon (tmpg). Rail averages 413 tmpg, trucks 155 tmpg. {Texas Transportation Institute, Center for Ports and Waterways, Study: A Modal Comparison of Domestic Freight Transportation Effects on the General Public, Dec.07, amended Mar.09}

Despite their greater efficiency, barges have lost ground to other forms of freight transportation. Between 1980 and 2007, air freight tripled from 4.840 billion ton-miles to 15.142 billion; trucking doubled from 629.574 billion to 1.317 trillion; rail doubled from 932.000 billion to 1.820 trillion; but water transport fell by nearly half from 931.835 billion to 553.143 billion. {US Bureau of Transportation Statistics}

America’s nascent Marine Highway, an initiative aimed at alleviating congestion, conserving energy and protecting the environment, got a shot in the arm last month when President Obama signed into law the 2010 FY

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To move by road into the congested Boston area would cost probably double the rail cost, or $20/ton. Editor
Defense Department Authorization Act, which included a grant program to develop marine transportation projects. To make a Maine Marine Highway a reality, said Kelsy Hartley, “would require an investment no one is willing to make right now. You need berthing on the waterfront with water deep enough and a terminal of sufficient size.”

**Rail an obstacle for marine**

HMS has suggested that a ship could move the cement more efficiently. However, Rockland does not provide sufficient draft for a 40,000-50,000-ton ship; Searsport does, and in theory Dragon could rail the cement to Searsport via an MERR-ST-MMA route. But, said Welch, ST operations are neither cheap enough nor efficient enough for the move to make sense.

[In 2008, MERR discussed with ST and Dragon reopening the Brunswick-Augusta-Waterville track, which would make the cement move to Searsport shorter. See 08#09A. Nothing has come of that, yet. *Editor*]

**Options to diversify: petroleum, granite**

HMS operations manager Mike Welch said Hartley wants to diversify its business “if there were other opportunities. We’re looking to get into petroleum when things get better.... A tug and barge [can earn] $50,000 a day working with petroleum.”

Towing petroleum costs more both because both tug and barge need crews (as opposed to dry-bulk barges that are unmanned) and because petroleum tug-barge units, with a twin-screw tug, can cost as much as $30 million.

“Smaller companies [like HMS] are more competitive right now, but we might not have the equipment needed for the job” such as the twin-screw tug, added Kelsy Hartley.

Welch is looking into whether Marine Highway Act funds might be available to help HMS expand in this direction.
Another cargo HMS would like to handle is Maine granite. New England Stone, owner of Maine’s Crotch Island quarry, is located in Providence; HMS could barge the stone to Providence and then on to other destinations such as New York.

However, granite barges are sometime tied up for a month unloading, making it impractical for a small company. A two-barge round robin, leaving a barge at each end, would work, but the granite business is too slow at the moment to warrant such an arrangement.

“We could use a larger barge,” said Kelsy Hartley. “As a small business, we need to find a market that would work with us over a long period of time so we can finance new machinery. We’d like to have all three tugboats working, but there’s only so much work on the coast right now, so we’re only using one and rotating them.”

HMS once did tramp towing, picking up barges where they could find them anywhere between Yarmouth, Nova Scotia and Jacksonville, Florida, berthing its tug fleet not only in Maine but also Providence, Norfolk, and Baltimore. Until business picks up, that is no longer feasible.

“Currently,” says Kelsy Hartley, “to send a boat to a new area and keep it crewed, our reach just isn’t that far yet.” {ANR&P interviews and follow-up discussions by correspondent Ed Beem, 19 & 24 Nov. 09}

MassDOT: RAIL PLAN
17 December, Boston. HOW FAR HAS THE PLAN PROGRESSED? Ned Codd, MassDOT’s manager of Plan Development, explained: ‘I am overseeing the Freight and Rail Plan effort, with support from Paul Nelson and Tim Doherty. We are currently reviewing scenarios analysis and developing recommendations, which we will bring out to our Working Group and to the public and other stakeholders later in the winter.’

[According to the rail plan website, a first draft of the Rail Plan was scheduled for April 2009.]

MassDOT organization
Codd also noted [see 09#12A]: ‘Paul Nelson and Tim Doherty both have responsibility for freight rail planning. Paul is the freight coordinator, Tim is director of rail programs. So
there is overlap and coordination. All three of us work here in the MassDOT Office of Transportation Planning (which was established in the 2004 Transportation Reform, and reaffirmed in the 2009 Transportation Reform that established MassDOT). Paul has always worked here at OTP.’ {e-mail to ANR&P 17.Dec.09}

**PAS-NECR: NOT YET**

24 December, Millers Falls. *PAS HAS COMPLETED ITS SIDE OF THE INTERCHANGE,* according to visitors to the site: the east leg of the wye. PAS workers have rebuilt the middle of three tracks. Moreover, a switch is installed on the PAS main line. {e-mail to ANR&P from Christopher Parker; other e-list posts} [See 09#12A.]

**No date for operation**

‘We don’t have a target date for the opening of this interchange,’ wrote NS spokesperson Rudy Husband. {e-mail to ANR&P 28.Dec.09}

**CSX/MC: NEXT STEP**

21 December, DC. *THE STB AGREED THAT THE ACQUISITION OF CSXT’S FREIGHT RIGHTS WAS A ‘MINOR TRANSACTION’* in decision this day. It ‘adopts a procedural schedule for consideration of the application, providing for the Board’s final decision to be issued on March 29, 2010, and to become effective on April 28, 2010.’ {STB Finance Docket No. 35314 21.Dec.09}

The date meets the request of MC that the Board decide before the 14 May date for CSXT to sell the South Coast rail lines over which MC will acquire freight rights [see 09#11B].

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**NEW HAMPSHIRE**

**NH LEGISLATURE: NO PASSENGER SUBSIDY**

December, Concord. *A BILL TO BAR ANY STATE SUBSIDY FOR PASSENGER RAIL SERVICE* was introduced to the General Court. HB 1521 is sponsored by State Representative Kurk, Hills 7, and State Representative Bergin, Hills 6. [See box.]

**What are the chances of passage?**

Bill Mosher, a former state representative and strong rail advocate, wrote: ‘This is a tough one, my considered thought is [that] it will not fly. BUT considering the people in the northern suburbs of the state and the eastern sections.......a maybe.’ {e-mail to ANR&P 30.Dec.09}

Peter Leishman, former state representative and owner of the Milford-Bennington Railroad, wrote: ‘The bill will get strong support [because both sponsors are long-time respected members]. I think the bill has a good chance of passing the House and Senate. [It] is designed to kill passenger rail in New Hampshire, including the proposals for
Plaistow, the Downeaster, and the NH Capitol Corridor.

‘The conditions it asks the treasurer to certify would in essence tie the hands of the legislature for the five years after the end of federal funding, itself an unknowable date.

‘Rep Kurk hates alternative transportation, and wants to make a point.’ {e-mail to ANR&P 30.Dec.09}

BILL TO BAR STATE SUBSIDY
FOR PASSENGER RAIL

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Section; New Hampshire Rail Transit Authority; Certification Required; Funding Limitation. Amend RSA 238-A by inserting after section 2 the following new section:

238-A:2-a Certification Required; Funding Limitation.

I. The New Hampshire rail transit authority shall be barred from proceeding with any commitment for passenger rail service in the state until the state treasurer certifies to such authority that there shall be no need for any state-funded subsidy from any state fund for at least 10 years after the expiration of any federal or other subsidy which the state may receive.

II. No highway funds shall be used, directly or indirectly, for any passenger rail project.

2 Effective Date. This act shall take effect 60 days after its passage. {text from General Court website}

SLR: PAPER MILL LEAVES*

early December, Groveton. PROGRESSIVE RAIL HANDLED THE MOVE OF NUMEROUS MILL COMPONENTS from this town to a plant in Queretaro, Mexico, out of the now-closed Wausau Paper plant.

Jeremy Young, assistant vice-president of sales & marketing for Progressive Rail Specialized Logistics, explained that a process equipment company acquired the plant in Groveton. ‘The only pieces moving at this time are the boiler, turbine, generator, and related ductwork and electrical components. The pieces were purchased by a plant in Mexico.

Rail move
The 205,000-pound boiler, considered overdimensional even for railcar, was loaded in late November onto an eight-axle, depressed-center car [see photo], and began its journey in early December via SLR/CN/KCS/KCSM to its destination.

WHICH PLANT IN GROVETON?

Long-time readers will recall that the building in Groveton actually contained two mills: Groveton Paperboard and Wausau Paper [see 98#01]. At one time, SLR served one mill, while NHVT served the other. In 1998, SLR acquired the NHVT trackage to serve both mills [see 98#01]. Groveton Paperboard closed in 2006 [see 06#01A], and Wausau Paper closed in 2007 [see 07#10B].
Could it have moved by road? ‘[I]t is extremely unlikely the piece would have been granted permission to move over-the-road. Due to the extreme height and weight, it’s very doubtful it would have cleared bridges and overpasses on a route approximately 3,000 highway miles.’

Even if it could, the rail trip cost 85% less than the theoretical road trip.

**Truck moves**

Progressive is moving additional over-dimensional pieces such as the turbine and generator, by truck. Young reported: ‘The original OEM [original equipment manufacturer] wouldn’t honor a service warranty on the specific turbine and generator if moved by rail due to the internal panels being very susceptible to damage.

‘Multi-axle, drop deck, air-ride equipment was required for movement. Had the pieces been able to move by rail, at a minimum, a 46% savings would have been realized....

‘There are also several non-dimensional loads that are being moved via flatbeds and vans. PRSL has been able to offer a great ease-of-doing-business solution with our customer by being able to coordinate the entire move, road and rail.’  {e-mail to ANR&P 21.Dec.09}

**PORTSMOUTH: COAL UNLOADING**

22 December. *PSNH IS REPLACING ITS SHIP COAL HANDLING MACHINERY*. Spokesperson Martin Murray wrote:

‘The existing coal unloading equipment was installed during the Schiller Coal Conversion, I believe in 1984. It is being replaced in kind, as the existing machine is approaching the end of its useful life.

‘The new machine will incorporate design improvements identified during the past 25 years. These changes are expected to enhance the equipment’s operation while significantly reducing associated maintenance costs.

‘The unloader will preserve PSNH’s ability to procure coals from a wide variety of sources. The new equipment will be in-service in 2010. I do not have a specific month/date.’  {e-mail to ANR&P}

**RHODE ISLAND**

**THE SHIPPING NEWS, PROVIDENCE**

*Alrar*, LPG tanker, 45000DWT 18 December 2009

*Acadian*, chemical / oil products tanker 37000DWT 24 December 2009

*Apostolos*, chemical / oil products tanker 47000DWT 28 December 2009

*Seamarlin*, oil products tanker, 40500 DWT 5 January 2010

{[www.portarrivals.com], dwt = deadweight tons}

**QUEBEC/MARITIMES**

**NOVA SCOTIA: NO SUBSIDIES?**

30 December, Halifax. *THE GOVERNMENT HAS STOPPED AN AIR AND A FERRY SUBSIDY. IS RAIL NEXT?* The New Democrats, elected to a majority in June 2009, face a current $525 million deficit. Premier Darrell Dexter said the province will have to make some “difficult decisions,” on spending.

**Air link**

Starlink Aviation of Montreal began operation of a scheduled air passenger in early 2009, helped by a $2 million subsidy from the previous Progressive Conservative government to help establish the route. The subsidy was to be reviewed after a year but the money, administered by the Yarmouth International Airport Corporation, was used up
after 10 months. Starlink announced in a press release the service would end 30 November. \{press release 26.Nov.09\}

Regional sales manager Brenda Libby said in early December the airline prepared another business plan with hope of reviving the service and getting additional subsidy. The province did not accept it, sending it back to the Yarmouth Airport. \{ANR&P discussion with special correspondent Tom Peters mid.12.09\}

**The Cat ferry: Maine-Yarmouth**

Since 2005 the province has put $20.2 million into the operation, with up to $12 million for 2009 [see box in 09#05A]. Bay Ferries Limited, owner and operator of the ferry was looking for an additional $6 million for 2010.

Percy Paris, minister of economic and rural development, said the province just couldn’t afford to keep subsidizing the ferry. “We said there were going to be tough decisions to make for Nova Scotians and also that we were going to try and live within our means.” \{CBC, 30.Dec.09\}

Nova Scotia’s federal Minister Peter MacKay said the federal government will wait for a major transportation study on southwest Nova Scotia, begun in January 2009, to be completed before it makes a commitment on the ferry subsidy.

Bay Ferries President Mark MacDonald said high fuel costs, a stronger loonie, and issues with new passport rules in the U.S. all contributed to a lower ridership and the decision to end the service. More than 76,000 people traveled on the high speed service in 2009, a 10% drop over 2008. In the late 1990s and early 2000s, annual volumes ranged from 100,000-150,000. \{Bay Ferries press release 18.Dec.09\}

**CBNS on Cape Breton**

Nearly five years ago the railway planned to discontinue service on a 98-mile section of the line between St. Peter’s Junction and Sydney, as it had less than 900 carloads a year [see 04#09A].

The provincial government stepped in with a $10 million subsidy spread over five years to help the rail company offset operating and maintenance costs on that section of line [see 05#09A], while awaiting new traffic such as coal [see 09#09A]. That hasn’t happened and the section of line is still not profitable [see 09#06A].

The subsidy is due to expire in March, 2010 and the rail line wants to meet with provincial officials in January. Peter Touesnard, Rail America’s regional vice-president, Northeast, said he hopes the province will extend the subsidy. He wouldn’t say if the rail line used the full $10 million but did say the money that was spent, “was spent wisely.” \{ANR&P discussion with special correspondent Tom Peters mid.12.09\}

### 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.*

Dimension Fabricators (CP to ST, Regional) Moving.
Grimmell (ST, Maine) Continuing to rail out scrap.
Public Service of New Hampshire (PW/ST, Regional, #95)
SMS Rail (NS/CP, Regional) Receiving Ford autoracks.
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.

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.

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Purpose
Atlantic Northeast Rails & Ports, née Maine RailWatch (1994-1997) and later Atlantic RailWatch (1998-1999), 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.’