Halifax-Boston ferry: To rely on truck traffic.*

ST: Fined $475,000 for environmental spills,

Legislature: Bill to study MMA abandonment awaits study.

Legislature: Bill on rail service opposed by three railroads, voted not-to-pass.**

MMA: Fraser threatens to close.

ST: Customers may want service to Lisbon.

ST: Fined $475,000 for environmental spills, misses first payment.*

ST/Sprague/Portland: Old Town pulp mill switches from ethanol research to butanol research.*

ST: No rail traffic to North Anson.*

CSXT: Roberts Chemical to expand to Attleboro?

GU: Possible 100,000 tons per year in West Upton.

MBRX: No substantial evidence against Leishman for an ethics violation.*

RHODE ISLAND

[No report.]

VERMONT

VRS: Offers to buy NECR. Updates OMYA, etc.*

MARITIMES/QUÉBEC

[No report.]

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

[No report.]

FROM THE PUBLISHER

The ‘high-speed rail’ grants

This issue contains a summary article by free-lancer Ed Beem covering what New England won in the stimulus grants for so-called high-speed rail. I am astounded by how much we got, and owe a nice lunch to one subscriber as I lost a bet.

Since HSR concerns only passenger rail, I have not done much in detail about the grants. Of course, any rail improvement should also help freight here.

- Chop Hardenbergh  Next formal issue: 19 February
REGION

REGION: HSR GRANTS

28 January. **THE FEDERAL RAIL ADMINISTRATION AWARDED $195 MILLION IN “HIGH-SPEED” RAIL GRANTS TO NEW ENGLAND.** Announced this day, the first grants of American Recovery and Reinvestment Act monies under the High-Speed Intercity Passenger Rail (HSIPR) Program totaled $8 billion. The FRA received 259 grant applications from 37 states and the District of Columbia requesting nearly $57 billion. The rail authority funded 79 projects from 31 states. {FHA website}

Rail projects in five of the six New England states received a total of $195 million, prompting Alan Wirzbicki in the *Boston Globe* to observe that ‘New England found itself on the short end of the federal stimulus funding.’ {29 Jan.10}

For a table of all grant applications, see 09#09B.

NEW HAMPSHIRE: ZERO
The New Hampshire Rail Transit Authority had sought a $1.4 million planning grant for the New Hampshire Capitol Corridor project to bring five trains a day to Concord from Boston via Nashua and Manchester. The grant was not funded.

“All of us at NHRTA issue our heartiest congratulations to those in New England who did get something,” said NHRTA’s Peter Burling. “It’s terrific for them. We were disappointed to learn that we won’t be getting a planning grant. We’re a little puzzled right now about where we are and why we are not included in the grantees.”

Burling noted that “New Hampshire does things a little different,” wondering whether the fact that the NHRTA is an all-volunteer agency had anything to with its failure to secure funding. Asked whether New Hampshire might get funded in a second round of grants, Burling said, “I don’t know.” {ANR&P discussion}

[Due to ST’s unwillingness to support the actual construction grant, the state did not even apply for a startup grant. See 09#08B.]

MAINE: $35 MILLION TO EXTEND DOWNEASTER
The Northern New England Passenger Rail Authority was awarded $35 million to extend Amtrak *Downeaster* service from Portland to Brunswick via Freeport. The $35 million grant will fund laying welded rail and improving 36 grade crossings along the 30-mile line.

Startup between Boston and Portland was delayed for decades because of disputes between the Northern New England Passenger Rail Authority and Guilford Transportation, now Pan Am Railways. ST does operate freight to Brunswick.

“There won’t be any delays this time,” said Trainriders/ Northeast Wayne Davis of his old nemesis Guilford. “They are for the project 100%. They have been peaches as far as running the trains and plans for expansion. They have been one of the greatest friends the *Downeaster* has.” {Tom Bell in *Portland Press Herald* 29 Jan.10}

No funding for Portland-Plaistow
NNEPRA had also submitted an application for $52.5 million improve speed on the Portland-Plaistow segment. Patricia Quinn, NNEPRA executive director, wrote: ‘The Corridor Program... includes about 11 miles of new sidings and a number of crossing rehabs, and the replacement of ties. Unlike the Brunswick project, this was not a mature project and the budget included additional soft costs for engineering, permitting, environmental work, etc. For the same reason, there was a good contingency built in, and an inflationary factor because the nature of the project was such that it would not begin or be completed immediately. It also considered costs associated with service interruptions resulting from construction related track outages.

‘This was a very complex and detailed process and we all did the best we could to pull it together in a very short period of time. What we have is a great beginning - we're going to revisit it and anticipate submitting it for other funding sources as they become available.’
She pointed out that President Barack Obama’s 2010 budget has another $2.5 billion in it for rail transportation. “This administration is supportive of a strong passenger rail system,” she said, “and it is funneling dollars in that direction.” {ANR&P discussion 2 Feb.10 and e-mail to ANR&P 3 Feb.10}

VERMONT: $50 MILLION FOR NECR, NONE IN WEST
Vermont received a $50 million to improve tracks and bridges along a 190-mile line between St. Albans and East Northfield.

‘The purpose of the Vermonter/NECR Rail Improvements project is to improve the conditions of the track, roadbed and bridges along the current route of the Amtrak Vermonter Service in Vermont and New Hampshire resulting in an increased track speed for a distance of 45 miles to 79 miles per hour and the remaining 145 miles from 55 miles per hour to 59 miles per hour. These improvements will reduce the operating schedule by up to 27 minutes and guarantees a more consistent, year-round on-time-performance by this train. The project was identified through the Vermont State Rail Policy Plan (2006), where the priority passenger rail recommendation is to preserve existing Amtrak service. Construction will take place over a two-year period.

‘The project is planned for both the Roxbury (northern) subdivision and the Palmer (southern) subdivision of the NECR that currently carries the Amtrak/Vermonter Intercity Passenger Service. The northern project limit is milepost 132 (Roxbury Sub) and the Southern milepost is 110.5 (Palmer Sub). The 117-mile stretch of the NECR rail line from White River Junction north is a designated High Speed Rail Corridor. All construction activities will occur within the private right-of-way and assets owned by NECR.’ {VAOT Rail website, ARRA Stimulus Application}

Study of Ethan Allen
Vermont also received a $500,000 planning grant to collaborate with New York on a proposed rerouting of the Ethan Allen Express between Rutland and New York.

Western corridor
Vermont had also applied for $73 million for rail work along the state’s western corridor between Burlington and Rutland. Plans call for eventually extending the western corridor to Bennington, but the western project was not funded.

VAOT spokesperson John Zicconi said, “It was very clear that the federal government was interested in funding interstate corridors, not individual state projects. So it no surprise to us the corridor they chose.”

Zicconi said once improvements are made along the corridor from St. Albans through Massachusetts and Connecticut the 10-hour trip from St. Albans to New York City will take “closer to eight hours.” {ANR&P discussion 2 Feb.10}

MASSACHUSETTS: $70 MILLION FOR CONNRIVER, ZIP FOR SOUTH COAST
The Bay State received $70 million to upgrade track and turnouts on the PAS-owned Connecticut River line between Springfield and East Northfield. Dana Roscoe of the Pioneer Valley Planning Commission said, “We got what I wanted,” explaining that the track upgrades would restore passenger service to Holyoke and Northampton.

Since 1989, Amtrak has operated the Vermont service onto CSXT east of Springfield to Palmer, then onto NECR tracks north to Amherst and thence to Vermont, because ST had not maintained its tracks.

Upgrading the Springfield to East Northfield tracks to 79 miles per hour and constructing turnouts will also benefit freight; ST has operated under 10 miles per hour along that section of tracks. “Improving track conditions is good for passenger rail as well as future freight customers,” said Roscoe. {ANR&P discussion 1 Feb.10}

NECR loss of Palmer service
‘The NECR and RailAmerica are very pleased and excited with the awarding of the Vermont upgrade project,” said Charles Hunter, director, State Relations East for RailAmerica. “This is a great project with both passenger and freight rail benefits.’

Before the grant applications were filed, NECR argued for keeping the Vermonter operating through Palmer [see detailed reasoning in 09#06A]. Asked about this, Hunter responded: ‘.....We will continue to work with various interested parties on future possibilities for both passenger and freight rail along the NECR in Massachusetts.’
South Coast
Massachusetts had also applied for $1.9 billion to cover the entire cost of a South Coast commuter rail project to restore service from Boston to Fall River and New Bedford, but that project was not funded. “We at the Massachusetts Department of Transportation are just thrilled with the hundreds of millions of dollars in investment that are going to be happening in the northeast region,” Kristina Egan, South Coast Rail project manager said. “South Coast Rail is part of the overall state vision of high-speed rail, so I remain very hopeful.” {New Bedford Standard-Times 29 Jan.10}

Timothy Doherty, MassDOT rail manager, disagreed with the Boston Globe assessment that New England had been short-changed. “If you take South Coastal Rail out of the equation, we got almost everything we asked for,” he said. “A big piece of this story is that in this one corridor, New Haven to St. Albans, three states have been working together for a long time and that was rewarded.” {ANR&P discussion by correspondent Ed Beem 1.Feb.10}

CONNECTICUT: $40 MILLION SPRINGFIELD LINE
Connecticut received $40 million in order to construct a second track along the line from Springfield to New Haven, allowing speeds up to 110 miles per hour. The total cost of the New Haven to Springfield project, however, is estimated at $880 million.

Connecticut had also applied for $13 million to design a signal system and positive train control system with more advanced collision avoidance technology on the New Haven line, but that project was not funded. {Martin B. Cassidy in Stamford Advocate 28 Jan.10}

RHODE ISLAND: $1.2 MILLION
Rhode Island received $1.2 million in ARRA funds to build a second station platform in Kingston and to improve tracks. The $1.2 million is the only money awarded to the Northeast Corridor in New England. The southern portion of the corridor from New York to Washington received $111 million. The northern part ‘lacked a government-mandated environmental study needed to qualify.’ {Alan Wirzbicki in Boston Globe 29 Jan.10}

PAS: MECHANICVILLE STATUS
2 February, Mechanicville. PAS HAS RUN INTO TWO OBSTACLES IN RE-BUILDING THE YARD HERE as an intermodal and auto facility [see 09#04B with map]. Officials initially thought the railyard could begin operating in January [see 09#10A], but environmental concerns delayed the start of construction. Within the next two weeks, the Army Corps of Engineers will issue a public notice outlining the PAS plans to deal with wetlands and a stream, permitting public comment for 30 days.

“They need a permit from this office to fill wetlands and streams on the site,” said John Connell, senior project manager for the Army Corps of Engineers, based at Watervliet Arsenal. “They're proposing to re-establish some stream channels on site and to create new wetlands at a site in Stillwater.”

State funding
In 2008, then-Senate Majority Leader Joe Bruno announced a $3 million state contribution to the yard [see 08#07A]. The project apparently lost its chance at state funding when contracts weren't completed before Bruno's retirement, said Dennis Brobston, president of Saratoga Economic Development Corporation.

Construction start
‘It was unfortunate that the $3 million the state pledged to the project didn't make it through the budget process, but it will not affect the project,’ wrote Rudy Husband, NS spokesperson, in response to an e-mail inquiry. PAS would like to see construction begin this spring, but that work couldn't begin until they had all the permits.

Thomas Richardson, Mechanicville city supervisor, said the project includes “three or four” buildings, and that there will be 16 tracks. Steve Watts, chair of the Halfmoon planning board, said he hasn't seen any applications for building permits. Halfmoon has taken a lead role in overseeing approvals for the project [see 09#03A]. {Eric
American Ferries Inc., registered in Delaware, was founded in 2001 with Alf Howard of Boston, president and Johan Koppernaes of Bedford, Nova Scotia, the CEO and founding director. (American Ferries website)

NECR: QUECHEE MEETING*

22 January, Quechee. **EMPLOYEES HEARD, “DESPITE THE DOWNTURN IN BUSINESS FOR 2009, THE NECR HAD A PROFITABLE YEAR** due mostly to the outstanding safety performance of the NECR team. Reducing our derailments and human factor incidents in 2009 equated to a direct savings to our bottom line as well as securing a safe place for our employees to work.”

Also at the meeting here attended by all NECR workers [see 10#01A], ‘[t]hey heard that in the near future, NECR will be receiving two GP 40-3 locomotives from the FEC railroad via the CSXT at Palmer. These units will be added to the current NECR fleet in an effort to offset some units we have that will be going off lease in the coming months.

‘The flavor of the meeting was to congratulate NECR employees on their success in 2009, and encourage them to keep their “heads in the game” to continue on with a positive safety trend throughout 2010.’ {e-mail to ANR&P from NECR General Manager Steve Coomes}

HALIFAX-BOSTON FERRY*

21 January, Halifax. **A YEAR-ROUND FERRY SERVICE BETWEEN BOSTON AND HALIFAX COULD BE IN OPERATION BY 2011**, said Martin Karlsen, lead partner¹ in American Ferries Inc [see 09#04A]. Karlsen serves as president of Karlsen Shipping of Halifax and Polar Star Expeditions which provides adventure cruises in the Arctic and Antarctic. The main focus now is finding the right vessel for the service, one which can traverse the 700 kilometers in about 18 hours, departing each port in the early afternoon, and arriving the next morning.

**Passenger and cargo possibilities**
The ship would carry 1,300 passengers, 400 cars and approximately 45 tractor trailer trucks. Karlsen hopes to attract between 170,000 to 200,000 passengers annually on the cruise ferry which would provide dining, cabins, entertainment and educational lectures. The company has not set rates yet for either trucks or cars; he suggested a one-way ticket for two people and a car would be in the vicinity of $450. The trucking side of the operation could amount to 30 to 40% of revenues.

**Next steps: investors and ship**
Karlsen said he has had preliminary discussions with Halifax and Boston port officials and expects he will be able to making berthing arrangements with both. The operation will require no government money. Karlsen is now looking for private investors, as well as the ship.

**Timing right**
Per Karlsen, presently no ferry operates between Nova Scotia and New England [after the halt of the Cat between Yarmouth and Portland—see 09#12B CBNS] The timing is right: “We are slowly coming out of a recession and we have a growing mass of baby boomers hitting retirement. They will want to travel and not everyone likes to fly.” The populations in the two regions are large enough to support the service. {ANR&P discussion with correspondent Tom Peters 21.Jan.10}

**Portland officials concerned**
Portland officials who want to re-establish the connection to Yarmouth are concerned about the Halifax ship. “It would complicate things to have two services out of New England,” Portland City Manager Joe Gray said.

Gray is trying to set up meetings with Nova Scotia officials to discuss the possibility of a new service between

---

¹ American Ferries Inc., registered in Delaware, was founded in 2001 with Alf Howard of Boston, president and Johan Koppernaes of Bedford, Nova Scotia, the CEO and founding director. {American Ferries website}
Exporters cool to ferry

Denny Morrow, executive director, Nova Scotia Fish Packers Association, which represents approximately 50 seafood processors and exporters, does not expect his members will use Karlsen's ferry. The fish exporters, mainly in southwest Nova Scotia, truck their product to New England and central Canadian markets and use the ferry that operates between Digby and Saint John.

“We ship perishable fresh fish and live lobster and one of our peak shipping times is winter,” Morrow said. “The weather on the ocean between Halifax and Boston would likely make the service unreliable due to weather-related interruptions. The vessel would have to be very large to handle the winter weather and it is questionable whether the return on hauling freight would make the operation viable.”

The Digby ferry has been averaging between 9,000 to 12,000 trucks per year and Morrow estimates at least two-thirds of those trucks carry seafood. Prior to the economic woes in the U.S., there were more forest products being transported into the States and the Digby ferry was carrying approximately 15,000 trucks a year. {Yarmouth Vanguard 15.Jan.10}
Status of study
Moulton said that Gary Hunter is not doing an economic analysis, only looking for a “business solution” for the county. He has talked to “21 shippers face to face.”

- The state is not looking at a subsidy. Nor do “we want to come back here in a couple of years” to examine the rail situation again, even as the economy improves.

- Hunter will finish a draft of his report and MDOT “will sit down with the railroad next week.” The final report will come out on 18 February or before. [On 17 February USDOT is due to announce the TIGER grants; Maine has asked for dollars to buy and rebuild the lines MMA proposes to abandon. See 09#09B.]

- MDOT thinks either CP or CN might be interested in the lines, and has talked to both railways.

- “We hope to reach agreement to resolve this before” MMA files for abandonment.

Rail freight users

Irving Woodlands. Jim Mitchell, the Irving lobbyist, said that the company supplies 20 mills with fiber, some 750,000 tons moving through Maine and top to New Brunswick.

Irving has “tried to drive down costs, it has bought special trucks, constructed sidings, and owns 200 railcars. Nevertheless, if without rail, Irving cannot compete.

Tate & Lyle. This company [our Directory #782], formerly AE Staley, located in Houlton, receives tapioca from Thailand and potato starch from Germany. It makes food ingredients which go into Splenda and the coating of M&Ms.

According to Jon McLaughlin of the Southern Aroostook Development Corporation, Tate US headquarters in Decatur, Illinois, is focusing on the bottom line, including an investment-grade energy audit. So transportation costs are key.

Louisiana-Pacific. Travis Turner, the plant manager for the oriented-strand lumber (OSL) plant [#781, see 09#08B] in New Limerick, said at this point the plant is producing very little. However, the company invested $150 million to re-develop the old, “uncompetitive” oriented-strand board plant, in part because the plant had rail. “We have used rail to ship 50% of our product [but see 09#02B].” When the economy recovers and “the plant is at full production, 80-90% will move by rail, which means 1500 to 2000 cars outbound.”

If the rail goes away, L-P will still need to transload to rail. Some longer lengths of OSL cannot move through certain states by truck. Transload adds 10% to the price.

At this time, construction customers are operating on very thin margins, 2-3%, said Turner. If they get a 10% price increase, they will turn to competing products such as LDL or solid lumber.

Next steps
Irving lobbyist Jim Mitchell said MDOT was working hard to preserve the line. “The department is very engaged with the STB.” In addition, Mike Michaud, the US representative from the Second District (northern, eastern, and western Maine), sits on the House Transportation Committee and has asked the STB to come to a meeting about the line.

Bob Grindrod on the plight of the railroad
MMA President Bob Grindrod told the Transportation Committee:

- OSB and OSL dropped in the same time period from 1700 to 127.
- In June of 2008, MMA had 325 people, now it has 205.
- Everyone took a 15% paycut on 1 March 2009.
- The entire railroad lost $7.5 million in 2008, and $4 million in 2009.
- The entire railroad is losing $300,000 to $350,000 every month, on revenues of about $2 million.
- It has had a 41% drop in carloads from 2007 to 2009. And a 42% drop in revenue.
- The other two Maine railroads have a "great deal more traffic".
- The lines proposed for abandonment account for 10,000 carloads, about one-ninth of Maine's total of 90,000 carloads, but 25% of Maine's track miles. Some 5500 carloads originated or terminated there in 2009, a total of 9600 cars include the overhead traffic to Madawaska.
- If diesel rose to $5 a gallon, MMA would see “marginal improvement” but to get real improvement, the economy had to recover.

Grindrod went on to present to the Committee three options:

1) Somebody else buys the track at net liquidation value, which he estimated at $18-20 million; or

2) The state subsidizes operations for six to twelve months [past the June date set as the end of operations] as stakeholders look for a solution; or

3) Abandon and take up the track.

If MMA could wait five years, until the economy recovered, the lines will become profitable. “But I can’t wait it out.”

LEGISLATURE: SERVICE LEVEL**

26 January, Augusta. The Joint Transportation Committee considered a bill to require a certain level of service before railroads would receive state support [see 09#12B].

The bill and proponent
LD 1678 was introduced to the Committee by Representative Stacey Fitts. He noted that some believed that the quality of rail service was only a federal issue [ST President David Fink said so in 2008–see 08#02B], but he believed the customers should not “be ignored by those who receive state support.”

One customer in his district (the area around Pittsfield), Fitts told the Committee, had to take a truck to “drive out of state to another railyard” to pick up its inbound material, because the railroad could not deliver it on time. “This is unacceptable.”

Fitts agreed that his method of measuring service quality, getting a car to the next point of interchange within 48 hours, “probably had some issues” to be resolved. He left the work to the Committee. [In 2008, Fitts said that industries across the state have complained about ST’s long delivery times and outright lack of response in some cases—see 08#02B.]

One supporter
Your editor provided the only testimony in support of the bill. I argued that ST definitely had service problems which were affecting the paper mills [see below for Old Town Fuel and Fiber, 09#03B for Verso, 10#01A for two paper mills].

Second, money was not a problem for ST, as it has $50 million from the NS deal [see 08#06A] and could spend more than $1 million per month in 2004 to keep Pan Am Airways afloat [see 06#01B].

Third, money invested into ST track was not getting any results [see below on Cousineau] or took far too long to get results [11 years after improving the Lewiston Lower Road, ST finally began service to Grimmel—see 09#11B].
Three railroads opposed

ST. Syd Culliford, ST’s executive vice-president, described his railroad’s service to customers:

- “We know our customers.”
- “We have monthly meetings with our major accounts...we have conference calls. We station locomotives” to switch their plants and “make special moves to accommodate their needs.”
- The other customers “can call in their problems, and the problem is resolved.”
- “We work continually to reduce transit times with our connections.”
- “We are very customer-service oriented.”
- The main line is rated at “40 miles per hour, branch lines 25.”
- Asked if ST has “adequate capital to fix the lines” he said, “yes.”
- “We live within the time frames we give to the paper companies.”
- ST has agreements with all its customers. “We serve the paper companies 80-85% on time.”
- Traffic for the most part is for the paper mills: “50% or better” of the railroad’s total traffic is in Maine.
- “We do what we can to be sure we don’t lose business.”

SLR. The railroad’s general manager, Ed Foley, opposed the bill, with these remarks:

- “The service contracts we have with our customers are private.”
- “Federal regulation [through the STB] covers rates and service.”
- Every car “has a prescribed trip plan.”
- In response to the Great Recession, SLR has reduced its service from six days a week to five. Nonetheless, “I don’t have a problem serving my customers.” Five days a week, if the customer has the car ready to go, “it’s on the train.”
- The service agreements have “no penalty for missing a window.”

Foley noted after his presentation that GWI commissions a survey of customers across the system every two years; the 2009 results will become public in the annual report. ‘I would only state for the record that we poll our customers every two years to make sure that we are on track and delivering on our promises and exceeding their expectations from a safety, service and customer service point of view. Our customers are the lifeblood of our business and we take time to ensure that we are delivering what we need to grow the business.’ {e-mail to ANR&P 2.Feb.10}

In 2007, GWI commissioned JD Power and Associates to survey customers. Over 400 responded, giving an overall satisfaction rate of 7.42 out of 10. The customers rated the various railroads high in professionalism and personnel. {Dave Collins, senior vice-president of New York/Pennsylvania region, speaking to the Ohio Rail Development Commission 11.Sept.08}

MMA. President Bob Grindrod said that the rail traffic was governed by service agreements or “confidential quotes” as to price, service, and equipment. He noted that since some customers are served only every week, MMA could not meet the standards of the bill. [See other article for comments on fiscal situation.]

He noted that a recent study by Wilbur Smith found rail rates lower than in other parts of the country. [See box.]

Maine DOT. Nate Moulton, rail administrator, said the department opposed the bill for two reasons.

First, if railroads declined to accept state money to avoid the per car fee, the state could not pay railroad flaggers on highway and bridge projects. Federal law requires a railroad work to flag on these projects.

Second, the department believes that service levels are set in service agreements.

Next steps
The Committee will hold a work session on the bill on 29 January. State Representative Doug Thomas (R, Harmony) asked questions indicating he supported some action to improve rail service. After the hearing, he said,
“We will do something.”

Representative Ann E. Peoples (D, Westbrook) said for the past four years she has sat on the Committee, during which the Committee has entertained bills to improve rail service. “I hear about this daily,” from both sides. She reported that shippers and railroaders had “an identical refrain: ‘We try, they are not cooperative.’” {ANR&P coverage}

29 January, Augusta. **THE TRANSPORTATION COMMITTEE VOTED 9-0 THE BILL ‘OUGH NOT TO PASS’,** according to Committee Clerk Kathie Bilodeau. However, the Committee will send a letter to rail customers inviting their feedback on the quality of rail service. {ANR&P discussion}

**MMA: FRASER THREAT**

3 February, Madawaska. **FRASER STILL NEEDS A UNION DEAL WITH CONCESSIONS** in order to keep the mill open here [our Directory #750]. The United Steel Workers union has already voted twice, in November and again in January, against a proposed contract.

In October, officials listed the union contract, a pension plan reformation, and a better electricity rate as three conditions for the mill to survive [see 09#10B].

Fraser wants to spin the mill off into Newco, along with the pulp mill in Edmundston and two lumber mills [see 09#12A]. Brookfield Asset Management, which owns 71% of the shares of Fraser, will take a 51% share of Newco. Unsecured creditors, who include pension plan workers, would share $40 million in promissory notes, 49% of common shares in the new company, and proceeds of the sales of non-specialty papermaking assets in Quebec, Maine and New Hampshire. Fraser Papers’ pension liabilities amount to $172 million. {Nick Sambides in Bangor Daily News and Rebecca Penty of Saint John Telegraph 3.Feb.10}

**ST: SERVICE TO LISBON**

28 January, Lisbon. **ST COULD GAIN TWO OR MORE CUSTOMERS** if it extended service to Lisbon Falls and then Lisbon, and the customers were willing to use rail. At this point, ST operates on the Lewiston Lower Road only as far as Topsham, to serve Grimmel [see 09#12B].

Rosie Bradley, economic and community development director, saw three possibilities. First, the former Knight-Celotex plant [which did want rail but never set up the service–see 09#06A], now owned by W.R. Meadows Inc, may be operated by Blue Ridge Fiberboard, a Meadows subsidiary. Meadows “is getting a different plant” recently purchased operating first, then it will look at restarting the Lisbon plant, located in the Lisbon Falls area.

Second, Dingley Press could receive paper, or ship out product, by rail [though it would need a spur–editor]. And finally, a new or existing customer in the Longchamps Business Park, located just west of Dingley Press on Route 196, could use the line which runs along its northeast border. {ANR&P discussion}

**ST: OLD TOWN FUEL & FIBER**

19 January, Old Town. **RED SHIELD ENVIRONMENTAL HAS CHANGED ITS NAME, OWNERSHIP, AND BIOFUEL PRODUCT.** Acquired by Patriarch Partners, a Lynn Tilton Company, in November 2008 [see 08#10B], Red Shield is now doing business as Old Town Fuel & Fiber and, according to company president Dick Arnold, has decided “ethanol is not the way to go.” Instead, Old Town Fuel & Fiber is now in the process of developing bio-butanol as a sidestream of its pulp manufacturing.

**From ethanol to butanol**

In June 2007, Red Shield Environmental received a $30 million US Department of Energy grant to “[d]emonstrate the technical and economic feasibility of integrating biofuel production into an existing pulp manufacturing facility.” {Arnold PowerPoint presentation to Biofuels Summit in Portland 8.Dec.09} The Forest Bioproducts Research Initiative (FBRI) at the University of Maine was enlisted as a partner to develop a process to extract sugars from wood chips that could then be turned into ethanol. After Red Shield went bankrupt in 2008 and Patriarch Partners acquired it, however, the new owners decided, with DOE approval, to switch to bio-butanol.
TECHNICAL DIFFERENCE BETWEEN ETHANOL AND BUTANOL

Trade-name butanol has chemical name n-butyl alcohol, formula CH₃(CH₂)₂CH₂OH. Trade-name ethanol has chemical name ethyl alcohol, formula CH₃CH₂OH. {Handbook of Chemistry and Physics 1961-1962}

Why bio-butanol?

Butanol contains more energy, is less volatile, and both blends and ships more easily than ethanol. ‘Butanol is a four-carbon alcohol, double the carbon of ethanol and containing 25% more energy.’ {Arnold Biofuels presentation}

“Ethanol can be mixed with gasoline,” said FBRI managing director Dr. Hermant Pendse, “but butanol can be mixed with either gasoline or diesel. The heating value of butanol is much higher than ethanol.”

Also, “butanol has much more flexibility when it is blended and much more flexibility how it is shipped. It can be shipped via pipeline, truck or rail.” {ANR&P discussion 22.Jan.10} ‘Butanol can be shipped through existing pipelines. It is far less corrosive than ethanol.’ {Arnold biofuels presentation}

The same sugars used to produce ethanol can be used to produce bio-butanol, though different microbes are used in the fermentation process. Arnold said Old Town Fuel & Fiber is looking for an industrial partner to engineer the bio-butanol production technology.

Rail or truck for butanol?

“This is a pilot project. We haven’t worked out the logistics of whether to ship by rail or by truck,” said Dick Arnold. No pipeline is available. So far, Old Town Fuel & Fiber has only shipped 10-gallon samples of the hemicellulose-rich liquid extract from which it will eventually manufacture bio-butanol.

Rail or truck for inbound chips, outbound pulp

The Old Town mill receives 800,000 tons of wood chips a year by truck, though 25% (150,000 tons) is trucked from a Milo rail depot served by MMA. The mill turns the chips into 200,000 tons of wood pulp, 40% of which moves via ST to Portland for barging [see 09#11A].

Why not more rail?

“Rail service is not reliable or cooperative,” Arnold said. “Rail is an issue for the entire state. Rail rates aren’t competitive and the reliability is just not there at this time.” {ANR&P discussion with correspondent Ed Beem 19 Jan. 10}

RAIL RATES LOWER HERE

For a 2007 study entitled ‘Northeast CanAm Connections: Integrating the Economy and Transportation’, consultant Wilbur Smith wrote: ‘The cost data collected indicate that NE CanAm producers must pay roughly 1.75 times the price paid by competitors in the surveyed industries when shipping by truck when compared to benchmark economies. Producers, who can move inputs and finished goods by rail, in whole or in part, can lessen the transportation disadvantage. For the selected industries, rail shippers face costs approximately 2/3 of those faced by rail shippers in benchmark states. [Wilbur Smith Associates Team. Northeast
ST: ENVIRONMENT*

20 January, Augusta. **ST DID NOT PAY AN ENVIRONMENTAL FINE WHEN DUE**, said Scott Whittier of the Maine Department of Environmental Protection (MDEP), Oil and Hazardous Waste Facilities division. [See 09#06B (East Deerfield) and 09#04A (Ayer) for examples of other environmental fines.]

The reason for the fine

According to an administrative consent agreement signed on 22 December 2009 by David Fink, ST president, ST, the Maine Central Railroad, and the Portland Terminal Railroad were fined a total of $475,000 for environmental spills. That consists of $300,000 in cleanup costs plus interest at 15%, and $175,000 as a civil monetary penalty.

South Portland/Rigby Yard. Three spills: 6 August, 12 September, and 12 October 2007. Some oil found its way to Calvary Pond in South Portland from Rigby Yard. ST failed to immediately clean this up.

MDEP discovered ‘numerous and extensive discharges’ of oil in Rigby, including a 27 October 2008 prohibited discharge of oil to the turntable pit adjacent to the engine house.2

Waterville Yard. Oil discharges were discovered on 1 and 10 August 2007, which ST failed to report.

Anson. Following a 23 January 2006 resident report, DEP found that ST failed to report a spill, and failed to immediately clean up.

Old Town, Orono, and Veazie On 11 November 2007, an anonymous person reported an 8-mile spill from the ST yard in Old Town through Orono to Veazie. ST reported this and cleaned it up.

Failure to reimburse

DEP requested reimbursement of cleanup costs for the South Portland, Waterville, and Anson spills of $284,000.

Remediation: track mats

ST agreed to:

A - clean up the spills as specified by DEP,

B - ‘immediately identify all outdoor, uncovered areas in Maine where STR, MCRR, or PTC anticipates that one or more locomotives under the custody or control of STR, MCRR, or PTC are regularly parked, inactive or idle for a period exceeding two (2) consecutive hours or where locomotives are serviced or fueled.

‘At these areas of potential oil discharge, STR, MCRR, and PTC must provide and maintain oil-absorbent “track mats” that will provide for containment and collection of spilled oil in order to minimize the potential for any oil discharges from locomotives reaching ground water, surface water, storm water, or any unlicensed discharge point.’

C - create a system to use the mats and track their use including requiring ‘that all locomotives at Rigby Yard intended to be idle or inactive for a period exceeding two (2) hours be parked over track mats.’

D - immediately report any spills, and begin cleanup ‘before Department staff is notified or arrives on site’.

When to pay fine

According to the agreement, ST must pay $67,500 twice a year for the next three years beginning 20 January, and a final payment of $70,000 before 20 January 2013. {text of consent decree}

2In January 2010, the engine house looked partially demolished, as though ST was in the process of removing the entire building. {ANR&P coverage}
Failure to pay
The agreement calls for a penalty of $200 per day for each payment not made in accordance with the agreement. If any payment is ten days late, the entire amount becomes due immediately.

Whittier, who reported the first $67,500 had not arrived by 22 January, surmised that ST might think that since the agreement is not yet signed by the state, it does not have to make that first payment.

However, the agreement by its terms requires the consent of the Maine Attorney General and the Maine Board of Environmental Protection. “We usually like to collect the first payment before we take the agreement to the Board,” he said. “The Board likes to see that first payment to show that the [party] is acting in good faith. Absent a first payment there’s a good chance it will be pulled from the agenda.” {ANR&P discussion 22.Jan.10}

ST: NO TRAFFIC TO NORTH ANSON*
26 January, North Anson. **Cousineau is not moving anything by rail currently.** The IRAP program and ST paid $593,000 each toward rehabbing the track north of Madison in 2005-2006 [see 04#12B], and the first traffic ran in 2007, pulp from Madison to Cousineau’s warehouse.

By 2008, the pulp was moving by truck, but ST was moving out aggregate [see 08#09A]. The rock move stopped in 2009, perhaps because ST was not paying the crusher promptly. Certainly, said Randy Cousineau on this date, ST did not pay Cousineau himself “for over a year.”

He did handle some pulp for Sappi as well but now, neither paper company is using his warehouse.

He would like to use rail. “We are ready; we spent $4000 to $5000” fixing a railroad crossing, and “we are quoting [prices] all the time,” but nothing has come his way for rail. {ANR&P discussion 26.Jan.10}

---

**MASSACHUSETTS**

CSXT: NEW CUSTOMER?
14 January, Attleboro. **Roberts Chemical is considering expanding here,** to the former Teknor Apex plant [our Directory #274] on the Northeast Corridor. Roberts currently is located in Pawtucket [#483, on PW] where Teknor’s remaining facility [#466, on PW] is also sited.

According to testimony at a hearing before the Attleboro zoning board, the company would bring in a variety of chemicals by truck or rail for packaging or storage, 99% of them non-flammable, to the 46,000SF plant off Oakhill Avenue near the Seekonk line.

Company officials said the chemicals include hydrogen peroxide, bleach and acids.

The hearing was held open until 11 February. {George W. Rhodes in Attleboro Sun Chronicle 15.Jan.10}

Why expand?
Asked why Roberts sought to expand, Chief Operating Officer Rick Enos, who testified at the hearing, wrote: ‘At this time we are merely exploring the possibilities of relocating. Any other discussions would be premature.’ {e-mail to ANR&P 26.Jan.10}

GU: AN UPDATE
1 February, West Upton. **Gu will open a dry-bulk packaging operation** here in mid-spring, said Clyde Ames, the railroad’s vice-president - Marketing/Sales. The line is operational from North Grafton to West Upton, about halfway along its 16-mile length.

In the rebuilt West Upton yard [see 09#07A], GU will site four different operations as part of its $8 million buildout:

**Dry-bulk packaging**
GU has funded and developed a $2 million facility, ordered silos and packaging equipment, and will soon erect a building. The packaging process, said Ames, will be “fully automated,” until the packages come out on a shrink-
wrapped pallet. The customer is now all-truck; “this is business none of the railroads is currently handling.”

Who? Ames said Dana Transport will become the contract operator, and also make the truckload and less than truckload deliveries throughout New England. He declined to name the product; however he anticipates annual tonnage handled to come to 100,000 tons. In response to a guess about wood pellets, he named that as a “major player” on the railroad.

**Foodgrade, kosher truck wash, regulated commodities**

On the other three sides of the yard GU has planned for a food-grade operation, a truck wash which can be kosher, and an industrial-commercial facility which can handle regulated commodities.

**Customer switch**

With the yard in the middle of these four operations, GU plans to give the customers their own power, or a trackmobile, so they can do their own switching.

**Other**

In addition to long-time customers Weetabix [our *Directory #351*] and Washington Mills [#350], GU has spotted a tank car for a customer in North Grafton, containing an organic product serving both ice-melt and dust-mitigation.

In Hopedale, the line could serve the former Draper mill complex. Ames said the railroad wants a large-volume user, and has turned away companies which would not use much rail. He has talked to environmental companies, chemical distributors such as Mann [see 09#10B] and Roberts [see other article], and a large warehousing and distributing operation.

**The GU advantage**

Ames pointed out that potential customers can come to GU’s owner, Jon Delli Priscoli, as a “one-stop shop.” Delli Priscoli owns sites along the line, owns a construction company, and owns the railroad. “We’ll build to suit.”

*ANR&P* discussion 1.Feb.10

---

**Industrial Port Development Opportunity**

**Mid-Coast Maine Location**

- 26 acre site with 32 foot depth of water (9.75m) alongside at low tide; 11 foot range of tide.
- 16 miles from Bangor/Brewer & I-95.
- Borders Pam-Am/ST rail system.
- Adjacent to Commercial Maritime District.
- Suitable for bulk, break-bulk, and project cargo; ship repair, terminal storage/distribution, and industrial fabrication.
- Recent marine survey available for review.
- Contact David Milan, Bucksport Economic Development Director, at (207)-469-7368.
NEW HAMPSHIRE

LEGISLATURE: COMMUTER RAIL*
27 January, Concord. THE HOUSE TRANSPORTATION COMMITTEE VOTED 14-0 TO KILL A BILL OPPOSING the use of state funds to support commuter rail. HB1521 was voted ‘inexpedient to legislate.’ {e-mail to ANR&P (via others) from Michael Skelton, vice-president economic development & advocacy, Greater Manchester Chamber of Commerce}

The bill was introduced by Representative Kurk [see 09#12B].

MBRX: ETHICAL BEHAVIOUR ISSUE*
26 January, Concord. THE ETHICS PANEL FOUND “NO SUBSTANTIAL EVIDENCE” AGAINST PETER LEISHMAN to support a finding of misconduct.

The charge
The committee voted to investigate two claims against the MBRX owner [see 09#12A]. Transportation Commissioner George Campbell told an ethics committee member that, during a telephone call last April, Leishman promised a bill Campbell opposed “would go away” if Pan Am would give more than 3 miles of track next to Leishman’s railroad lease area to Milford-Bennington. Leishman denied making that statement and called it a “complete fabrication” on Campbell’s part.

If Leishman made the statement, it would have violated three provisions of ethics guidelines and principles of public service, the draft report said. The committee, in the draft report, questioned whether it could ever meet its required standard that there was “clear and convincing evidence” this violation took place even with a more complete investigation and a hearing to take public testimony.

The draft conclusion
‘In this case, the committee proposes to issue a letter of caution to the respondent [Leishman], reminding him that his contractual relationship with the state as operator of a rail line, combined with his prominent position as chairman of a division of the House Finance Committee and his longstanding unfriendly commercial relationship with Pan Am Railways, require that he be continually mindful of, and make special efforts to avoid, any conduct that could be perceived as use of his official position to advance his personal interests in violation of the Ethics Guidelines.’

The draft report also concluded that Leishman should have filed a financial disclosure form with the House clerk’s office. Such a form would have let Leishman write the bill about the state purchase of existing rail lines, take part in debate, and vote on the issue but would indicate the benefit could be greater for him than someone in the general public because he owned the railroad.

Fink response
Pan Am Systems David Andrew Fink [Fink pere, versus David Armstrong Fink, fils, president of subsidiary Pan Am Railways—editor] who brought two ethics complaints against Leishman said he was disappointed and would file a letter challenging the draft findings. “I don’t think this is a punishment in any way and there should be one. I am disappointed that they didn’t see fit to question anybody on our side to find out what really happened. It’s politics, and I guess it really is the way they do business up there in Concord.”

Next step
The Ethics Committee will meet on 11 February for a vote on the report. {Kevin Landrigan in Nashua Telegraph 27 Jan. 10} Fink apparently still intends to fight the report, which he could do by appearing at the meeting. {e-mail to ANR&P from Leishman 28 Jan. 10}
VERMONT

VRS: UPDATE ON VARIOUS ISSUES*

21 January, Burlington. **VRS TO BUY NECR?** David Wulfson, president of the Vermont Rail System, said he had made an offer to the head of RailAmerica [John Giles is president and CEO–editor] during their last telephone call. “Those guys contact me every 12 to 18 months, ever since they bought RailTex [and with it NECR and CSO–see CPTC in 10#01A] they’ve been in an acquisition mode. They know what we do here, they call me, I tell them the same thing every time, the company is not for sale.

“I told them that the last time. I asked him if he was interested in selling NECR? He said, ‘It’s not for sale’. ‘Ok,’ I said, ‘now we are even.’”

MIDDLEBURY SPUR

About two weeks ago, Wulfson met with state, federal and Omya officials on the proposed spur into Omya’s quarry in Middlebury [see 08#11B]. “Everyone is still on board with the project.

“We are expecting the record of decision any day. When we get that, it will become an official project, we can go out and get it financed.” The stakeholders are considering a RRIF [federally-administered Railroad Rehabilitation & Improvement Financing Program] loan application, or seeking “private investors to put money into it. We expect it will start moving again.”

PAS AND NECR INTERCHANGE

While Wulfson has heard nothing about PAS giving its ConnRiver traffic in haulage to NECR [see 10#01A], he said, “If the competitiveness in White River Junction changes, I am going to have a problem. Now, I can get prices from two railroads, [and so can] the CCCR. If I have only one pricing and service option, I will have some issues with that.”

He said he would push for the option to operate his own train between Bellows Falls and White River Junction “if the haulage did not work out.”

COMMENTS ON TRAFFIC

Cement


In autumn 2009, Ireland bought Griswold. Since the merger, Ireland is “re-evaluating its entire transport system” and has gone solely to truck, leaving the rail move “in limbo,” Wulfson said. With the down economy, and winter, he didn’t expect much cement moving anyway.

Rock of Ages

“There’s been a lot of talk” and the company [our Directory #1105] is looking for a major contract [to move the grout–see 09#11B]. Once the contract is landed, “before we are all done” with the needed track work, “it’s going to have to be everybody” (state, customer, and railroad) all participating in the work.

Log traffic

The log traffic from Hampton NY [see 05#10A] had stopped and it has started up again, Wulfson said. The logs are hauled through St.Johnsbury to the MMA. He is concerned about the Aroostook County abandonment.

Biodiesel

This project in Hampton has not gotten off the ground [see 07#09A]. “They still own the property, and still have permits.” Wulfson believed the national biodiesel effort has proved “a flash in the pan.”
Lumber
Caledonia Kiln in Lyndonville [our Directory #1015] on the WACR is still shipping out lumber.

Omya and Hoosick Junction
Wulfson said the Omya unit train to Maine “is working fine.” VRS interchanges the Omya traffic, which originates in Florence [our Directory #1122], with PAS at Hoosick Junction, New York. {ANR&P discussion 21.Jan.10}

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.
Caledonia Kiln (VRS, Vermont) Still shipping.
Cousineau (ST, Maine) May want rail.
Dingley Press (ST, Maine) May want rail.
Fraser Paper (MMA, Maine #750) May close.
Blue Ridge Fiberboard (ST, Maine) May want rail.
Louisiana-Pacific (MMA, Maine #781) Needs rail.
Old Town Fuel (ST, Maine) Uses rail for pulp.
Omya (VRS, Vermont) ST interchange good.
Rock of Ages (VRS, Vermont) grout move coming.
ST Griswold, SD Ireland (VRS, Vermont) Purchase.
Tate & Lyle (MMA, Maine #782) Needs rail.