MASSACHUSETTS
CSXT: Flynn analyzes how CSXT will serve, via trains from Framingham, Boston customers.

VERMONT
CBNS: TrentonWorks may re-open as a wind turbine plant.

NEW HAMPSHIRE
MCER: Customer files to become small railroad, handle new commodities.

Connecticut
[No report.]
REGIONAL ISSUES

VRS/PAS/ST: THE OMYA TRAIN*

5 March, Hoosick Junction, NY. THE ‘SLURRY TRAIN’ RUNS EASTBOUND EACH FRIDAY, according to Erik Bohn, Omya director of logistics for the Americas. {ANR&P discussion}

On this particular Friday, 5 March, the VRS train, Green Mountain power up front, a Santa Fe-liveried locomotive behind it, led 33 loads through North Bennington, Vermont, to Hoosick Junction. The VRS came out of the west leg of the wye onto the Freight Main and onto the Eagle Bridge passing track. [See map in 08#04B.] A waiting PAS manifest train, with cars to interchange to VRS, followed the VRS westbound onto the passing track.

The VRS power then cut away from its train, ran to the west end of the passing track at Eagle Bridge, and reversed back on the Freight Main, after waiting for eastbound MOAY (Mohawk-Ayer) making good time, led by two NS locomotives with 15 autoracks followed by intermodal cars with trailers and filleted containers.

The VRS power reached the east end of the passing track, backed down to the tail end of the PAS train, and pulled it (at least five covered hoppers were visible on the video, possibly grain cars, on the head pin) back to Hoosick Junction, up the west leg of the wye, north toward Rutland.

The PAS power, released from its train, ran west on the passing track to the 33 Omya cars, lifted them, and headed east onto the Freight Main toward East Deerfield for eventual delivery to the paper mills of Maine. {e-mail to ANR&P from videographer Tim Wakeman of Maybrook NY–see the video at http://www.youtube.com/watch?v=BE4BrWu3rj4}

CONNECTICUT

PW: ETHANOL*

10 March, Windham CT. THE FIRST ETHANOL TRAIN VIA CANADA RAN INTO TROUBLE here. CP train #666-007 took 80 loads of ethanol out of Hankinson, North Dakota. It moved via Montreal to Whitehall, NY where VRS moved it over the Green Mountain to Bellows Falls, thence via NECR to Willimantic, Connecticut. Reportedly, this new business for the Green Mountain gateway could result in one or two trains per month if everything went well. {dandh e-list 9.Mar.10}

Derailment
Unfortunately early on the 11th, soon after PW left Willimantic with the train, it derailed four cars near the end of the train, three of which overturned, after the Shetucket River bridge. No leaks occurred. After a few hours, the train continued east with 71 cars. It will deliver the ethanol to the Motiva terminal in Providence. {PW e-list 10-11.Mar.10}

MAINE

MMA: SALE OF TRACKAGE?*

23 February, Augusta. MMA PRESIDENT BOB GRINDROD ADDRESSED ISSUES SURROUNDING THE PROPOSED ABANDONMENT at the Legislature’s Rail Caucus meeting this day:

Question: How does MMA envision working with another company since MMA will be keeping its lower line and northern-most line, just abandoning the middle section?
Answer: This happens all the time in the railroad business, how it will work gets hashed out in negotiations and having a successful operator take over that middle section of the line is in MMA's best interest; they just can't subsidize a 3rd party operator. Also setting up traffic to move quickly at interchanges and generating as much traffic as possible is also in the best interest of MMA.

Question: If shippers were to decide to form a group and provide some subsidy, would they get preferential treatment?

Answer: This is not allowed by STB regulations. Common carrier obligations require the equal treatment and service to all customers based on need, service and shipments. {minutes of Rail Caucus from staffer Tiffany Leonard}

MMA: LEVEL OF TRAFFIC*

5 March, Philadelphia. SOME THOUGHTS ON THE NECESSARY AMOUNT OF TRAFFIC came from Roy Blanchard, a short-line consultant and publisher of Railroad Week in Review.

For its part, MMA says it’s now down to 9,000 revenue units a year from 15,000 just four years ago. Get out your Rule of 100 calculator and do the math: 9,000 cars a year on 242 miles of track is 37 cars a mile, a third of what you need to run a profitable railroad. Yet the newspaper quotes a paper shipper who says, “Our survival is dependent on getting our products to our customers in the most efficient and cost-effective manner. Increased freight costs would significantly decrease our operating margins, threatening the continued operations of our mills.”

Debt service is not part of the Rule of 100 calculation, nor was it ever meant to be. Maintaining 241 miles of railroad averages about $5,000 per mile per year; it could be more in Northern Maine. But assuming the number fits, that’s one-point-two million a year just to keep it at FRA class 2 and 25 mph max speed. On a traffic base of 9,000 cars, track then costs $134 a car. That’s no way to run a railroad, and MMA has correctly concluded it can’t.

As for the shippers, it’s use it or lose it. The railroad is absolute and unforgiving. Stuff wears out and gets used up and has to be replaced. It makes no difference who’s writing the checks - the railroad remains a wasting asset and the piper must be paid. A ton of debt only makes it worse. {Railroad Week in Review 11.Mar.10}

The Rule of 100 includes paying the $5000/mile/year, but not debt. The Rule of 100 requires 24,200 cars per year, well over what MDOT consultant Gary Hunter thinks is adequate: 12,000 carloads a year [see 10#02B.] Editor

MMA: FEDERAL ASSISTANCE?*

4 March, DC. USDOT WILL ASSIST MAINE IN RETAINING THE TRACKAGE. Secretary Ray LaHood, in testimony during a Senate Appropriations Transportation Subcommittee hearing, said to US Senator Susan Collins (R, Maine):

“[T]hank you for your leadership on this issue. You’ll have my full commitment. Freight rail is very important; it’s a big component of our transportation system in America. What I’d like to offer is for our Rail Administrator to go to Maine as quickly as possible and meet with all the stakeholders and we’ll figure out some kind of funding opportunity to make sure that this rail line is not closed down. It’s like an interstate; you can’t close down part of an interstate that connects so many different parts of the state. I am committed to helping you. I’ll have our Rail Administrator in Maine and we will work with you on a plan to get this funded.” {press release from Collins office}

When?

On 8 March, FRA spokesperson Warren Flatau said FRA Administrator Joseph Szabo would come to Maine “sooner rather than later” and is well aware that the clock is running on the abandonment. {ANR&P discussion}

Under the applicable statute, the STB must decide on the abandonment within 110 days of the filing of the Application, which occurred on 25 February.

Within 45 days of the filing, protesters must submit their protest. The carrier may then file a reply. {STB
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.

MMA: NEW JOBS BOND*

2 March, Augusta. *A NEW ‘JOBS BOND BILL’ WOULD INCLUDE $20 MILLION TOWARD THE MMA SITUATION*. According to press reports, the bill provides bonding authority for $99.2 million, which would cover

* $47.5 million for highway reconstruction projects;

* ‘purchasing the northern Maine railroad infrastructure previously known as the Montreal, Maine & Atlantic Railway ($20 million)’ [sic-means the trackage MMA has filed to abandon];

* $5 million for passenger and freight rail service in the Lewiston-Auburn area [details in article below];

* $20 million in competitive grants to improve energy efficiency in schools; and

* $6.7 million for waste-water and drinking water upgrades.

No details yet
Tim Feeley, spokesperson for Senate President Libby Mitchell, said, “There’s no level of detail yet. The bill is at Revisor's Office.” The bill will receive a public hearing, and a vote before adjournment, now targeted for the end of March, though statutorily the Legislature could stay in session until about 15 April, he said. {ANR&P discussion 3.Mar.10; press release of proposal from Rail Caucus}

Chances of passage
Republican legislators hold veto power because a two-thirds vote in both the House and Senate must approve sending a bond to the voters. While Republican senators haven’t shut the door on borrowing, Republican House members may be a hard sell. If approved, this borrowing package would join three bond proposals already on the June 8 referendum that total nearly $69 million.
No federal match
While the $6.7 million in water and sewer projects will leverage nearly $30 million in federal funds, the transportation sections will have no match. “We have matched for all the funds that we know are available,” Transportation Commissioner David Cole said. “We can certainly use the additional funds they are talking about, but we have already matched all the federal dollars.” {Mal Leary in Bangor Daily News 3.Mar.10; Susan Cover in Kennebec Journal 3.Mar.10}

MMA: DIFFERENT BOND BILL**
2 March, Augusta. THE TRANSPORTATION COMMITTEE VOTED ON LD 1748, the bill to approve a $20 million bond (plus $4,950,000 in interest over ten years) to purchase the MMA trackage [see 10#02B] and repair it. A majority voted ‘ought to pass’ {ANR&P discussion with clerk Kathie Bilodeau 3.Mar.10; status from Maine legislative website}

[Presumably LD 1748 will be merged into the jobs bond bill or the governor’s bond bill if the latter is passed. Editor]

3 March, Augusta. MDOT LIKES THE PROPOSED BOND BILL, said Commissioner David Cole. “There are three or four [potential operators] that we know of that have the wherewithal and experience to come in and take this on. The key thing is that our consultant feels there is hope here, that the lines have sufficient existing volume to attract an operator. Then, as the housing and construction markets rebound, there is room for growth over time.”

MMA also has expressed interest in continuing to run the lines if the state acquires them and pays the railroad’s debts, but that won’t necessarily happen, according to Cole.

Affects all paper mills
Denis Berube, director of transportation and planning services at the Northern Maine Development Commission, argued that “[i]f you look at this long term, it will impact the supply options for most every pulp and paper mill in the state. It will drive up prices considerably by limiting the amount of wood fiber you can draw from. All the users will have to scale back operations to deal with costs associated with trucking. They won’t be able to ship product to further-away destinations.”

Maintenance needed
However, said Tracy Caron, corporate transportation manager at Fraser Papers, the track needs work. The Madawaska-Van Buren line is posted to a 25-miles per hour limit in several places, which hurts the ability of Fraser, MMA’s largest customer, to meet customer deadlines.

The state will have to invest $5 million in basic rail line repairs over the next few years, with an entire backlog of deferred capital maintenance projects costing as much as $20 million, Cole said. “It’s not like we have to do that tomorrow.” {Nick Sambides in Bangor Daily News 4.Mar.10}

MMA: GOVERNOR SUPPORT*
10 March, Augusta. GOVERNOR BALDACCI’S BOND WILL ‘PROVIDE THE FOUNDATION FOR NEGOTIATION’ on efforts to preserve the MMA line. On this day, he announced a statewide bond package of $99 million, including $20 million for the MMA and $5 million for Lewiston-Auburn.

MMA $20 million
The text of the backgrounder stated: ‘This funding will be used for acquisition and capital maintenance, and will provide the foundation of a more global negotiation to preserve this critically-needed, cost-effective shipping option. Early estimates suggested the cost of the acquisition would be $20 million, but Maine DOT believes clawback provisions will allow the State to recoup as much as $4.8 million previously invested in rail upgrades along the line.’ {text}
The future
Both the Democratic leadership and the Democratic governor seek the $25 million rail bond package. They need a 2/3rds vote of both houses to pass the bond bill, and then the voters must approve it in a June election. Some doubt the votes exist to pass the bill. {ANR&P discussions}

MMA: STB HEARING IN MAINE**
5 March, DC. THE STB HAS RECEIVED SEVERAL FILINGS FROM INTERESTED PARTIES REQUESTING AN ORAL HEARING.

James Oberstar and Mike Michaud, chair of the House Transportation committee and congressman from northern Maine, respectively, wrote to STB Chair Daniel Elliott requesting a 'public hearing in the State of Maine'.

They noted that they had already met with Elliott about the abandonment. ‘On October 29, 2009, we had an opportunity to discuss the abandonment with representatives from the Federal Railroad Administration, Maine DOT and some of the businesses and organizations that rely on continued freight rail service in Maine's Second Congressional District. During the meeting, you assured everyone present that the abandonment process would be both open and accessible. Holding a meeting in the state is the most effective way to make certain that this occurs.’ {letter to STB filed 4.Mar.10}

MDOT requested ‘one or more public oral hearings in this matter, including one in Augusta, Maine. At the hearings, the Board should, in addition to any permitted cross examination of witnesses filing verified statements in the proceeding, allow direct testimony from interested parties, shippers and the public, including governmental bodies and officials, with respect to the affect of the proposed abandonment (as permitted by the regulations)....
‘The public's interest in the preservation of rail service over the lines MMA operates is evidenced in part by the loans provided by public entities to MMA that assisted in its acquisition of the lines from the bankrupt Bangor & Aroostook Railroad, and their subsequent rehabilitation. These include loans from the State and from the Federal Railroad Administration. Accordingly, this proceeding involves issues of significant importance to the people.’ {MDOT filing 4.Mar.10}

Irving Woodlands LLC and Irving Forest Products, Inc. requested a public hearing ‘in Bangor or a location closer to the affected communities. The scope of the proposed discontinuance and abandonment is unprecedented in recent history at the Board both in terms of the number of carloads of traffic currently transported on the line and also the importance of the rail line to the local communities....Under 49 USC § 10903(d), the Board must address the public convenience and necessity when evaluating an abandonment application. Additionally, the Board must consider the impact of the proposed abandonment on rural and community development. Both of these statutory mandates would be aided by a public hearing that permits the Board to learn first-hand from the affected citizens, communities, businesses, and shippers in northern Maine. A public hearing also would allow the Board to engage in a dialogue with witnesses and ask questions - something not possible otherwise.’ {Irving filing 5.Mar.10}

Fraser Timber’s Arkon Home, controller and officer, asked for a public hearing in Maine. The letter noted that Fraser’s two mills in ‘Ashland and Masardis...produce dimensional building lumber that is shipped throughout the Eastern and Southern United States. At capacity we employ 280 workers and produce about 185 million board feet of lumber per year of which 70% is shipped by rail.’

Huber Engineered Woods’ Edward Castorina, secretary at the home office in Charlotte, North Carolina, requested a public hearing in Maine. He noted: ‘We have been advised that these rail lines continue to see substantial traffic, in wood products, and paper products, and other commodities.’

Louisiana-Pacific, formally LP Building Products, Inc, asked for a public hearing. ‘Because the continued availability of rail service to that facility is critical to the facility's long-term viability, LP intends to support the efforts of the State of Maine and other adversely-affected parties in this proceeding to preserve, and ultimately to
improve, that service.’

Portage Wood Products’ managing director, John Cashwell, requested a public hearing. Portage is ‘a hardwood chipping facility that depends upon rail to transport our product to market.’ {Fraser, Huber, LP filing 8.Mar.10, Portage 9.Mar.10 in docket No.AB 1043-1}

Intent to participate
Filed by: Irving, MDOT, LP, Huber through 15 March.

12 March, DC. THE STB GRANTED THE REQUEST FOR A PUBLIC HEARING IN MAINE. According to a press release this day, ‘The hearing will be scheduled after the April 26 deadline for the written record but before the end of May. The Board will announce details on the exact time and place for the hearing in the near future.’

“This proposed abandonment would affect many shippers and the local and regional economy and it is important that the Board hears from as many voices as possible,” said STB Chairman Daniel R. Elliott III. "The best way to do that is for Washington to go to Maine instead of Maine coming to Washington.” {text}

MMA@STB: MDOT ATTACK, REPLY
11 March, DC. MDOT ASSERTED THAT MMA FAILED TO BREAK OUT DATA FOR EACH OF THE FIVE SUBDIVISIONS and therefore the Application fails. Under 49 CFR 1153.24(e)(1) and (2), the Board is required to review the Application and to reject the Application if it does not substantially conform to the regulations regarding notice, form or content. Any rejection (with the reasons for rejection stated in the order) must be issued within 20 days of the filing of the Application, i.e., by March 17, 2010.

Why insufficient
Under 49 CFR § 1152.22, an applicant must compute ‘the revenues attributable to and the avoidable costs’ for each line to be abandoned. MMA’s data aggregates the result for the five divisions it wants to abandon. As a result, the State argues, ‘the Board will not be able to make a reasoned determination about whether the public convenience and necessity permit the abandonment of each of the individual lines. Since the burden is on the applicant to show that the proposed abandonment is in the public interest (Abandonment and Discontinuance of Rail Lines and Transportation under 49 USC 10903,1 STB 894,906-07 (1996)), without the proper economic evidence for the Board to evaluate the public convenience and necessity standard for each branch line, the Application should be dismissed.’

Confidentiality
[The evidence described by Maine is redacted–available only to those permitted to read the confidential filing. The public must rely on Maine’s reading of the confidential filing. {Editor}]}

Another problem: rehab costs
‘The State also notes that the Applicant's inclusion of rehabilitation costs in its calculation of the Estimated Subsidy Payment (49 CFR § 1152.22(d)(3)) does not conform to the Board's regulations. While 49 CFR § 1152.32(m) permits an applicant to project rehabilitation amounts necessary "to permit efficient operations," and to indicate the FRA class safety standard to be attained, it also requires the Applicant to give consideration to the costs to attain the lowest operationally feasible track level, the rehabilitation level resulting in the lowest operating and rehabilitation expenditures, or the rehabilitation level resulting in the lowest loss or highest profit from operations. There is no indication in the Sheahan Verified Statement that these considerations were taken into account in her determination that the Madawaska subdivision should be improved from FRA class 2 to FRA class 3, or that three other Branches should be improved from FRA class 1 to FRA class 2.’ [See Fraser comment about track in bond bill article.]
Can MMA revise its application?
‘Under 49 CFR § 11 S2.24(e)(3), a revised application may be submitted. If a proper application is submitted within 60 days, it would not be subject to new notice or publication, but it would be considered a new application for the purpose of the computation of the time periods for protests, comments and offers of financial assistance. Id; 49 CFR §1152.24(e)(4).’ {STB website, filings page, STB Docket No. 1043 (Sub-No. 1)}

12 March, DC. **MMA REPLIED THAT MDOT HAD ACCEPTED, AND USED, AGGREGATED DATA**, in its response filed this day [rapid work by MMA attorney Jim Howard! editor]

‘The State's position should be evaluated in proper context. Since mid-2009, MMA and the State have been discussing the possibility of abandonment of the 233 miles of line that are the subject of the application. The end points of the abandonment segments have been well known to the State from an early date in the discussions.

‘Indeed, the State submitted a so-called "TIGER" application in September, 2009 seeking federal stimulus funds in order to purchase and rehabilitate the very lines that are the subject of the abandonment application [see 09#09B]. The State has requested and MMA has provided a substantial amount of information concerning the lines, but at no time has the State requested segregated information regarding the revenues or expenses of the operation of each of the 5 subdivisions that comprise the abandonment lines.’

Why the rehab to higher FRA classes
‘Rehabilitation from the existing FRA class 2 to class 3 on the Madawaska subdivision and from FRA class 1 to class 2 on the other subdivisions is necessary due to the current transit times and the ascending grades on these lines. The current permissible track speeds require additional locomotives and fuel and result in additional labor costs. Clearly, the proposed rehabilitation would address these problems, and, in answer to the point raised by the State, the application is responsive to the criteria of the regulations.’

State wants higher FRA class
‘Moreover, the State ignores the second subsection of 49 CFR 1152.32 (m)(2), which provides that rehabilitation costs can be included for subsidy purposes if the “potential subsidizer requests a level of service which requires expenditures for rehabilitation.” The State has indicated that it wants to make an offer of financial assistance in order to preserve rail operations on the abandonment lines. In addition, the State requested federal funding in the TIGER application referred to above for the rehabilitation expenditures referred to in the Sheahan Verified Statement, recognizing, on the basis of MMA’s estimates, that a total expenditure of approximately $20 million is needed in order to bring these lines to a state of good repair. The State, therefore, recognizes that efficient service requires such capital expenditures.’ {STB website, filings page, STB Docket No. 1043 (Sub-No. 1)}

**MMA@STB: FRASER PLEA, REPLY**


They asserted that a 23-mile line, between Madawaska and Van Buren (the ‘Madawaska line’), would become a ‘stranded segment...permanently disconnected from not only the rest of MMA's rail network, but also from the entire U.S. rail network.

‘...MMA has not shown how, if its Application is approved, it would be able to respond to car requests, pick-up or deliver loaded cars, repair locomotives, replace locomotives when unexpected mechanical issues arise, or otherwise meet its common carrier obligations over the stranded segment. Moreover, as described more fully herein: (1) granting the Application would be tantamount to the Board ceding much of its regulatory jurisdiction over the stranded segment to Canadian regulators; (2) the stranded segment would cause intractable problems for the Board in trying to assess the Application and
Since the abandonment of the Calais branch, ST has continued to operate the segment from the Canadian border at Calais where it interchanges with NBSR, to St. Croix Junction, back into Canada, and out to Baileyville, where ST serves the Domtar mill. See map in 01#09B.

1 Since the abandonment of the Calais branch, ST has continued to operate the segment from the Canadian border at Calais where it interchanges with NBSR, to St. Croix Junction, back into Canada, and out to Baileyville, where ST serves the Domtar mill. See map in 01#09B.

MDOT is converting the Calais branch from Ellsworth to Ayers Junction into a trail. It is considering reviving the rail from St. Croix Junction to Ayers Junction to serve Eastport. An excursion service, Downeast Scenic Rail, proposes to operate the Calais branch from Ellsworth west to at least Green Lake. (editor)
‘MMA will construct a mechanical facility on the line in order to maintain both locomotives and cars. Necessary personnel will be assigned and can be supplemented at any time to the extent necessary. MMA intends to station two locomotives on the Madawaska line so that it would have a spare in order to provide if one locomotive required maintenance. [The MMA proposal would provide far more than ST does in Calais, where ST stations only a single locomotive, sometimes borrowed from NBSR—see 09#10A. Editor]

‘Heavy maintenance and substitution of locomotives, as necessary, will be accomplished by movement over the Canadian National line to and from MMA's other maintenance facilities. In short, MMA will have the capability to fulfill its common carrier obligations on the Madawaska line. Moreover, as noted by the Petitioners, MMA has a profit motive to perform well on the Madawaska line.’

Offer of financial assistance?

‘Finally, the Petitioners suggest that there is something inappropriate about MMA’s decision to continue to operate the Madawaska line because it generates profits. On an even more draconian level, the Petitioners speculate that MMA will, after the abandonment, "squeeze the divisions of the OFA purchaser" as a "bottleneck" carrier.

‘Surely, wild speculation of this type, unsupported by any facts, cannot be the basis for rejection of the application. The Petitioners are capable of submitting OF As [Offers of Financial Assistance, under which Petitioners could operate the Madawaska line—editor] if they choose to do so, and any issues arising in connection with an OFA can and should be dealt with at the appropriate time—after the abandonment application has been granted.’ {STB website, filings page, STB Docket No. 1043 (Sub-No. 1)}

SLR: STATE BOND*

2 March, Augusta. **LEWISTON-AUBURN PASSENGER AND FREIGHT RAIL IMPROVEMENTS WOULD OCCUR** under the Jobs Bond bill proposed by the Democratic leadership [see other article]. About $2 million of the rail money would be used to purchase about 15 miles of the SLR line between Yarmouth and Lewiston, according to State Representative Mike Carey (D, Lewiston), who serves on the Transportation Committee.

The remaining $3 million would add additional track for both passenger and freight in Auburn, in the form of rebuilding an old right of way [see box], the hypotenuse of a triangle formed by the SLR and the Lewiston Auburn Railroad; Lewiston Junction serves as the right angle.

Carey said plans call for a wye where the new line joins the SLR. “That becomes incredibly important when there is passenger service there. Plus, more acres that are currently landlocked will open up to economic development.”

Roland Miller, Auburn director of community development, said the plan to rebuild that section goes back to the mid-1990s. “It’s been an active project ever since.”

The area needs more rail

State Senator Margaret Craven (D, Lewiston) said she advocated along with the rest of the Lewiston-Auburn delegation for funding to help revive the area's rail service. “If I were to vote for a bond, I wanted something for my area and we've been waiting and waiting.

“Truly, the Lewiston-Auburn area has invested a lot and it's the natural place for rail to be invested in and we have to have a focus because if we don't have a focus, it will never happen. We would love to have a passenger train come up from Portland and up into the Bethel area [and to Montreal, Miller added], because it would be an awesome economic development piece of rail where people could just get on in Boston or wherever and come all the way up.” {Rebekah Metzler in Lewiston Sun-Journal 3.Mar.10; ANR&P discussion with Miller 8.Mar.10}

Why not funded until now

The 9 February Rail Caucus of the Maine Legislature discussed a joint resolution in support of rail development of passenger and freight.

Senator Margaret Craven (D, Lewiston) felt as though there was no focus when it came to rail and of course,
no money. She wondered why the Legislature wasn't looking for the most lucrative option. If the caucus were creating a joint resolution, it should have a place to focus our energy on and then ask for support.

MRG Inc./Downeast Rail President Jack Sutton said that Lewiston/Auburn lacked the preparedness that Brunswick/Freeport had. They need to develop a plan that everyone can get behind to make others realize that the Twin Cities are very serious about developing its rail.

Nate Moulton, MDOT rail administrator, said that the state rail plan has a focus, as it puts into place priorities for both passenger and freight and there will be critical corridors that will be at the top of that priority list. {minutes of Rail Caucus by staffer Tiffany Leonard}

Carey said on 8 March that the Androscoggin Valley Council of Governments has advocated for this project for years. The new rail section, and the purchase of the SLR trackage, are “the pieces needed to get passenger service to Auburn” with the “added benefit for freight” of the new section.

He could not detail how the new section expenditure made the Jobs Bond bill; “it’s something that made sense.” The $3 million is “sufficient to do the construction” in his understanding. {ANR&P discussion 8.Mar.10}

Bob Thompson, Androscoggin Valley Council of Governments (AVCOG), said that his agency, as the transportation agency for the region, has long advocated the new rail section, informally called the bypass rail. “As we worked on the passenger intermodal next to the airport, we saw an operational conflict as freight grew.” AVCOG prioritized the project in the MPO long-range plan, and it was incorporated into the MDOT six-year plan.

What will the $3 million buy?
Thompson agreed with Carey that the $3 million would suffice to do the construction. The stakeholders are working on ultimate control of corridor [note the value of corridor preservation, something not considered when Maine Central abandoned the line in 1952-editor]. Adjacent and actual land owners know that the new rail will “add value to their land” and so they will be “willing partners.” The Lewiston Auburn Railroad “would be ultimate holder.”

If more dollars are needed for acquisition, “we will raise them,” Thompson said. The FAA is a partner because of the airport tie-in, and Lewiston Auburn could also raise money. {ANR&P discussion 9.Mar.10}

PORTLAND & RUMFORD FALLS–the bypass line
The Portland & Rumford Falls Railway once ran from Rumford to Auburn, to a point on ST still called Rumford Junction [see 06#06B]. The right-of-way included the hypotenuse described in the article as the bypass line.

The SLR received a federal earmark to add 9000 feet of trackage to aid in serving the customers in Auburn [see 06#02A], but that new track is not the proposed bypass.

Cavendish Agriservices long operated a grain transload at Rumford Junction [see 04#03A]. Safe Handling bought the defunct facility in the mid-2000s; Savage acquired the site along with the rest of Safe Handling in 2009 [see 09#11A]. Ford Reiche said he still owns the area of the former Bayshore cement plant [see 05#06A] not part of the rail operation; his land would abut the proposed ‘bypass rail’. {ANR&P discussion with former Safe Handling owner Ford Reiche 8.Mar.10}

ST: FINE PAID*
February, Augusta. THE BOARD OF ENVIRONMENTAL PROTECTION APPROVED THE CONSENT AGREEMENT this month, following the receipt of the railroad’s first $67,500. The agreement [see 10#01B] requires ST to pay $67,500 twice a year. {ANR&P discussion with DEP’s Scott Whittier Feb.10}
CSXT: SERVING BOSTON*

1 March, Framingham. **CSXT WILL CONTINUE TO SERVE ITS CUSTOMERS EAST OF WESTBOROUGH;** the question is, how? [See footnote 9 in 10#02B.] At this point, the railroad runs a daily train to Everett to serve its customers there, which includes increased perishable traffic (in recent months) as well as scrap for Schnitzer Steel; CSXT also has two customers adjacent to Beacon Park: Romar and Houghton Chemical [see 08#11A].

Dick Flynn, a New England rail veteran, now principal of NorthEast Logistics Systems in Framingham, described the scenarios CSXT could use:

‘First, it’s all dependent on the overall volume and the classification capacity at Selkirk. In a perfect world, Selkirk would block all Massachusetts traffic and run pre-blocked eastbound trains dropping ordered sequential blocks at each yard or interchange. As one would expect, there are simply too many final blocks for the various locals and interchanges to do it all there.

[Needed blocks: Pittsfield (HRRC), Westfield (PVRR), West Springfield, Palmer (MCER and NECR), Worcester (ST and PW), and Framingham (Leominster, Boston, South Coast). Ideally, all blocks are ordered for sequential customer delivery. Editor].

‘Historically, CSXT has made as many blocks at Selkirk as it can to the furthest eastbound yard, and run a road train to that yard. I needn't go through the long list of former road trains eastbound out of Selkirk that are gone.

‘At this time, Framingham is the end of the line for its carload road trains. Over time, the Massachusetts volumes have dropped to levels not justifying tying up many classification tracks at Selkirk, so fewer Massachusetts blocks and road trains are made at Selkirk. CSXT does secondary switching at West Springfield and Framingham. In the late 1970s, the South Coast (Attleboro and east) switching and blocking was done briefly at West Springfield. This later moved to Framingham where it's been for the last couple of decades.

Future practice

‘I assume CSXT will continue to use both West Springfield and Framingham to assemble locals or interchange blocks, as it does today, if traffic stays at current or lower levels. I doubt Selkirk could do much more but maybe they could.

‘I don't see a viable plan for moving the secondary switching out of Framingham. Since West Springfield handles intermodal which is bound to grow (and may take some Worcester intermodal traffic so Worcester can take Beacon Park intermodal traffic) I doubt it could do any additional loose car classification there.

‘CSX could reconfigure Framingham, but that will take more money and a business reason, which does not exist today. I would expect to see Framingham remain as the base for carload until the Commonwealth ponies up to address downtown grade crossing separation, commuter parking, and local land use plans which will drag with them options to get CSXT out. Where would the railroad move then? Neither Worcester nor Westboro has the room.

MBTA attitude toward freight

‘The biggest driver of future loose carload volume will be access over the MBTA as a new owner with freight tenants. [MassDOT Deputy Secretary Jamey Tesler, one of the architects of the CSXT deal–see 10#02B, has stated that the Commonwealth wants the T and freight to work together–see 09#11B.] If the Commonwealth allows freight operations over its commuter lines at service levels that will enable CSXT or short lines to grow bulk carload business, I can see potential for growth in loose car business, particularly bulk heavy stuff that would not go intermodal. If the T does not permit growth, the bulk will go away, presumably to truck.

More truck traffic

‘The Eastern Massachusetts Freight Rail Coalition (emfrc.org) is concerned about the loss of direct rail delivery to
customers. Loose-car traffic displaced by commuter trains will create longer intermodal drays and further erosion of carload business to truck. Or worse: we lose the jobs that are tied to that carload traffic. The South Coast region has particular promise and provides an opportunity for CSX, MassCoastal, and MassDOT to show what they can do working together for increased direct rail business. A particular bright spot is the Port of New Bedford. If they can make something happen there, the door opens for growth on other MBTA lines where freight access has suffered. Whether they admit it or not, MassDOT is in the driver seat.’ {e-mail to ANR&P 1.Mar.10}

CSXT position
Asked about Flynn’s analysis, CSXT spokesperson Bob Sullivan wrote: ‘The deal with MA simply involves relocation of Intermodal and Transflo. CSXT will continue to work closely with and service its customers east of Worcester as efficiently as possible based on customer volumes and requirements and any details will be worked out directly with those customers.’ {e-mail to ANR&P 3.Mar.10}

CSXT/UNION PACIFIC INTERMODAL*
24 February, Jacksonville. **UP AND CSXI WILL OFFER MASSACHUSETTS SINGLE-BILL INTERLINE ROUTING FOR DOMESTIC INTERMODAL**, when the UMAX program begins on 29 March nationwide for 600 lanes. UMAX will have 20,000 53-foot boxes. According to the service matrix, UMAX will be offered for the CSXI terminals in Boston (all UP lanes, except Los Angeles only westbound), Worcester (Los Angeles only), and West Springfield (all UP destinations, except Los Angeles only westbound). {CSXI bulletins}

Other initiatives
In 2009, UP renegotiated a long-term space and pricing contract with Pacer International which allowed the railroad to directly take over more domestic business. Earlier, UP lured Hub Group to shift much of its western-U.S. traffic onto UP from rival BNSF.

In the East, intermodal trucker J.B. Hunt selected Norfolk Southern Railway as its regional partner. {John Boyd in Journal of Commerce online 24.Feb.10}

MCER: EXPANDING CUSTOMER*
24 February, DC. **ABC&D FILED TO CREATE A SMALL RAILROAD**, to claim exemption from Massachusetts regulation. [I overlooked this until 10 March, my apologies. Editor]

According to the filing, prepared by attorney Leonard Singer of Boston, ‘ABC & D Recycling, Inc. started doing business in or about 2006, engaging primarily in the business of handling construction and demolition debris (C&D) [see 06#03A and box]. In connection with those activities it obtained and continues to hold all required state and local permits. ABC & D Recycling, Inc. has obtained new financing and is implementing a new business plan and business strategy. This Verified Notice of Exemption is filed in furtherance of those transactions.’

Solid waste
‘ABC & D Recycling, Inc. has and intends to continue to handle construction and demolition debris. It obtained and continues to hold, free from any challenge whatsoever, all state and local permits necessary in order to handle

**MORE ABOUT ABC&D**
In 2006, the company anticipated 300 carloads a year of C&D. It has three spurs built by ABC&D each about 250 feet, for a total of 773 feet of track which the railroad will operate. One spur enters the 25,000SF facility which the company built for $11 million. {ANR&P discussion with Pat Hannon of the company}

Its application in 2003 proposed to use 10 of the 25 acres in the site (formerly Rocosco Used Auto Parts) ‘for a processing and handling facility that will accept, recycle, and transfer construction and demolition solid wastes at a maximum rate of 750 tons/day and 210,500 tons per year. {DEP public notice 6.Mar.03 as received at Massachusetts Environmental Protection}
Ware, Massachusetts. Showing three customers of the Massachusetts Central Railroad. ABC&D seeks to expand its offerings. {editor}

collection and demolition debris. It understands that if it wishes to handle solid waste, as that term is defined in the Clean Railroads Act of 2008 it must (1) obtain all state and local permits necessary in order to handle such solid waste, or (2) obtain a land-use exemption from the Board for any permits that it is unable to obtain from state or local government.’ {STB website, filings page, Finance Docket 35356}

History of the site
The first railroad was built through the property in 1870, from Palmer to Gilbertville, called the Ware River Railroad. The second came in 1887, when the Boston & Maine completed the line from Boston to Northampton started by the Central Massachusetts Railroad.

The Ware River remains, now owned by the state and called the Ware River Secondary. The Central Massachusetts was abandoned in parts: that from Creamery to Wheelright (the section passing through the property) was abandoned in 1983.

At least two sections of the Central Massachusetts remain in use. Kanzaki Paper in Ware is built at the end of a section off the Ware River; A&R in Ware uses a section for car storage. [See map.]
In 2002, planning began for the construction and demolition facility, on the site of a former auto scrap yard. The site is owned by the O’Riley Family Trust; Richard O’Riley serves as president of ABC&D.

‘An agreement has been reached pursuant to which ABC & D Recycling, Inc. leases and will operate the railroad trackage in Ware, Massachusetts owned by O’Riley Family Trust,’ according to the filing.

9 March, DC. **THE STB PUBLISHED THE NOTICE OF EXEMPTION** which will allow ABC&D to become a railroad. ‘The transaction is expected to be consummated on March 26, 2010, the effective date of the exemption (30 days after the exemption was filed). If the verified notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than March 19, 2010 (at least 7 days before the exemption becomes effective).’ {STB website, decisions page}

10 March, Ware. **THE PLAN FOR THE RAILROAD WAS DESCRIBED BY PAT HANNON**, rail manager for ABC&D. “We have been asked by multiple parties” to handle other commodities, in particular inbound aggregate and inbound rock salt, and outbound wood chips. {ANR&P discussion} [More in a future issue.]

**PAS: OPPORTUNITIES**

10 March, Fitchburg. **PAS WANTS TO MAXIMIZE OPPORTUNITIES IN NEW ENGLAND.** In a presentation to the North Central Massachusetts Chamber of Commerce here, NS spokesperson Rudy Husband said, “We are getting people to think about opportunities in the Route 2 corridor and beginning a dialogue with economic specialists and shippers doing business in that area to take a look at what we are doing to develop more business for Pan Am Southern to maximize our opportunities not only in Massachusetts, but throughout New England.”
Local interest
Richard E. Quinlan, member services and special projects manager for the Chamber, said area businesses are very interested in the project. “We’re extremely excited about what is coming,” said Quinlan.

“It’s an opportunity for businesses to come to the area and utilize the freight system with better efficiency than it had, and in a lot of cases, less expensively. The bottom line is, we see expanded transportation capacities for goods around the country in large quantities and that is one of the things we are able to use to promote new businesses to come in.” {Paula Owen in Worcester Telegram & Gazette 13.Mar.10}

CBNS: POSSIBLE NEW CUSTOMER*
5 March, Trenton. THE RE-OPENING OF TRENTONWORKS INC., A FORMER RAIL CAR MANUFACTURING PLANT, COULD MEAN MORE BUSINESS for the Cape Breton and Central Nova Scotia Railway, said Peter Touesnard, regional vice-president for Rail America, owner of the shortline.

He had no first hand knowledge of the deal “but certainly across North America we have a couple of railroads that have seen an increase in business from the movement of turbines and large turbine components. So we are cautiously optimistic that it is going to be positive for the CBNS. We will be looking to get together with them and understand the business and see if we can add some value to it.” {ANR&P’s Tom Peters discussion 5.Mar.10}

New deal for plant: wind turbin components
The Nova Scotia government announced this day it entered into a joint venture with the South Korean firm Daewoo Shipbuilding and Marine Engineering Ltd. (DSME) which plans to manufacture wind turbine towers and blades. The province will invest nearly $19.4 million and will own 49% of the shares. DSME will spend $20.4 million and own 51% of the business.

Because TrentonWorks is in bankruptcy, several legal steps are necessary before the deal can be completed. [Oregon-based Greenbrier closed the facility in April 2007 because it was no longer viable. In 2008 TrentonWorks filed for bankruptcy after Greenbrier had placed it in receivership. See 08#01A.]

About Daewoo
DSME, a diversified company and one of the world's largest ship builders, in 2009 acquired DeWind Inc., an American wind turbine engineering company. It announced plans to expand into the wind-power sector and build a production plant in North America. {NS government release 5.Mar.10}

Exports?
In addition to rail, Daewoo may have the option of shipping parts by boat with the Pictou Marine Terminals close by. Owner Gerald Battist was not available to comment on potential movements. {ANR&P’s Tom Peters}

CBNS: EXISTING CUSTOMER  LOAN*
4 March, New Glasgow. A $75 MILLION GOVERNMENT LOAN TO NORTHERN PULP NOVA SCOTIA CORPORATION FOR LAND ACQUISITION will not have any impact on production but will protect the future of the business, said company vice-president Bob Begdon. The Nova Scotia government loaned the money to Northern Pulp so it could purchase 475,000 acres from former mill owner Neenah Paper.

The new acreage will give Northern Pulp more land to harvest raw product for its mill at Abercrombie Point. {NS Government press release 1,Mar.10}

Production down
Northern Pulp has produced in the range of 275,000 tonnes of northern bleached softwood kraft pulp annually but
production was down slightly in the past year, Begdon said. “One of the reasons we were a bit low was our productivity was not that good. We had a number of in-plant failures so our actual tonnage was in the 225,000 range which generated about 2,200 to 2,400 rail car loadings.” [Compare 09#04B.]

**Markets**

Vice-President Don Breen said the pulp is used in the manufacture of such products as facial tissues, paper towel, toilet tissue and some writing paper. About 10% of the production is shipped to Europe, about 30% goes to Canadian markets and the rest goes into the US, said Begdon.

**Markets improving**

Begdon said markets for pulp “have been very volatile but since about July of last year, we have seen a continued strengthening in the marketplace. Pulp is trading at almost its peak” [At $875US as of 2 March according to www.foex.fi] but he noted the strength of the Canadian dollar against U.S. currency is impacting profit margins.

**No hardwood product**

The new acreage will give Northern Pulp more land to harvest raw product for its mill at Abercrombie Point. Northern Pulp discontinued producing hardwood pulp about a year ago, said Begdon. “We felt we were better positioned in the softwood side of things. The mill has the capability to run hardwood and although hardwood markets are very strong, we have not made the decision to switch over.”  

Northern Pulp is owned by two principles, Blue Wolf Capital Management in New York and Atlas Holdings based in Connecticut.

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**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.

ABC&D (MCER, Massachusetts #365) Railroad?  
Daewoo (CBNS, Nova Scotia) Use Trentonworks?  
Fraser (MMA, Maine) Facts on rail use.  
Motiva (PW, Rhode Island) Ethanol via CP.  
Northern Pulp (CBNS, Nova Scotia) Govt.loan.

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**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).

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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.’