*Article unchanged from e-bulletin.
**Blue type in article: changes from e-bulletin.

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<td>CSXT-D&amp;H: Detailed article about the proposal, plus current and future train operations.* Map*</td>
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<td>CSXT/D&amp;H: STB participant filings show two customers concerned about stone moves.*</td>
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| CONNECTICUT |
| ConnDOT: Call to improve NHHS for freight. |
| HRRC: Some of Maybrook out of service. |
| HRRC: New move from NY to Rand-Whitney. |
| MAINE |
| Vote: MMA bond bill passes, Jacobson falls short.* |
| MMA: Replies to critics of abandonment with Heller-Schmitter report.* |
| ST: Agrees to fines for starting fires in Maine.** |

| MASSACHUSETTS |
| MCER: Wildwood Relload will get a 300-car move for MBTA ties.* |
| PAS: New England Sheets will open a corrugated cardboard plant in Ayer.* |

| NEW HAMPSHIRE |
| PVRR: Holyoke customers substitute private boilers for public steam.* |

| RHODE ISLAND |
| [No report.] |

| VERMONT |
| VRS-WACR: Grout move begins.* |
| MMA: Excursion rail begins fifth season in Quebec.* |
| Halifax/CN: Explicit service standards listed. |
| Sydney: Awaiting government financing.* |
| Sydney: Province commits 40% of dredging cost. |

| PEOPLE, POSITIONS, EVENTS |
| A cross-reference to companies mentioned here. |

| FROM THE PUBLISHER |
| Another large issue |
| Please let me know if I am putting out too many pages at one time, or too many in all. |
| And if so, where would you cut? |
| - Chop Hardenbergh |
| Next formal issue: 1 July |

NEW YORK

NYSDOT/CSX: HSR AGREEMENTS*

28 May, Albany. **GOVERNOR DAVID PATTERSON ANNOUNCED THE TWO PARTIES CONCLUDED TWO AGREEMENTS** which will permit spending on high-speed rail to go forward after considerable attention from the federal level, both Congressional and administration [see 10#05B], CSXT, and NYSDOT. NYSDOT Acting Commissioner Stanley Gee acknowledged the contributions of Paterson, Congresswoman [Louise] Slaughter, FRA [Deputy Administrator Karen Rae], and [USDOT] Secretary LaHood “for their continued confidence in our program. CSXT is a vital partner to progress on high speed passenger rail in New York State, and we are pleased to have their cooperation on behalf of the greater good.”

**Framework Agreement**
The Framework Agreement is a broad statement of core principles that will guide New York State and CSXT in establishing enhanced intercity and high speed passenger rail service.

**Agreement on the Environmental Impact Statement**
This agreement enables NYSDOT to move forward with preparation of a Tier 1 Environmental Impact Statement (EIS) for the 463-mile Empire Corridor, which runs from New York City to Albany, and west to Buffalo and Niagara Falls, and that will study and document proposed improvements to intercity passenger rail services in New York State at speeds of up to 110 miles per hour.

The corridor-level EIS builds upon a number of planning studies NYSDOT and others have done over the years to develop a long range, comprehensive, high-speed intercity passenger rail investment strategy and will result in a list of recommended projects.

High-speed rail enhancements are designed to improve reliability and reduce travel time of passenger rail service in New York State. Design consultant HNTB of New York City is expected to complete the EIS and planning studies by mid-2012. {Patterson press release}

**But critical speed issue is not resolved**
US Senator Charles Schumer (D, New York), who met with CSX officials earlier in the week, warned that much work still needs to be done. “It’s a good thing that the parties are talking, but there are still many questions that are left unanswered. [The agreements are] a step in the right direction.” {Jerry Zremski in Buffalo News 29.May.10}

A source close to the talks confirmed that CSXT and NYSDOT have not resolved the issue separating them earlier: the department wants to run 110 on sections of track, while the railroad wants that to happen only when an entire sealed corridor, with 30 feet of separation, exists between Albany and Buffalo. {ANR&P discussion 1.Jun.10}

**NYSDOT: MORE MONEY**

27 May, Albany. **STATE OFFICIALS NOTED THE ARRIVAL OF THE FIRST $1 MILLION IN FEDERAL FUNDS.** Grants were announced in January [see 10#05B]; this sum is the award for corridor planning.

The $1 million from the FRA will be used by the state DOT to prepare an environmental impact statement for the 463-mile Empire Corridor West, which extends from Albany through Buffalo to Niagara Falls. {Thomas Adams in Rochester Business Journal 28.May.10}

The $1 million is about 20% of the $4.5 million estimated cost for completion of the EIS. The EIS Agreement allows that critical planning effort to go forward immediately by setting forth the cooperative and supporting role of CSXT to the project, which will be led by the FRA and NYSDOT. {Paterson press release}
CSXT/D&H: CASE OPENED

27 May, DC. THE STB AGREED TO CONSIDER THE PROPOSED CSXT-D&H JOINT USE AGREEMENT filed on 27 April [see 10#04B].

THE CSXT-D&H
CO-PRODUCTION AGREEMENT

OUTLINE OF ARTICLE

I Summary, sources, participation
   Box on procedural schedule
I.1 CN view

II CSXT ACCESS TO D&H LINE; HAULAGE
II.1 Summary of new CSXT operation on D&H, existing trains
II.2 Proposed New Operations
   II.2.1 Additional CSXT trains
   II.2.2 Number of trains, interference with Amtrak
       II.2.3 Movement between Rouse's Point and Montreal
       Box on CSXT Massena line: before and after.
   II.2.4 Cost benefits

III D&H RIGHTS AND OPERATION TO NEW YORK CITY
   III.1 Summary of CSXT hauling D&H NYC traffic, existing trains
   III.2 Current D&H problems
   III.3 The solution
       III.3.1 Haulage by CSXT of D&H traffic: southbound slower

IV Benefits of New Operation
   IV.1 Environmental benefits
   IV.2 Rouse's Point line
   IV.3 Employment benefits

V MAP

I SUMMARY & SOURCES

Under the Joint Use Agreement, Applicants state that:

CSXT to perform haulage for D&H to NYC. ‘CSXT would perform operations over the Albany-Fresh Pond Segment with its own trains and crews. D&H currently has the right to operate between Albany and Fresh Pond Junction and to access shippers in the New York City metropolitan area under the trackage rights and switching arrangements obtained in the Conrail proceeding. Under the proposed transaction, D&H’s traffic volumes would be added to CSXT’s larger trains, which, Applicants state, would eliminate D&H’s operation of inefficient short trains in the Albany-New York City corridor and reduce the number of freight carriers conducting separate train operations over the Albany-New York City corridor, which is also used by Amtrak and MNCR commuter trains. Applicants also state that D&H would be able to offer shippers rail service 5 to 7 days per week, up from the twice-weekly train service currently offered.’
D&H to perform haulage for CSXT Saratoga-Rouse’s Point. ‘Likewise, D&H would perform all train operations over the Saratoga Springs-Rouses Point Segment, with D&H crews handling CSXT cars. D&H would also handle traffic beyond Rouses Point, to and from the Montreal terminal area, thus eliminating the need for physical interchange between CSXT and CN. D&H currently handles traffic for both NS and CN over the Saratoga Springs-Rouses Point Segment. Under the terms of the Joint Use Agreement, Applicants state that no more than 3 trains carrying CSXT Joint Use traffic per calendar day would move over the Albany-Saratoga Springs Segment and the Saratoga Springs-Rouses Point Segment. Applicants state that CSXT having access to the Saratoga Springs-Rouses Point Segment would greatly reduce the one-way mileage for CSXT/CN interchange traffic moving between Selkirk and Montreal, from 403 miles to 261 miles. Under the proposed transaction, Applicants state that there would be no change in service to any local industry served by CSXT between Selkirk and Syracuse and that CSXT anticipates re-instituting a shuttle train service between Syracuse and Massena on a 2 to 3 days per week basis, thereby allowing CSXT to meet the demands of local shippers on the Massena Line.’ {STB decisions page Docket No. FD 3534}

Verified staters
Steven A. Potter, assistant vice-president Network Planning and Joint Facilities for CSX Transportation. Inc.
Dave Craig, assistant vice-president - Strategic Network Development of Canadian Pacific Railway Company, which owns the Delaware & Hudson (D&H).

Sources
The Applicants filed the Application on 27 April. This included the text of the Application, the proposed Operation Agreement, the Operating Plan, and Verified Statements from Potter and Craig. D&H filed a supplementary statement on 11 May.

In addition, the article contains information about current operations both north and south of Albany, from knowledgeable D&H sources. This additional information is set off in boxes, or footnotes.

I.1 CN view
‘CN remains in negotiations with both D&H/CP and CSXT with regard to the recently announced D&H/CSXT co-production agreement.... CN, as per normal commercial practice, does not comment on contractual negotiations....’

‘[T]he D&H/CSXT agreement contemplates the D&H handling CSXT/CN interchange traffic to and from the Montreal terminal area (just as D&H does today for traffic moving in the accounts of NS and CN). This would eliminate the need for a physical interchange of CSXT/CN interline traffic at Rouses Point Junction, NY. Such an arrangement would save CN trains and crews required to move interchange traffic between Montreal and CSXT at Huntington, Que. CN will continue to serve its customers between the Montreal terminal area and Huntington as it does today.’ {e-mail to ANR&P from CN’s Mark Hallman 8.Jun.2010}

II. CSXT ACCESS TO D&H LINE

II.1 Summary of new CSXT ops on D&H, existing trains
Under the plan, CSXT will operate its own trains [probably out of Selkirk-editor] into the Port of Albany area, and then north on D&H through Mechanicville to Saratoga Springs. D&H will then haul the CSXT train to Rouse's Point.

These trains will replace the current CSXT service to Montreal which operates via the Massena line in western New York.

‘D&H will continue to serve all customers between Albany Port and Rouses Junction.’ {Potter Verified
ALBANY REGION, showing existing and proposed traffic {ANR&P}

Statement page 5}

Existing D&H trains. According to a supplemental D&H filing on 11 May, D&H currently operates two pairs of
daily overhead freights between Saratoga Springs and Rouses Point. In addition, it operates one pair of daily locals between Saratoga Springs and Whitehall.

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**CSXT HAULAGE NEW REVENUE?**

On 2 June in Calgary, CP executives said the railway may gain as much as $960 million in new business in the next five years, and as much as $100 million in cost savings. (John Boyd in *Journal of Commerce* 3.June.10)

Could some of that be new revenue from CSXT, and savings by not running its own trains?

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Existing Amtrak trains. Amtrak operates the *Adirondack* daily (trains 68/69) out of the Albany-Rensselaer station over the Hudson, crossing the D&H just north of the Port of Albany area, thence to Schenectady and then north to Saratoga Springs on the D&H Canadian Main, and thence to Montreal. Amtrak also operates the *Ethan Allen* daily (trains 290/291/292/296) over the same route to Whitehall, north of Saratoga Springs, then turning into Vermont to terminate in Rutland. (D&H supplemental filing)

CN haulage. ‘D&H currently handles traffic for the account of both NS and CN over the Saratoga Springs - Rouses Point Segment. D&H's successful experience with those arrangements demonstrates that having D&H operate all trains to and from Rouses Point promotes efficiency by eliminating the need to coordinate train movements involving multiple railroads, and by reducing interchange activity in the vicinity of Rouses Point Junction, NY. (Craig Verified Statement at 4-5.) D&H will handle CSXT/CN interchange traffic beyond Rouses Point to and from the Montreal terminal area, thereby eliminating the need for a physical interchange between CSXT and CN at Rouses Point Junction, NY.’ {Application page 6}

II.2 Proposed new operations

II.2.1 Additional CSXT trains

On 11 May, in response to a request for additional information from the STB’s Section of Environmental Analysis, D&H wrote that the Applicants anticipated one additional CSXT train each direction each day over both segments (the CSXT-trackage train to Saratoga Springs, and the CSXT haulage train from Saratoga Springs to Whitehall). Based on current traffic levels, the trains will average 3300 feet. (text of supplement)

Track used Kenwood-Saratoga Springs. Recital A in the Joint Use Agreement describes the D&H trackage which

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1 In July 2000, CP and CN announced a five-year agreement under which D&H would move CN forest product traffic to distribution centers in New York City, Philadelphia, and Scranton. D&H would also interchange all (?) CN traffic with Class Is in Albany, Pennsylvania, and the NY&A in Long Island. See 04#07A. This agreement expired in 2005 and was not renewed. {e-mail to ANR&P from CN's Mark Hallman 8.Jun.2010}

2 On 30 June 2004 NS and CP announced that NS will operate a trackage rights train to Saratoga Springs, and D&H will move the train in haulage to Rouses Point. See 04#06B and 04#07A. In return, NS will move D&H traffic between Binghamton and Buffalo.

3 On 8 November 2004, NS, CP, and CN announced: ‘CN-NS traffic destined for the Eastern U.S. will move in CPR trains on CPR's line between Rouses Point, N.Y., and Saratoga Springs, under a freight haulage arrangement between CPR and NSR. This CN-NS traffic will then move in NS trains over CPR's line between Saratoga Springs and the NS connection near Harrisburg, Pa., under a trackage rights agreement between CPR and NS.

‘The new agreement will cut 330 miles off the current routing used by CN and NS, which sees freight traffic handled more circuitously through the Buffalo, N.Y., gateway. {joint press release}

‘The NS-CPR-CN freight haulage arrangement announced in November 2004 remains in force and is working well.’ {e-mail to ANR&P from CN's Mark Hallman 8.Jun.2010}
CSXT trains would use as: ‘between a point of connection with CSXT near D&H's Kenwood Yard located at D&H Milepost 0.00 + in the vicinity of Albany, NY and D&H's Saratoga Springs Yard located at D&H Milepost 36.10 + in the vicinity of Saratoga Springs, NY, consisting of (I) D&H's Colonie Main Line between Milepost 0.00 + and a point of connection with D&H's Freight Main Line at CPF 467 (D&H Milepost 19.10 ±); (ii) D&H's Freight Main Line between CPF 467 (D&H Milepost 467.4 +) and a point of connection with D&H's Canadian Connector at CPF 478 (D&H Milepost 477.96 +); (iii) D&H's Canadian Connector between CPF 478 and a point of connection with D&H's Canadian Main Line at CPC 24 (D&H Milepost 24.34 +); and (iv) D&H's Canadian Main Line between CPC 24 and Saratoga Springs Yard at D&H Milepost 36.10 +, a total distance of approximately 42.52 miles (the "Albany - Saratoga Springs Segment").’

No market extension; eastern US to Maritimes only. ‘Nor does the proposed transaction constitute a major market extension as defined under the Board's regulations. Under the Joint Use Agreement, CSXT may utilize the Albany - Saratoga Springs and Saratoga Springs - Rouses Point Segments only for overhead traffic moving to and from CN-served points in Quebec and the Canadian Maritime Provinces, on the one hand, and the Eastern United States, on the other hand.’ {Application page 8; Joint Use Agreement 2.04(e)}

Joint Use Agreement. Section 2.04 limits trains to 8000 feet. (h) No more than eight pairs of trains per calendar week. No more than three trains per calendar day.

Section 3.02(a) states that ‘CSXT Joint Use Traffic shall be presented to D&H at Saratoga Springs, NY or Rouses Point Junction, NY in a fully-assembled train with air hoses laced, locomotives (to be supplied by CSXT pursuant to Section 9.01(c)(1)) coupled, and end of train device ("EOTD") (to be supplied by CSXT) attached.’ [text of Operating Agreement]

II.2.2 Number of trains, interference with Amtrak
‘D&H will operate over the Saratoga Springs - Rouses Point Segment seven days per week, upon CSXT's request. CSXT will operate over the Albany - Saratoga Springs Segment seven days per week.'
MORE DETAILS ON TRAIN OPERATIONS BEFORE & AFTER

The D&H trains south of Saratoga Springs. The railroad operates 414/415, the Kenwood Yard (Albany)-Whitehall tank train for Global [see 07#10B], which also has regular interchange traffic with VRS at Whitehall. The 414/415 crews for both trains are based in Saratoga. 414 is the crew that runs south to Kenwood then returns, same train number both ways. Likewise 415 runs north to Whitehall and return, same train number both ways. The trains use CP power on D&H, and VRS power on VRS.

As 252(south)/253(north), D&H operates a daily pair from Binghamton via Schenectady to Montreal and return. As 930(south)/931(north), D&H picks up an NS trackage rights train from Binghamton in Saratoga Springs and moves it to Montreal [see below].

DS-12 operates out of Saratoga Yard and between Gansvoort and Ballston Monday to Friday.

D-44 out of Saratoga to Eagle Bridge for interchange with BKRR, weekly.

Saratoga Yard is predominantly a block-swap location. Southward 252 drops blocks for Saratoga local and Kenwood (local and CSX); southward 252 picks up blocks for Mohawk Pan Am interchange and for Binghamton and beyond. Southward 415 drops block for Binghamton from VRS and from Fort Edward local; southward 414 picks up block for Kenwood off 252.

Northward 253 drops blocks for Saratoga local, Kenwood, Fort Edward and Whitehall; northward 253 picks up blocks for Plattsburg and Montreal.

D&H locals which could interfere with CSXT, not Amtrak. DA-11 Kenwood Yard daily; DA-21 Kenwood Yard and to Troy every day; D-31 out of Kenwood to Waterford Monday to Saturday.

D&H locals north of Saratoga Springs. DS-11 operates from Plattsburgh to Rouses Point and return. DA-12 operates out of Fort Edward Yard and works to Glens Falls Monday-Friday.

As DA13, D&H operates a local from Fort Edward to Fort Ticonderoga and return. It does industry work at Fort Ann (salt & feed), Comstock (stone for Long Island) and International Paper at Ticonderoga. Inbound cars go to Saratoga on D&H trains 414, 252 or 253, and are then forwarded to Fort Edward by train 415. (e-mails to ANR&P from knowledgeable railroad source 4-6.10)

Existing NS trains. Up to 2004, D&H had moved NS traffic in haulage to the Albany area for delivery to Kenwood, and for furtherance to ST. In 2004, NS and D&H agreed [see 04#07A] that NS could run trackage rights trains to Saratoga Springs (overhead only), which D&H would then move in haulage to Rouse’s Point. These run Binghamton-Schenectady-Ballston Lake-Saratoga Springs-Rouse’s Point.

This traffic moves with NS power in separate trains (930/931), one train in each direction. CP crews take over in Saratoga Springs and run the NS train to Rouse’s Point.

Existing Amtrak trains. Amtrak operates the Adirondack daily (trains 68/69) out of the Albany-Rensselaer station over the Hudson, crossing the D&H just north of the Port of Albany area, thence to Schenectady and then north to Saratoga Springs on the D&H Canadian Main, and thence to Montreal.

Amtrak also operates the Ethan Allen daily (trains 290/291/292/296) over the same route to Whitehall, north of Saratoga Springs, then turning into Vermont to terminate in Rutland. (D&H supplemental filing)

[Contrary to the assertion in the Application, under current practice US (D&H) crews handle all trains to Rouses Point and Canadian (CP) crews take them to Montreal. D&H crews can still run to Montreal but the company does not do it that way right now. (e-mails to ANR&P from knowledgeable railroad source 4-6.10)]

"Northbound trains containing Joint Use traffic destined to Rouses Point Junction will depart Selkirk in the early morning, arrive at (and depart from) D&H's Saratoga Springs Yard in mid morning, and arrive at Rouses Point Junction in late afternoon. (D&H will handle such trains beyond Rouses Point Junction into the Montreal terminal area.)"
Ah, relativity. CSXT’s ‘light density’ over the Massena line is about seven times as much as the density of MMA between Madawaska and Millinocket. MMA would kill for one-third of that, or 12,000 carloads.

Interference with Amtrak. The supplemental filing states that the addition of two new daily trains will give the line twelve trains a day (eight freights and four Amtrak). ‘D&H’s lines are capable of accommodating this modest increase in traffic, which would result in average train volumes of only one train every two hours between Saratoga Springs and Whitehall.’ {text}

[Actually 14 trains south of Saratoga. See box.]

Amtrak advantage. D&H pointed out that removing the daily CSXT Selkirk-Huntingdon train will help the Empire Corridor West Amtrak service, and removing the twice-weekly D&H train to New York City will help the Empire Corridor service between New York and Albany. {D&H supplemental filing, STB filings page, Finance Docket No. 35348}

II.2.3 Movement between Rouse’s Point and Montreal

D&H (which already operates between Rouses Point Junction and Montreal) plans to enter into an arrangement with CN pursuant to which D&H will handle CSXT/CN interchange traffic to and from the Montreal terminal area (just as D&H does today for traffic moving in the accounts of NS and CN). {Craig Verified Statement page 4}

| TRAFFIC ON CSXT MASSENA LINE: |
| BEFORE AND AFTER |

Current traffic
Approximately 35,000 carloads moved over the Massena Line [214 miles from Schenectady to Huntington, PQ] during 2009, 49% of which were cars originating and/or terminating on the Massena Line and 51% of which were overhead traffic interchanged with CN at Huntington. {application page 2}

CSXT currently serves 15 major customers at points along the Massena Line. Alcoa, Norfalco Sales, Black River Generation LLC, U.S military [Fort Drum], EKA Chemicals Inc., Packaging Corporation of America, PPG Industries, National Silicates Limited, Recyclage De Papier Hanna Limitee, Interstate Commodities Corporation, Cellu Tissue Corporation, CSX Transflo Terminals, Cargill Inc., Reynolds Metals Company, Rolondo Warehouse, and Northeast Biofuels Collaborative. {Application page 18}

CSXT’s current route between Selkirk, NY and Huntington, PQ is approximately 370 miles long, consisting of 156 miles between Selkirk and Syracuse, and 214 miles between Syracuse and Huntington. CN’s route between Huntington and Montreal is an additional 33 miles, so that the current CSXT/CN route via Huntington totals 403 miles. {Application page 2}

‘The Massena Line has recently been a low-density line4 used for the primary purpose of transporting traffic interchanged between Canadian National Railway Company (“CN”) and CSXT (and its predecessor, Conrail) for movement to and from points in Eastern Canada. In recent years, such interchange or overhead traffic has outpaced local freight traffic on the Massena Line.

‘At the time of the acquisition of Conrail by CSXT and Norfolk Southern Railway Company (“NS”), the Massena Line was the primary gateway between CN and Conrail for Eastern Canadian freight.

‘The split of Conrail between CSXT and NS fragmented the Massena Line’s overhead traffic [into NS traffic

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4 Ah, relativity. CSXT’s ‘light density’ over the Massena line is about seven times as much as the density of MMA between Madawaska and Millinocket. MMA would kill for one-third of that, or 12,000 carloads. Editor
and CSXT overhead traffic. The NS-CN traffic is now interchanged at Buffalo, NY or handled in conjunction with D&H between Eastern Canada and central New York via the Rouses Point gateway.

‘The Massena Line's overhead [CSXT] freight moves in an L-shape between CSXT's Selkirk Yard, located near Albany, NY and Huntingdon PQ, via Syracuse, NY. CSXT's current route between Selkirk and Huntingdon is approximately 370 miles, consisting of 214 miles between Syracuse and Huntingdon [16 hours] and 156 miles between Syracuse and Selkirk Yard [six hours]. It is about another 33 miles via CN from Huntingdon to Montreal [7 hours].

Future traffic pattern
CSXT's ability to utilize the Saratoga Springs - Rouses Point Segment under the Joint Use Agreement will reduce one-way transit miles between Selkirk and Montreal by 35% (from 403 miles to 261 miles) and will reduce over-the-road transit time (excluding terminal dwell time) for such movements by 45% (from approximately 29 hours to approximately 16 hours). [Potter VS page 3; Application page 2 for trip duration]

Service to Massena customers. Following implementation of the proposed transaction, CSXT anticipates re-instituting a shuttle train service between Syracuse and Massena on a two to three days per week basis. [Application page 19]

Border benefits
D&H's line via Rouses Point Junction currently handles about three times the number of freight train border crossings as the crossing at Huntingdon. The consolidation of cross-border train inspections at Rouses Point Junction will enable CBP [US Customs and Border Protection] to better leverage its personnel and resources in reviewing and clearing rail freight moving between the United States and Canada.

II.2.4 Cost benefits
CSXT estimates that use of the Joint Use Lines will save it approximately 442,000,000 GTMs annually compared to using the current Massena Line. By reducing GTMs by approximately 442,000,000, CSXT expects to achieve locomotive- and fuel-related savings, increased freight car utilization and other benefits, resulting in total annual savings of about $280,000 from CSXT's use of the Joint Use Lines.5 [page 7, Potter Verified Statement]

III. D&H RIGHTS AND OPERATION TO NEW YORK CITY

III.1 Summary of CSXT hauling D&H New York City traffic
Under the plan, D&H will cease its two trains per week out of Albany to New York City and return. Instead, CSXT will move the trains with its own city traffic, five to seven times a week.

‘CSXT will continue to serve all customers between Albany Port and New York City. In addition, D&H will continue to offer rail service between Albany and Fresh Pond Junction, NY (as it currently does via trackage rights), and will continue to have access, via a contract switch, to all of the shippers in the New York City area that D&H can serve today.’ [Potter Verified Statement page 5]

Existing D&H trains
‘D&H currently operates two trains per week in each direction between Albany and New York City via a route

5 This can’t be right. 442 * 10 6th GTM costs only $280,000 280 * 10 3rd or .5*10 -3rd or $0.0005. If CSXT says it can move a ton of freight 440-odd miles on one gallon of diesel, and fuel costs $3.00 per gallon, the fuel cost alone is 440 GTM for $3, or 140 GTM per dollar, or 1/1.4 cents per GTM.
6. D&H does not operate directly out of Kenwood Yard southward to New York, as CSXT will be able to, because running on the trackage between Kenwood and the Hudson line (west side of river) would require the train to turn into Selkirk, a run-around at Selkirk, and then entry onto the Hudson line.

Currently, D&H trains 416/417 run from Kenwood northward to Mechanicville and Schenectady, then turn onto the CSXT line in Rotterdam, through Selkirk, over the river to the east side, and onto the Hudson line, a big loop.

To run on the River Line, on the west side of the Hudson, D&H trains would have to run into Selkirk, then back out to turn right on the west side of the river.
successfully for traffic in that corridor. Daily service is an important selling point in the marketplace, particularly for customers who have the option to use other rail service, trucks or other modes of transportation. However, D&H's traffic volume in recent years has simply been too low to support more frequent train service between Albany and New York City.

‘Indeed, D&H's Albany - New York City traffic volume has declined over the past five years, and D&H trains in the corridor currently average less than 27 revenue carloads per train. The need to operate such short trains makes it impossible for D&H to achieve economies of density, and increases D&H's operating costs.’ {Craig verified statement page 3}

How D&H now serves, and will serve, NYC customers

D&H does not directly serve any New York City customers [see box]. The Joint Use Agreement states (2.04(b)): ‘Except as otherwise provided in Section 3.03(d), D&H shall not originate or terminate traffic, or interchange Railcars with a third party carrier, at any point on or along the Albany-Fresh Pond Segment.

Section 3.03(d): ‘CSXT shall continue to provide, with its own locomotives and crews, switching service for the account of D&H (i) to/from industries to which D&H has commercial access pursuant to the Oak Point Switching Agreement, (ii) to/from interchange with NY&A at Fresh Pond Junction, NY; and (iii) to/from MNCR at Croton-on-Hudson NY station points on or along the Albany - Fresh Pond Segment.’

D&H SERVICE TO NYC CUSTOMERS

Industries. D&H does not switch any industries in New York City. The D&H train operates to Oak Point, where cars for Oak Point industries (NY Post and at one time Budweiser) are switched by CSXT under the Oak Point Switching Agreement.

The D&H train then proceeds to Fresh Pond, where NYA handles all switching. There are no industries between Oak Point and Fresh Pond.

Metro-North. D&H handles Metro-North at Croton, passenger equipment and locomotives for the M-N fleet. D&H does not handle any material such as rail or concrete ties, but could do so if needed. {e-mail to ANR&P from knowledgeable rail source 25.May.10}

III.3 The solution

‘This assignment of operating responsibility will improve efficiency by combining D&H's modest traffic volumes with CSXT's larger volumes in trains moving between Albany and New York City, and by reducing the number of carriers conducting separate freight operations over the Albany - New York Segment, a busy corridor that is used not only by CSXT and D&H but also by Amtrak and Metro North's commuter trains....

‘D&H will - for the first time - gain the ability to offer shippers daily rail service.... D&H's ability to move traffic in CSXT trains between Albany and New York City - and to offer customers service five to seven days per week - will greatly enhance the D&H competitive option in the corridor.

‘At the same time, the Joint Use Agreement expressly preserves D&H's right to serve every customer in the Bronx and Queens that it has the right to serve today under its existing trackage rights and switching arrangements, as well as the continuing right to interchange traffic with the NY&A at Fresh Pond NY. [‘Pursuant to a related switching agreement (the "Oak Point Switching Agreement"), CSXT handles cars for interchange with NY&A at Fresh Pond Junction.’] [in footnote: ‘D&H was also granted certain rights to use the Harlem River Yard (the "Harlem River Yard Agreement").’] {Application page 4}

‘Thus, the proposed transaction will enhance competition not only between D&H and CSXT, but also with motor carriers (who handle the majority of the freight traffic moving between New York City and points to the
north), thereby promoting the Board's objective in imposing the East-of-the Hudson condition in the Conrail proceeding....{Craig Verified Statement page 5}

‘The joint use arrangement will also enable D&H to redeploy to more productive uses locomotives that currently power D&H's low-volume train movements in the Albany - New York City corridor. CSXT's joint use of the Saratoga Springs - Rouses Point Segment will benefit D&H by increasing traffic density (and D&H's revenues) along that portion of its system.’ {Application page 12}

### III.3.1 Proposed CSXT haulage of D&H traffic: south slower

‘CSXT will operate over the Albany - Fresh Pond Segment five to seven days per week. Trains destined for New York City will depart Albany in the early morning and arriving in Selkirk Yard in the mid-morning, depart Selkirk in the late evening and arrive at Oak Point Yard in the early morning, depart Oak Point Yard mid-morning and arrive at Fresh Pond approximately one hour after departing Oak Point Yard.

‘The southbound trip from Albany to Fresh Pond takes approximately 68 hours because of the dwell time associated with handling of freight destined for Fresh Pond. The parties have agreed that CSXT will work diligently to reduce the car dwell time.

‘Northbound trains destined for Albany will depart Oak Point Yard around 1:30 am and arrive in Selkirk Yard around 8:40 am, depart Selkirk Yard in the late evening and arrive in Albany around 2:30 am. The northbound trip from New York City to Albany takes approximately 26 hours, due mostly to the dwell time associated with handling the cars at Selkirk.’ {Exhibit 15 Minor Transaction Operating Plan}

### IV. BENEFITS OF NEW OPERATION

#### IV.1 Environmental benefits

The reduction in train movements made possible by the Joint Use Agreement will also generate a corresponding reduction in fuel consumption, emissions and noise along the Albany - Fresh Pond Segment and CSXT's Massena Line. {VS 6}

#### IV.2 Rouse’s Point line

D&H's handling of trains containing CSXT joint use traffic between Saratoga Springs and Rouses Point will likewise promote efficiency. D&H already handles traffic for the account of NS and Canadian National Railway Company (" CN") via the Saratoga Springs - Rouses Point Segment. Our experience with those arrangements demonstrates that having D&H control and perform all train movements to and from Rouses Point simplifies operations (by eliminating the need to coordinate access among multiple railroads) and better leverages the overall capacity of the Saratoga - Rouses Point Segment.

Moreover, trains carrying CSXT joint use traffic will need to travel beyond Rouses Point to and from the Montreal terminal area. D&H (which already operates between Rouses Point Junction and Montreal) plans to enter into an arrangement with CN pursuant to which D&H will handle CSXT/CN interchange traffic to and from the Montreal terminal area (just as D&H does today for traffic moving in the accounts of NS and CN). This will eliminate the need for a physical interchange of CSXT/CN interline traffic at Rouses Point. {Craig VS page 4}

#### IV.3 Employment benefits

While D&H crews will lose the New York City train starts and two crew positions, D&H believes the added CSXT haulage will add six new positions.

Potter reported the abolition of ten CSXT engineer (BLET) jobs and ten CSXT conductor (UTU) jobs on the Massena line, but the creation of five CSXT engineer jobs and five CSXT conductor jobs, presumably between Albany and Saratoga. {Potter Verified Statement page 6}
CSXT/D&H: FILINGS

7 June, DC. **SEVEN ENTITIES FILED TO PARTICIPATE BY THE END DATE** of this day, following the Board’s decision to take up the Co-Production Agreement:

Providence & Worcester Railroad
United Transportation Union
New York & Atlantic Railway (without comment)
NYSDOT (Robert Ryback, division of legal affairs),
New York City Economic Development Administration,
Sills Road Materials of Coram NY, Andrew Kaufman (without comment)
Jointa Galusha L.L.C of Glens Falls NY/Pallette Stone Corporation of Saratoga Springs NY

{STB filings page, FD 35348}

The Board set 7 June as the last day to file notices of intent to participate.

More on Sills Road

Sills Road Realty has leased out, to US Rail, 28 acres in the Yaphank region of the Town of Brookhaven, on the Long Island Railroad line to Greenport. According to a 22 April 2010 filing at the STB, the Town of Brookhaven has withdrawn all opposition to the proposed Brookhaven Rail Terminal, which will be operated by US Rail, with interchange to the New York & Atlantic Railway.

According to a 30 March Town Resolution settling a dispute with US Rail, the terminal will handle principally crushed stone aggregate, merchandise freight, and intermodal containers. The terminal will have 18,000 linear feet of track, 22 interior switches, and one main line switch. {STB filings page, FD 35141}

More on Jointa Galusha/Palette Stone

The 7 June letter from John Davidson, vice-president of both companies, said in part: ‘As a shipper of aggregate material from Upstate NY, to Long Island via the New York and Atlantic Railway, we are very concerned that we may be adversely impacted by the changes to the competitive landscape that may occur if the proposed transaction is approved by the board. We would like to see some protections put in place that would secure our ability to continue doing business in New York State.’ {text of filing}

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CONNECTICUT

ConnDOT: HELP FREIGHT

15 June, Hartford. **THE NHHS TRACK WORK SHOULD ASSIST FREIGHT RAIL**, said State Representative David McCluskey (D-West Hartford) in a letter to Governor M. Jodi Rell. McCluskey, a long-time member of the General Assembly’s Transportation Committee, commended Rell for her leadership on developing commuter and intercity rail passenger service on the New Haven-Hartford-Springfield line. “I believe this initiative will be among the best, historic legacies of your service to our state,” McCluskey wrote. [See 10#04B and meetings 10#05B.]

Help freight rail

However, ‘the NHS project should include repairing or rebuilding the rail bridge over the Connecticut River, the Hartford viaduct at Union Station and any other bridge work on the NHS to accommodate the national 286,000 pound weight standard for freight cars,’ McCluskey said. In addition, when replacing or restoring overhead bridges and tunnels along the line, the height clearance should accommodate double-stacked freight containers....

‘[T]he NHS line handles most of Connecticut’s freight rail service. State taxpayers must get the maximum benefit of restoring the NHS line and that is done by ensuring Connecticut has a strong link to the national freight...
‘Improving freight rail service in our state provides economic development, environmental, and energy benefits. Without these needed freight investments, Connecticut’s rail freight system will become isolated and ultimately obsolete as part of the national network. As freight access is decreased in our state, so are industry and employment opportunities,’ McCluskey wrote. {press release}

HRRC/PW: LINE OOS
15 June, Old Lyme. **PART OF THE LINE WEST OF DERBY JUNCTION IS TEMPORARILY OUT OF SERVICE**, forcing PW trains serving Tilcon in Danbury to use the ConnDOT-owned branch out of Norwalk. [See other story.]

Ed Rodriguez, HRRC vice-president, said the line needs trackwork. HRRC and PW will make a joint inspection to determine what work is needed. {ANR&P discussion}

HRRC: NEW MOVE
9 June, Newtown. **HRRC WILL SOON DELIVER THE FIFTH CAR FROM ROCK-TENN** to Rand-Whitney Container Newtown LLC, a move which Rian Nemeroff, vice-president marketing, attributed to networking at the North East Association of Rail Shippers spring meeting this year. The paperboard originates in Solvay, New York [next to Syracuse].

Nemeroff said CSXT’s Bill Provident and Tom Dorn (who is retiring from CSXT) facilitated the arrangement.

HRRC customers on the Maybrook
HRRC has four freight facilities on the Maybrook (the Derby Junction to Danbury route) beginning with the Shepaug Reload in Hawleyville [our Directory #680]. Next, moving eastward, comes Rand-Whitney [our Directory #683] in Newtown, Blue Linx [#684] in Newtown, and then Interstate + Lakeland Lumber facility [#686-see 08#11B].

Nemeroff said that no one has yet moved into Stevenson Lumber in Stevenson [#687 –closed in 2008, see 08#05A].

PW rights on the Maybrook
Though HRRC owns the line, PW does have overhead rights on the Maybrook to reach Tilcon. According to *The Rail Lines of Southern New England*, by Ronald Dale Karr, Conrail sold the line to HRRC in 1992, but it retained rights to serve Tilcon. In 1993, the Conrail rights passed to PW.

PW rights on Metro-North to reach Danbury
PW also accesses the Tilcon plant in Danbury using the Norwalk route owned by ConnDOT, on which Metro-North has passenger rights. PW acquired the freight rights acquired from Conrail in 1993. {Ronald Dale Karr}.

PW has one customer on the line, Rings End in Bethel [#559].

HRRC: OPERATE PASSENGER?
9 June, Old Lyme. **THE RAILROAD HAS HIRED ITS OWN CONSULTANT TO EXAMINE THE POTENTIAL FOR PASSENGER SERVICE**, it said in a press release. The study will evaluate service potential for a passenger service that would connect cities and towns in Northwest Connecticut and Berkshire County with areas such as Norwalk and Stamford, Connecticut and New York City.
President John Hanlon noted that the potential passenger market served by the Housatonic’s freight lines differs from traditional commuter services in that the area attracts large volumes of visitors, second homeowners, and students in addition to a large base of commuters traveling to and from points in Southwest Connecticut and New York City.

HRRC has hired Market Street Research of Northampton, Massachusetts, using private funds. After many months developing and perfecting the survey questions, the market survey has begun and will take about 12 weeks. {text of press release}

Why a private study
In a letter to local elected officials, Hanlon wrote: ‘While the Housatonic’s focus is running a successful freight railroad, we are frequently approached by various groups in Connecticut and Massachusetts expressing strong support for reintroduction of a rail passenger service between points in our service region and New York City....

‘Over the past few years we have approached regional planning agencies in Connecticut and Massachusetts and other government agencies seeking financial support to perform a comprehensive analysis of the potential passenger market in our region. Many have been generally supportive; some have been skeptical. No one has been willing to provide financial support to perform a meaningful analysis....

‘We do believe that by utilizing the efficiencies of a private freight operation and by sharing certain joint functions and expenses it may be possible to operate a passenger service at substantially lower cost to the public than traditional commuter rail operations. It may be possible to operate a service with little or no operating subsidy...

‘A belief, however, is hardly a sufficient foundation for actually developing a service or a business. Therefore, I have decided to take a substantive step towards developing sound ridership data from which we can draw some meaningful conclusions.’ {text of letter}

Two different markets
Colin Pease, director of special projects for HRRC wrote that the study will look at southbound riders originating between Danbury to and including Pittsfield, who want to go to southwest Connecticut and New York City. It will also look at northbound riders coming out of New York City and southwest Connecticut, the tourists and visitors to the Berkshires. ‘We also believe there may be a group of regional riders that would use the service with the 90-mile corridor and will get some input about that potential.’

The Berkshires alone attract 2.5 million visitors per year, about 1 million come from New York City, so it offers a good base and also a very good growth opportunity.

Connecting to Metro-North
Pease said that ‘[t]he study assumes a competitive service to Norwalk, Stamford and New York, and will also tell us what service levels are important. Operating issues such how...to connect with Metro-North and where [Danbury and Waterbury are possibilities as well as even Brewster, NY. HRRC retains freight rights into New York, though these are not used. Editor] ‘are for later when we have a sense of the ridership volume.’

Past studies, organizations
Pease reported that the public has funded more than ten studies on the Danbury Branch and New Milford extension.
‘We are on the steering committee for the one that is presently ongoing. The New Milford extension studies using the state ridership model show significant immediate (nearly all commuter) ridership of, I believe, 600 per day growing quite quickly. For a 14-mile extension I believe this is the most dense potential new start/extension in Connecticut.

‘We have been talking to a wide range of regional organizations including Northwest Connecticut Council of Governments (Dan McGuinness) and Berkshire Regional Planning (Nat Karns) and other groups such as Chambers, environmental advocates and more....It is our intent to keep all three regional planning organizations informed of the work we are doing and to benefit from their input.’

No stimulus funds
HRRC, along with the other freight railroads in Connecticut, applied for TIGER funding to rehab track [see 09#10B]; all applications were turned down. HRRC asked for ConnDOT planning assistance over the past two years and got no support. {e-mail to ANR&P from Pease 13.Jun.2010}

MAINE

MAINE VOTE: MMA BOND PASSES*
8 June. THE BOND BILL FUNDING A STATE PURCHASE OF THE MILLINOCKET-MADAWASKA LINE passed with about 58% of the vote. The bond will provide $7 million of the total of about $20 million, if the state and the railroad can reach agreement. MDOT will now resume STB-mediated discussions with the rail line about the purchase. {ANR&P coverage}

Former SLR president falls short
In the other issue of interest to railroaders, Matt Jacobson, former SLR president, finished last among the seven Republican contenders for the gubernatorial nomination. Paul LePage won 37.5% percent of the primary vote, Jacobson
MMA: MORE ON ABANDONMENT*

25 May, DC. THE RAILWAY REPLIED TO CRITIQUES OF THE PROPOSED ABANDONMENT, in a filing this day, indicating that without the abandonment, the railroad might file for bankruptcy, which predecessor Bangor & Aroostook went through in 2002. ‘Does anyone really want another railroad bankruptcy in Maine?’ Highlights:

General approach
‘A review of the opposition statements might lead one to believe that this is a situation in which MMA is trying to punish customers by withdrawing its service. Nothing could be farther from the truth. MMA is a railroad, and its mission is to provide rail service.’

James Heller and John Schmitter hired
‘In order to test and rebut the arguments of the opponents concerning the viability of the Abandonment Lines post-recession, MMA retained James N. Heller and John Schmitter to review the arguments of the opponents and the record and to analyze traffic and revenue levels, both historically and in the future, on the assumption that the Abandonment Lines continue to be operated by MMA.’ They produced a ‘Report’ attached to the MMA filing. {page 11}

No growth in logs or chips
‘The Report notes that approximately 80% of the carloads and two-thirds of the revenue attributable to the Abandonment Lines is generated by wood products and paper. {Report at 1} Carloads and revenue for wood products have a strong correlation with housing starts in the Northeast. {Report at 2} Rail transportation of logs and wood chips, which comprise a substantial portion of the wood product business on the Abandonment Lines, produces very low, and even nonexistent, profit margins for MMA. Furthermore, the MMA market share and prices on this business are constrained, at least in large part, by source competition—the availability of such commodities from other locations—and modal competition from trucks. {Report at 4}

‘MMA could not expect any growth in its market share for the transportation of these commodities or any increase in prices or higher margins due to the existence of readily available, cost-effective alternatives. {Report at 4-5}

‘Overall, the Report projects that carloads and revenues for wood products on the Abandonment Lines may gradually increase between now and 2013 to eventually reach the 2008 levels of approximately [ ] carloads and $[ ] million annually in revenue, but will remain well below the 2004-2005 level of [ ] carloads. It is anticipated that business levels will remain relatively flat from 2013 through 2015.’

Long-term decline in paper
‘The overall trend for paper shows a long-term decline, and Fraser itself confirms this trend. Report at 9-10. Prediction of the future of MMA's business with Fraser, assuming no abandonment, is difficult as a result of Fraser's practice of putting the rail business out for bid each year on a lane by lane basis. From year to year, any particular lane might change from MMA to Canadian National or vice versa. Even on the optimistic (and unrealistic) assumption that MMA would win all of the competitive bidding over the next 5 years, it is anticipated that the paper carloads and revenues would increase only very slowly between 2010 and 2015.’ {Report at 11}

Conclusion
‘As stated by Messrs. Heller and Schmitter, the conclusions to be drawn from their analysis are that, absent an abandonment, (1) carloads and revenues of MMA on the Abandonment Lines have in the past followed, and would continue in the future to follow, the same trend as GDP in Maine, national paper demand and housing starts in the Northeast, (2) MMA does not have any realistic chance of increasing its market share or revenues on the Abandonment Lines, other than increases that are consistent with increases in GDP, paper demand and housing
starts, and (3) carloads and revenues may eventually reach but are unlikely to exceed pre-recession levels and, most importantly, are unlikely to sustain profitable operations on the Abandonment Lines.’ {14}

**Irving, L-P, and Huber can use truck**

MMA argued that, despite their contentions, these three shippers could move to truck out of their plants, then to transloads in Maine or elsewhere.

Moreover, MMA argues that each railcar carries the equivalent of only 2.3 trucks, not the four trucks figure used by opponents of abandonment. {page 23}

**Trackage rights**

‘Irving argues that if MMA's abandonment application is approved, ”the Board should condition any [such] approval...on [the] granting of trackage rights to an OFA [Offer of Financial Assistance] purchaser over the MMA.” {Irving Protest at 44} This argument must be rejected. As the Board's predecessor has explained, the relevant statutes do not permit the agency to impose trackage rights as part of an OFA transfer.’

[The language of the governor’s executive order requires the state to ensure that MMA gives trackage rights to the eventual operator, if the state does purchase the line. See 10#04B] {STB Docket No. AB 1043 (Sub-No. 1) 25.May.10}

**ST: FIRE FINES**

20 May, Bangor. _ST PLED NO CONTEST TO 'FAILURE TO MAINTAIN A RIGHT OF WAY' _in Maine Superior Court, and agreed to pay fines of $12,000 for fires started in debris along tracks. The settlement between ST and the Maine Forest Service covered fires in 2007, 2008, and 2009, plus fires up to 20 May, with some exceptions: fires in Carmel and Hermon on 19 March and others in Hermon and Carmel on 2 May.

**Numbers of fires**

The complaint resulted from a 26 June 2009 letter given to the District Attorney’s Office by Ranger Joseph Pelletier. The letter stated that Pan Am caused 140 of the 146 railroad fires between 2003 and 2008 in 11 of the 18 communities in his district. The fires resulted in more than $75,000 in suppression costs, he wrote.

Assistant District Attorney James Diehl said this is the first time since 1985 that a railroad has been prosecuted as a result of fires along the tracks. In 2009, the Forest Service told Diehl's office, it attributed 42 of the 50 fires along tracks to Pan Am.

**A lack of cooperation?**

Pelletier wrote: ‘The Maine Forest Service has an interactive right-of-way hazard reduction clearance program that includes involvement of railroad officials at all levels. Joint right-of-way inspections are conducted with forest rangers and local railroad personnel in late fall that lists an analysis with solutions.

‘This information is consolidated with five-year fire occurrence within district and regional geographic areas and a clearance plan is communicated through higher-ranking officials between both agencies during the winter months. Spot compliance inspections are conducted after May. The cooperative approach has worked well for reducing railroad-caused fires for all railroad companies operating within the state, with the exception of Pan Am Railway.’

Fires in Pelletier's district cost more than $75,000 in suppression costs for 2003-2008.

**New approach by ST**

Recently, ST has taken steps to lower the potential for fires along its tracks, said Diehl. It purchased turbo engines, which decrease sparks on the tracks, sprayed herbicide along tracks in populated areas, and coordinated controlled burns with the Forest Service and local fire departments. {Judy Harrison in Bangor Daily News 28.May.10}

On 8 June, Kent Nelson, a fire prevention specialist with the Forest Service, emphasized the improvement. The railroad has “worked hard to be in compliance with right-of-way laws. We are very pleased.” {ANR&P discussion}
MCER: NEW BUSINESS*

7 June, Barre, Massachusetts. **WILDWOOD RELOAD WILL HANDLE A TIE-TRANSLOAD JOB FOR THE MBTA**, more specifically, for Stella-Jones, which is supplying wood ties to the T under a contract which began on 1 June. Bob Bentley, MCER general manager, explained:

**Tie production**

Stella-Jones will produce the ties in its Pennsylvania and Midwest plants, and deliver them by rail to Barre. The tie company approached Bentley about completing the contract in Massachusetts using the MCER-served facility, rather than trucking the ties from outside New England. Wildwood/York became a subcontractor to Stella-Jones in the winning bid.

**Plate and clip work**

In Barre, at Wildwood Reload, Stella-Jones workers will drill the ties, screw the tie plates on (three screws per plate, two plates per tie), and add the Pandrol clips. Wildwood sister company York Transportation, along with other local trucking companies, will then deliver the plated ties to various locations on the T.

Bentley said that because of the weight of the ties with the metal, each truck could only carry 150 ties before it weighed over road limits.

**Amount of work**

In all, over 300 carloads of ties will arrive on the MCER. Bentley said the unloading and plating will move continuously, so that the trucks will deliver 1500 ties a day. Work should start by 1 July.

**REFINANCING AND OTHER PROJECTS**

Along with the tie work, Wildwood announced that it and MCER ‘completed a round of financing for working capital and cap ex projects in support of new business and new projects.’

This includes a new mineral storage shed 83x400 feet, completed 1 August 2010. Bentley would say only that the refinancing will “help a couple of other projects” which the company will announce later. {ANR&P discussion 7.Jun.2010; press release 7.Jun.2010}

PAS: NEW CUSTOMER IN AYER*

6 May, Devens. **A NEW CORRUGATED BOX PLANT WILL OPEN IN AUGUST**, according to details from a hearing on the facility before the Devens Enterprise Commission on the request by Devens land-leaseholder Triplenet Investment IX, L.P. of New Jersey.

**Location, rail access**

Triplenet owns a building at 36 Saratoga Boulevard in Devens, on the west side of the PAS Hill Yard. The company proposes to build a rail spur to the building for New England Sheets, which will receive large uncut rolls of cardboard by rail in cars holding about 60,000 pounds.

The building requires minor modifications, including a canopy to cover up to five rail cars to protect the rolled stock paper during the offloading process. About 50 rail cars per month, in groupings of five, will be switched in and out.

New England Sheets will manufacture corrugated cardboard transported away via 35 truck trips per day.

**Objections**

Some residents from the adjacent town of Harvard were not happy. Harvard resident Kate Pullano of 48 Old Mill
Road said, “We have a lot of problems with the rail now ... banging around at night. (We're told) it's the rail yard but we have no jurisdiction.”

Fred Hamilton, general manager and president of New England Sheets, told the audience: “We've talked with the railroad and they're going to switch whenever we ask them to, and we'd like the switching to be done during the daytime.”

When Commission Chairman William Marshall asked what the plant's full-time, 24-hour capacity would generate in necessary rail traffic, Hamilton answered, “If we could take everything by rail, it would be five cars a day (but) I don't see that happening. We would need a lot of product by truck, too.” {Mary Arata in Nashoba Publishing 28.May.10; John Osborne in Harvard Press 30.Apr.10}

Why a new boxboard plant?
Jeff Schwarz of Schwarz Partners, located in Indianapolis, said on 2 June that his company is the creator of New England Sheets, which will be a co-op of five cardboard users. He declined to name them until the company is closer to operating, as they currently have other supply arrangements. {ANR&P discussion}

PVRR: CUSTOMER UPDATE*
8 June, Holyoke. THE LOSS OF STEAM WILL NOT IMPAIR TWO RAILROAD CUSTOMERS [I’m not referring to steam-power locomotives! Editor]. In mid-2009, Holyoke Gas & Electric announced it would cease steam production in 3Q10, because of a major decrease in demand.

Sonoco
This mill, which has made paper for 136 years, houses the last operating paper machine in ‘Paper City,’ , annual output 66,000 tons of uncoated recycled paperboard. Sonoco will invest $2.8 million to install two gas-fired boilers to make steam. {PaperAge 5-6.10}

PVRR delivers bulk starch for the paper-making process [see 07#10B].

Yankee Candle
This company receives wax at a transload in the city, located there in part because of the steam [see 06#12B]. Mike Rennicke, PVRR general manager, explained he will keep Yankee Candle.

‘Our transload and trucking partner, Superior Carriers and the Railroad just concluded a very complex negotiation with Yankee Candle to provide a cost-effective replacement for the municipal steam via a stand-alone, dual-boiler system that is tailored to their needs. As with the creation of this facility in Holyoke there was a high degree of cooperation between all parties to develop the right system for this business. The municipal powered system has worked flawlessly for the last 3 ½ years and has allowed our transload operation to provide 100% perfect service for Yankee. We are confident that the new system will likewise perform to this level and protect this vital supply chain for our customer.’ {e-mail to ANR&P 9.Jun.2010}

VERMONT

VRS-WACR: GROUT STARTS*
7 June, Barre. THE FIRST FIVE CARS OF GROUT MOVED DOWN THE MOUNTAIN, according to Paul Hutchins, project manager for supplier Rock of Ages quarry in Graniteville, enroute to Florida [see 10#05B].

By this day, the cars had reached Barre Yard. WACR will move them five at a time to Montpelier Junction, whence they will move in 10-car consists to Florida.

Maintenance crews were working on tie replacement and ballast tamping between Barre and the junction on 7 June.

On 8 June, nine loads reached the Junction in gondolas NOKL 315058, 316051, 316089, 321026 plus PW
20004, 20014, 20013, 20023, and 20019; and 1 empty gon CRDX. The CRDX gon was an empty that had delivered granite slabs to a monument cutter in Barre the previous week. [ANR&P’s coverage by correspondent Kevin Burkholder]

QUEBEC/MARITIMES

HALIFAX/CN: SERVICE LEVELS
15 June. **SPECIFIC SERVICE LEVELS ARE STATED FOR CN AND FOR TERMINAL OPERATORS.** according to an agreement signed in April among the Halifax Port Authority, CN, and the port's two terminal operators, Cerescorp and Halterm. The agreement will ‘enhance the port's role as a preferred gateway on the East Coast to Ontario, Quebec and U.S. Midwest markets.’ [CN release 29.April.10]

Halifax Port Authority spokesperson Michele Peveril said the main elements of the agreement are in “key performance indicators. Those are the crux of it. There has been some gradual data gathering with CN but these go into a lot more detail and data with more parties on a daily basis.”

The service agreement between Halifax port officials and CN is the first of its kind for CN in Canada, which has since signed a similar agreement with the Port of Vancouver, Peveril said. [Discussions with ANR&P’s Tom Peters  15.June.10]

**Key targets**
Although not specified in the CN release, Peveril said the goals or targets of the agreement are laid out in the Halifax Port Authority's April 2010 submission to the federal rail freight review panel:

- **90% of the eligible import containers will be loaded to rail and released to CN by the terminal operator within 72 hours of the completion of vessel operations.** This measure tracks both terminal efficiency and the adequacy of rail car supply.

- **90% of loaded import containers will be delivered to inland CN terminals available for customer pick-up within 60 hours to Montreal, within 70 hours to Toronto and within 112 hours to Chicago of effective release to CN by the terminal operator.**

- **Terminal operators will release 95% of export cars to CN with loaded import containers, empty containers, or empty cars from the terminal for redeployment no later than 48 hours after placement of flatcars by CN on the terminal pad.**

- **95% of most loaded export containers will be placed on- terminal by the commencement of the final work period of the vessel alongside the dock to ensure the opportunity to be loaded on to the vessel within the vessel's scheduled completion, provided these containers are received by CN in accordance with the stipulated inland rail terminal cut-off times.**

HPA and CN have agreed that disputes under the Level of Service Agreement will be resolved through a process leading to the most senior executive officers in their respective operations. [HPA submission to freight rail review panel, April 2010]

**Other points of submission: disputes on level of service**
In the submission to the federal freight rail panel, Halifax Port Authority stated Halifax was in a unique position as the only East Coast Canadian port that could handle the large post-Panamax container ships. It also stated CN was the only rail link to vital markets in the U.S. Midwest and central Canada and thus Halifax's success as a port
and cargo gateway was heavily dependent on CN. HPA recommended:

• That railways be encouraged to deal with the principle players in the logistics chain on service issues and that dispute resolution mechanisms be available to those players.

• That railways be encouraged, on request, to engage in bona fide negotiations with logistics chain members to reach agreement on service levels to be provided.

• That the existing complaint provisions of the Canada Transportation Act be strengthened to allow for disputes on railway service levels and penalties that might be imposed for failing to meet them, whether occurring before or after service delivery, be eligible for mediation and/or commercial arbitration at the request of a member of the logistics chain.

• The Government of Canada establish a system of ongoing monitoring of service and rate levels. {HPA submission to Rail Freight Review Panel April.2010, executive summary}

**MMA: EXCURSION RAIL**

21 May, Eastman, Quebec. *THE ORFORD EXPRESS BEGAN ITS FIFTH SEASON*, operating between Sherbrooke and Eastman on the MMA line [see 06#09B]. *L’un des plus beaux trains touristiques* is one of only two independent, regular tourist trains in the region operating on regular freight lines. The other? Berkshire Scenic on the HRRC [see 10#05A]. {Orford website}

**SYDNEY: NO FINANCING YET**

1 June. *NETHERLANDS-BASED BOSKALIS INTERNATIONAL HAS BEEN AWARDED THE CONTRACT TO DREDGE* the entrance into Sydney Harbour, confirmed Jim Wooder, chair of the Sydney Marine Group. [We speculated, in May, that Boskalis was the favored company. See 10#05A.]

Money and time issues

However, financing for the $38 million project is still not secure. SMG is talking, said Wooder [see 10#05B], with the federal government (goal $19 million) and the province (goal $15.2 million). Cape Breton Regional Municipality has committed $2 million and Nova Scotia Power $1 million.

Wooder said as financing is delayed, the project start gets pushed later into 2010. The plan is avoid working into winter months.

Not just containers

Boskalis would dredge the 8.5-kilometer channel to a depth of 17 metres and a width of 150 metres. The 400 cubic metres of material removed will create new space at nearby Sydport. “It is pretty apparent to people who are engaged in port activity that access to the deep water would change the game for Sydney. It would put it in an entirely different category of ports and given the other assets of the port, not the least of which is substantial tracts of land, it opens up a number of opportunities. It would certainly not be confined to containers and it never has been,” Wooder said. {Discussion with ANR&P’s Tom Peters}
SYDNEY: PROVINCE WILL FUND*

8 June. **THE NOVA SCOTIA GOVERNMENT HAS COMMITTED UP TO $15.2 MILLION OR 40 % OF THE COST** to dredge the entrance channel to Sydney Harbour contingent on the federal government contributing its requested share of $19 million or 50 %.

Deputy Premier Frank Corbett, who made the funding announcement this day, will lead a contingent to Ottawa to encourage the federal government to support the project. [NS government release 8 June.10]

Federal position?
The project, however, may have suffered a setback when John Lynn, CEO of Enterprise Cape Breton Corporation, an agency of the federal government, said in an open letter in the Cape Breton Post, Ottawa is not committed at this time.

‘The project being an unbudgeted item, the federal government is not in a position to work within the timeline of the tendering process that is currently on the table, but that certainly does not close the door for future possibilities to fund this worthwhile project.’ [Open Letter 3.June.10]

Wooder undaunted
Jim Wooder, chair of the Sydney Marine Group, the organization behind the dredging project, says he doesn’t believe Lynn’s comments change anything in seeking federal financing. “Basically it (Lynn’s letter) means the federal government is still considering it. I don’t think the letter added anything to the debate,” Wooder said, adding the local municipality has taken up the charge.

“The municipality is now directly in the line of fire with this. I believe CBRM’s position is that it is not only its top economic development priority, it is its top infrastructure priority and I believe they have written the federal government to that affect.”

Project delay an issue
Ottawa’s lack of commitment has pushed the project past the predetermined bid deadline of May 28. “As its stands now the bid is no longer available to be accepted and they (Boskalis) indicated they are prepared to work with us within a reasonable time frame,” Wooder said. “They are looking for us to come to them and tell them we have the money. At that point they will be able to look at the schedule and say this is what it means.”

Wooder said it was originally hoped the project would have been completed in early November. That will not happen. “Every day that goes by it just becomes more iffy and we are looking at ways of perhaps collapsing the schedule on the front end to recover some of that delay. But it is difficult to have a conversation on deadline when you don’t know when a decision might be forth coming.” [Wooder in discussions with ANR&P’s Tom Peters, 7 June.10]

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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.*

New England Sheets (ST, Massachusetts) opening in Ayer Rand-Whitney (HRRC, Connecticut) move from Rock-Tenn Rock of Ages (WACR, Vermont) grout to Florida
Rock-Tenn (CSXT, New York) move to HRRC
Sonoco (PVRR, Massachusetts) receives bulk starch
Wildwood Reload (MCER, Massachusetts) tie transload
Yankee Candle (PVRR, Massachusetts) receives bulk wax