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Issue 10#10A  22 October 2010

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

REGIONAL ISSUES

PAN AM AT NEARS
Patriot Corridor: Congestion continues, but intermodal as well as carload traffic up.*
Conductors: The 40 new conductors may take months to be employed.**
Clearances: PAS is improving clearances so that the intermodal trains can pass each other.*
ST: Positive changes coming.*

Canadian Forest Products: Asks for better rail service.**

Regional high-speed rail: Quebec to to join the effort; new group; Amtrak calls for new alignment.

Truck weights: Maine, Vermont increases stalled .

HRRC: Riders for possible service to NYC.*

TIGER II: Region wins more than fair share.

NEW YORK

NYA: Brookhaven Rail Terminal groundbreaking.

CONNECTICUT

PW v HRRC: HRRC okay with some fee waivers.*

PW v HRRC: Cannot use STB arbitration.*

New Haven: Klempner rail barge from New York.*

MAINE

MMA: TIGER grant of $10.5 million.*
MMA: MDOT agrees to buy 233 miles. Text.

MASSACHUSETTS

CSXT: Not selling freight lines south of Boston.*

CSXT: Contractors for Worcester and Westborough work selected; Brookfield bridge.
GU: Phosphoric acid and alcohol tankers derail.*
GU: Carload quantities a problem for CSXT?**
MC: Update - 286 on NEC, Taunton doing well.*
MC: Mirant plant may close permanently.*
ST: Solo Cup leaving, was intermodal anyway.*

NEW HAMPSHIRE

MBRX v ST: Railroad hearing on 29 October.*
MBRX: ST appeals Ethics decision to high court.

RHODE ISLAND

PW/Amtrak/MBTA: T service to Warwick.*

VERMONT

NEC: Work using high-speed money starts.

VRS: Hebda leaving, reporting marks leaving, trailers leaving.* Would like 286.*

MARITIMES/QUÉBEC


CN/CP/Halifax: A joint use agreement during the July Montreal lockout considered.*

Halifax: Why feeder service does not work.*

Halifax & Montreal: Any threat from the NS Heartland Corridor?*

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Moffett, Ames, Coates, Brassard, Geraci, Kiley.
FROM THE PUBLISHER

The North East Association of Rail Shippers held its autumn meeting at Red Jacket Beach Resort, South Yarmouth, Massachusetts 6-8 October. It proved a success for me as much for what I learned during the interstices as during the formal presentations. You'll find information from both in this issue.

Position open: transition director
In this issue you will also find an ad for someone to help us expand into New York. You'll recall an ad seeking free-lancers and editors in these pages. I haven't found anyone. So we are hiring someone to make the transition happen.

- C Hardenbergh  Next formal issue 5 November

REGIONAL ISSUES

PAN AM AT NEARS**

During formal presentations at NEARS, and in the interstices, the following emerged.

PATRIOT CORRIDOR CONGESTION
In addition to the complaints from Maine and New Hampshire [see 10#09B] about how long cars are taking to move from Mechanicville to Ayer, one other prominent customer at NEARS was dissatisfied with Pan Am service. She’s been familiar with it for many years, and would say only this: “It’s been consistent. Consistently bad.”

An official from a railroad which interchanges with Pan Am said the PAS inability to move cars quickly meant that three of his significant customers had recently run out of inbound material and approached the need to shut down. “I can’t have that,” he said; “I had to route around them.” {ANR&P coverage}

Improvements coming?
The latest Pan Am Clipper contained two stories which described actions which could improve the situation.

Crews needed; more conductors. Observers said that often trains were not moving due to a lack of crews. For example, on 10 October the following appeared on the Guilford Sightings e-list: The NHB-77 [loaded coal train off NS destined for Bow] arrived into Mechanicville last night, sat all day at Hemstreet Park (Ferry Street) on the siding waiting for a crew. MOAY pulled up beside it early afternoon at CPF464; a crew van showed up. But the new crew was assigned to pick up a canned EDRJ [East Deerfield-Rotterdam Junction] at Eagle Bridge.

On 10 October an observer saw MABA (Mattawamkeag-Bangor) east of Bangor at 9AM after the crew was taxied home. A new crew came on at midnight. ‘Fifteen hours of idling with eight gypsum-board cars and quite a few beer cars.’ {e-mail to ANR&P 11.Oct.10}

Pan Am President David Fink (fils) wrote in the Clipper: ‘[T]he company has made a substantial investment in new train and engine (T&E) employees. As of mid-September some 40-plus people are on the property. Over the next six months these trainees will go through a rigorous program of safety and transportation operating rules training that will allow them to become qualified conductors.’ {Pan Am Clipper issue 2 posted 2 2010 on Pan Am website}

Unfortunately, a source close to the hiring process wrote: ‘There have been three classes of 12 so far. All lost several to failed rules tests, resignations, omissions on employment applications, etc. The third class has about a 40-
50% drop-out rate already. Chalk it up to the generational thing - today's kids just don't have the drive to live the railroading life-style. Too many other jobs pay competitively and have a much more reasonable schedule.

‘Besides, it will take several months before they are on their own, several years before they are effective. And there's still a shortage of engineers as well.’ {e-mail to ANR&P 10.Oct.10}

Locomotives. The ten locomotives announced by Fink in May are operating in the fleet [see 10#05B]. The railroad is purchasing ten more SD-40-2s. ‘Pan Am Railways currently owns 102 locomotives comprised of: 2 GP-7’s, 8 GP-9’s, 4 GP35’s, 54 GP40’s, 20 GP40-2’s, 10 SD40-2’s, 2 SD26’s, 1 SD39 and 1 SD45.

‘The logic behind the purchase is to standardize the fleet, while decreasing the average age and increasing horsepower and reliability. After retiring our remaining GP7’s, GP9’s, GP35’s, SD26’s, SD39 and SD45, the new roster will consist of 54 GP40’s, 20 GP40-2’s and 20 SD40-2’s.’ {William A. Wallace, general manager of locomotives in Pan Am Clipper issue 2 posted 2 2010 on Pan Am website}

Volume on Patriot Corridor

Carload volume. Tom Reese, director of sales in the NS Industrial Products division, as part of the NEARS Class I panel, reported that volume had nearly doubled, in rough terms year-to-date, versus the volume for 2009.

In conversation afterward, he acknowledged that was coming off a low, as for other railroads, in 2009. Asked about reports of diversion to CSXT, he did not comment.

Ethanol [see 10#08A]? The traffic doesn’t include any “yet,” Reese said.{ANR&P coverage}

Intermodal/auto volume. Steve Hamby, Norfolk Southern group manager for intermodal service and delivery, thanked Tom Reese, who formerly handled intermodal [see 03#10A] until promotion to his current job in February 2008. Speaking in the NEARS intermodal panel, Hamby said since 1Q09, NS intermodal had grown 10% for international traffic, and 30% for domestic.

The Patriot Corridor [Albany area to Ayer] “is going well. There’s a daily call with Pan Am.” The two stakeholders are “trying to make improvements, Pan Am is amenable to making improvements.”

At Mechanicville, “we have gotten all permits and are turning dirt,” Hamby said. By 2Q11 the yard tracks will be open, so that service improvements can happen. The yard itself will open in 4Q11, and at that point the railroads will perform “the filet-toupee operation” [taking off or adding the second domestic container, because clearances won’t permit the full doublestack service—editor].

Following bridge clearances and tie work, the Corridor will have additional places where the two intermodal trains can meet. Hamby said “we’re looking at meeting farther west, and that will improve service.” [See box.]

At this point, Corridor intermodal traffic has risen about “25 to 30%. “We’ve made great strides, there’s continual improvement, including some at Ayer to improve capacity there.” {ANR&P coverage}
PAN AM AT NEARS*
7 October, South Yarmouth. ‘A LOT OF POSITIVE THINGS WERE HEARD ABOUT PAN AM’S FUTURE by newsletter writer Roy Blanchard at the North East Association of Rail Shippers meeting here. In his Railroad Week in Review for 18 October, he wrote:

‘I spent some time with PAR President David Fink, VP Transportation Ed Motte and VP Sales Mike Bostwick at NEARS last week and I heard a lot of positive things. What’s clear is there is a plan to run the railroad to fit the traffic base and they are ready to commit resources to realize significant new revenue streams. And that’s as it should be.’ {RWIR 18.Oct.10}

CANADIAN FOREST PRODUCTS
COMPLAINTS ABOUT RAIL**
Will it comfort the paper mills in Maine to know that their Canadian counterparts have similar woes?

8 October, Ottawa. HOW TO IMPROVE RAIL SERVICE FOR FOREST PRODUCTS? The Rail Freight Service Review Panel [see box] released its report this day, calling for ‘commercial measures to resolve problems brought up by the Canadian forest products industry, and suggesting a 2013 deadline to do so before bringing in more regulations.

The recommendations call on railways and shippers to cooperate on voluntarily implementing a minimum notification period for changes of rail service, to negotiate good-faith service agreements, to establish a dispute-resolution process and to make reporting of service performance more transparent.

The railways, however, disagree that they are being monopolistic and argue that they are improving service, so no additional regulations are necessary. Industry stakeholders have until 8 November to comment on the interim report; the review panel is due to submit its final report to Transport Minister Chuck Strahl by the end of 2010.

Industry complaints
B.C.-based Ainsworth Lumber Company Limited told the review that the level of service it gets depends on where its mills are located. Where CN and CP compete, the company said service is generally good. However, at mills that are off rail mainlines, it faces restricted loads and the inconsistent delivery of needed rail cars. “Such service failures are chronic and rarely any week goes by without having such an occurrence at one or other of our operations,” said Sean

A GENERAL INDICTMENT OF CANADIAN RAIL SERVICE
‘The Honourable Rob Merrifield, Minister of State (Transport), appointed the Rail Freight Service Review Panel in September 2009. The Panel was directed to conduct a review of service issues and problems related to the rail-based logistics system in Canada and to submit recommendations aimed at improving the efficiency, effectiveness and reliability of service within the system, facilitating economic growth and trade expansion, and improving accountability among stakeholders.’

The panel was composed of three retired officials: one worked for government (Alberta), a shipper (canola), and a port (Prince Rupert); the second worked for CN; and the third worked for both a shipper (West Fraser) and railway (CN).

The panel reached these general conclusions:

- The rail-based logistics system has gone through a period during which rail service was less than adequate.

- While some of the service issues are attributable to non-railway stakeholders (these include poor forecasting and over-ordering of cars), most of the issues raised relate to railway behaviour. The Panel’s aim is to encourage more customer-centric behaviour by the railways, either commercially or through regulation.

- There are no practical ways to directly increase rail competition.’ {text at Transport Canada website}

The regulatory fallback position and CN’s response
CN spokesperson Mark Hallman pointed to the panel’s factual conclusions showing ‘solid Canadian railway transit times and order fulfillment performance’ as well as particular CN programs to improve service.

‘CN is particularly concerned with a panel recommendation that Ottawa introduce legislation subjecting virtually any railway shipper dispute to final offer arbitration – but not proclaim the bill. The panel says the legislation would allow the federal cabinet to invoke intrusive regulatory changes if it concluded they were justified, following a 2013 assessment of the state of rail-shipper relations.

‘This awkward approach – a subject of panel dissension, with one of the three panel members rejecting it – would undermine the positive momentum of CN’s supply chain collaboration initiatives. Moreover, it would undermine the rail industry’s ability to invest in service and infrastructure improvements.’ {e-mail to ANR&P 19.Oct.10}
Mullany, Ainsworth’s general manager of transportation. Often the company is “only made aware of a failure when no cars show up at our facilities.”

Forest Products Association of Canada CEO Avrim Lazar said not knowing how many rail cars a company is going to receive, versus how many it ordered from a railway, or changes in services are common complaints industry-wide. He also argued there isn’t much of a dispute-resolution process for complaints. He characterized the railways’ attitude toward complaints as: “If you don’t like it, see who else is going to send you a rail car.”

The regulations recommended by the review panel “would put more balance in the system,” Lazar said. “But the delay of three years [before] the panel will take another look at it leaves us mystified.”

“[The panel has] recommended a regulatory fallback position,” said Catherine Cobden, vice-president of regulatory affairs at the Forest Products Association. “We’re saying rather than do them as a fallback position, do them now.” {Derrick Penner in Vancouver Sun 13.Oct.10}

NEW ENGLAND/QUEBEC PASSENGER RAIL*

early October, Boston. NEW ENGLAND TRANSPORTATION HONCHOS MET HERE WITH QUEBEC’S RAIL EMISSARY, Raymond Chretien. Quebec officials see momentum building for high-speed rail in the United States and want to promote cross-border collaboration. Chrétien, Canadian ambassador to the United States for much of the 1990s, and nephew of former prime minister Jean Chrétien, was recently named the province’s emissary to promote rail in the United States.

“There is a strong commitment by the premier of Quebec, [Jean] Charest, to make sure that any new great infrastructure project in the northeastern part of the USA includes, as well, Montreal, and eventually linking to Ontario down the road, so that’s why I’m here,” Chrétien said, in an interview at the Quebec government office in Boston. “We’re not going to see the first fast trains between Boston and Montreal tomorrow, but you have to start somewhere, and we might as well start right now.”

He brought a sheaf of maps showing potential rail lines and touting the economic clout of the Quebec-New England-New York-Washington “megaregion,” as well as the benefits of high-speed rail for reducing carbon emissions, alleviating highway congestion, and linking cities.

He was welcomed by the New England transportation secretaries and commissioners, who have been meeting quarterly since last year to talk about route selection, project timing, and other high-speed rail details; to swap ideas; and to discuss projects that are nearer on the horizon, like South Station expansion, MassDOT Secretary Jeffrey Mullan said. “I think there’s a lot of momentum, a lot of cooperation, and a lot of excitement around it,” Mullan said.

Chrétien said part of the work is to excite the public and generate interest in high-speed rail in both countries. “You will see, in your lifetime, fast trains. I will see them as well. I’m confident. But I will not tell you my age.”

New group

On 30 September, Mullan went to D.C. for the inaugural meeting of the Northeast Corridor Infrastructure and Operations Advisory Commission. In the Northeast, the effort for high-speed rail is hampered by the welter of federal and state government organizations and quasi-public transit authorities, as well as private freight companies that operate along the route.

All of the interests are coming together to take stock of their considerable infrastructure needs and to talk about regional planning, cost sharing, and other issues along the way to making local and city-to-city service faster, more frequent, and more efficient.

New route

On 1 October, a coterie of officials gathered in Philadelphia where Amtrak unveiled a vision for building a new, high-speed rail line between Boston and Washington, with sustained speeds of 220 miles an hour. The Boston-to-New York run, along a Boston-Woonsocket-Waterbury-Danbury new alignment, would take 1 hour and 24 minutes. {Eric Moscowitz in Boston Globe 10.Oct.10}
TRUCK WEIGHTS: NOT PASSED*

1 October, DC. **THE PERMANENT TRUCK WEIGHT LIMIT FOR MAINE AND VERMONT** did not pass in the Continuing Resolution [see 10#09B] which Congress voted through before going home for the elections. The Commercial Vehicle Safety Alliance, which backs the bill, said it would come up again in the lame duck session beginning 15 November. {truckinginfo.com 7.Oct.10}

HRRC: PASSENGERS TO NYC*

20 September. **RIDERSHIP ESTIMATES WERE ‘EXTREMELY ENCOURAGING’** wrote HRRC President John Hanlon, in announcing the results of a comprehensive study requested in June 2010 to determine ridership demand for a rail passenger service between Pittsfield and New York City. HRRC paid its own funds to Market Street Research of Northampton, Massachusetts to look at ridership [see 10#06A].

In a letter to government officials, regional planners and other interested parties Hanlon stated, ‘If we use the median ridership information (accounting for seasonal trends) we have a ridership of two million one-way riders per year.’

HRRC will now move to the next stage, creating a cost model to develop an accurate financial pro forma for the service. Representatives of the railroad have already begun meetings with local officials within the region to determine optimum locations for station facilities and to coordinate local services. {HRRC press release received 15.Oct.10}

TIGER II GRANTS

October, DC. **USDOT SPACED OUT TIGER II GRANT ANNOUNCEMENTS THIS MONTH.** The 2009 US federal stimulus bill created a $1.5 billion discretionary grant pool under the title Transportation Infrastructure Grants for Economic Recovery. DOT kept that title when Congress appropriated the $600 million for a second round of similar grants this year.

Applications were due in August 2010. In 2009, USDOT took six months to make the awards [see 10#02A]; for 2010, the DOT took only two months, though it was judging over 1,000 request for about $19 billion. {John Boyd in *Journal of Commerce* 20.Oct.10}

TIGER II CONSTRUCTION $$ IN NEW ENGLAND

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<tr>
<th>State</th>
<th>Project Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>Connecticut</strong></td>
<td>Bridgeport Steel Point road repair.</td>
<td>$11.1 million</td>
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<td></td>
<td>New Haven urban boulevards.</td>
<td>$16 million</td>
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<tr>
<td><strong>Maine</strong></td>
<td>Aroostook rail preservation [see Maine].</td>
<td>$10.5 million</td>
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<td>Memorial Bridge (road, NH-ME) repair.</td>
<td>$20 million</td>
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<td><strong>Rhode Island</strong></td>
<td>Port of Providence cranes [see future issue].</td>
<td>$10.5 million</td>
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<td><strong>New Hampshire</strong></td>
<td>(see Maine)</td>
<td>$771,000</td>
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<tr>
<td><strong>Vermont</strong></td>
<td>St.Albans streetscape</td>
<td>$125,000</td>
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TIGER II PLANNING $$ IN NEW ENGLAND

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<tr>
<td><strong>Maine</strong></td>
<td>Linking the Rural Regions of Maine</td>
<td>$771,000</td>
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<tr>
<td><strong>Vermont</strong></td>
<td>St.Albans streetscape</td>
<td>$125,000</td>
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NOTABLE MISSES

NECR sought $12.3 million for its line in Connecticut [see 10#07B]. New Bedford wanted funding for a rail bridge repair, Aroostook wanted planning money [see 10#08A]. Connecticut itself submitted no requests, though five towns did [see 10#07B]. New Hampshire sought dollars for commuter rail, the SLR and the NHN [see 10#09A]. {USDOT press release}
NEW YORK

NYA: TINY RR GROUNDBREAKING
12 October, Yaphank. **THE BROOKHAVEN RAIL TERMINAL WORK BEGAN.** At a ceremony here, Jim Pratt of Pratt Brothers Construction, one of the partners [see ??], said the influence of US Representative Tim Bishop in Washington was “instrumental in getting us to this day.” Gabe Hall of US Rail, which will operate the rail service, also spoke. The fact sheet noted that BRT is a partnership of Landbridge Intermodal, D.A.Collins, PW II Enterprise, and US Rail. Sills Road Realty, LLC owns the land under the terminal. [See 10#09A.]

Landbridge Intermodal
This company provides on-site shortline railroad transportation services including transloading, intermodal and logistics services. Customer services include merchandise freight, bulk commodity services, construction supplies, aggregates, and intermodal equipment.

PW II Enterprise
This joint venture of Pratt Brothers Construction and Watral and Sons has up to 300,000 tons per year aggregate consumption potential, and a third-party aggregate sales network Pratt is a principal of Sills Road Realty.

John Watral, also a principal of Sills Road Realty, is the president of Watral & Sons, Inc. and Watral Brothers, Inc.

Sills Road Realty
Thomas F. Longe, a principal of Sills Road, is president of D.A. Collins Construction Company and of Pallette Stone Corp. Andrew Kaufman, president of Sills Road Realty, LLC oversees the Company’s day-to-day operations. {materials supplied by Judy White, CJ2 Communication Strategies, on behalf of BRT}

More on Kaufman
Kaufman founded E-Rail Logistics, Inc and served as CEO of it parent company, Rail Waste Holdings, LLC from 2004 to 2005. Prior to founding E-Rail Logistics, Kaufman was the general partner of Greenway Properties, a consulting firm, engaged in the development of waste to energy technology.

From 1991 to 2001, Kaufman was president of Pencor, Inc., a technology development company which advanced environmental technologies from the research stage to commercialization. During this time frame, Pencor acted as general partner of Pencor Biofine, which in 1999 named Kaufman as one of 20 certificate recipients for the Presidential Green Chemistry award from the US EPA for his work in developing the process for the manufacture of levulinic acid from waste. {Chartwell International SEC filing 2006; e-mail from Carol Farris, PhD Green Chemistry Program, Office of Pollution Prevention and Toxics, US Environmental Protection Agency}

CONNECTICUT

PW v HRRC: SOME WAIVERS OK*
8 October, DC. **HRRC DID NOT OBJECT TO SOME PW WAIVERS** in replying this day to the PW request to waive some filings in PW’s effort to acquire a part of the Maybrook line from HRRC. HRRC specifically stated that the line is owned by the Maybrook Railroad Company, an affiliate of the Housatonic Railroad Company, and is titled ‘Maybrook Line’ not ‘Danbury Secondary’.

However, HRRC continued to argue that adverse abandonment, the method by which PW seeks to remove HRRC from ownership, was ‘legally impermissible’ and therefore any application for waiver should be ‘denied.’
If the STB chooses to look at the waiver request and defer a decision on the appropriateness of the remedy, HRRC did not object to waivers of most of the requirements, with the exception of revenue and cost data, and service. {STB website, filings page, AB-254 (SUB-NO. 10)

**PW v HRRC: NO ARBITRATION?***

8 October, South Yarmouth, MA. **PW CANNOT ACQUIRE THE LINE OF HRRC** under arbitration, according to one knowledgeable source at the NEARS meeting. Responding to the editorial in 10#09B calling for the two railroads to use the STB arbitration provisions—as yet unused, he applauded the suggestion.

But PW actually wants to acquire the line, the source said, whereas HRRC wants to retain the line to eventually interchange with PAS or whoever might take over the Berlin branch.¹ When your editor asked whether, under arbitration, PW couldn’t get what it wants, the ownership of the track structure while leaving HRRC with the underlying real estate and trackage to reach the Berlin branch, the source labelled that an interesting proposition. {ANR&P coverage}

**STB arbitration - does not apply**

Title 49 part 1108 of the Code of Federal Regulations covers the STB process. Section 1108.2 (b) states:

‘These procedures shall not be available to obtain the grant, denial, stay or revocation of any license, authorization (e.g., construction, abandonment, purchase, trackage rights, merger, pooling) or exemption, or to prescribe for the future any conduct, rules, or results of general, industry-wide applicability. Nor are they available for arbitration that is conducted pursuant to labor protective conditions. These procedures are intended for the resolution of specific disputes between specific parties involving the payment of money or involving rates or practices related to rail transportation or service subject to the statutory jurisdiction of the STB.’

While some might argue that the question of clear and direct access by PW to Danbury over HRRC might fit under the term ‘practices related to rail transportation or service,’ others, and possibly the STB itself, might argue that since PW wants at least a modification of its trackage rights, that request does not fit under the arbitration procedure. {editor}

**NEW HAVEN: FEEDER?***

2 September. **NEW HAVEN OR NARRAGANSETT BAY MAY HOST A FEEDER SERVICE OUT OF NEW JERSEY**, if a proposal by Ron Klempner of Jersey Harborside Railroad LLC, presented this day to the New Haven Port Authority, comes to fruition. “We are interested in an inland distribution network,” Klempner said at the end of August.

Barges would bring containers on railcars to New Haven; PW would then move them by rail to Massachusetts for transfer to trucks for the dray. Alternatively, the boxes would be stripped and the contents delivered locally by truck.

A study cited by Klempner estimates the full project would save about 15 million gallons of fuel per year and 75,000 truck trips to New Haven, while also reducing carbon monoxide and nitrogen oxide. Klempner said his partners have approached businesses that are looking for a reliable, cheaper way to move cargo from the New York-New Jersey wharves.

Per Klempner, railcars on barges are now used between Seattle and Anchorage, Alaska, as well as in Scandinavian countries. [The aborted feeder service to Bridgeport initially looked at lifting containers on and off barges (LoLo) but shifted to using boxes on chassis (RoRo)—see 07#12A. Only the Cross Harbor Railroad moves

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¹During the STB consideration of the NS-ST joint venture, ConnDOT requested interchange agreements with NAUG, HRRC, PW, and CNZR [see 08#08A]. The two railroads said they were willing to negotiate interchange agreements [see 08#09A]. CNZR now has interchanges [see 10#04B]. Also at that time, ConnDOT’s Labouliere argued that traffic would increase on the Berlin branch [see 08#09A].
railcars on barges in the Northeast; CG Railway operates such a service between Alabama and Mexico.]

**New Jersey Marine Highway Initiative**
The $500 million project forms part of the New Jersey Marine Highway Initiative, which MARAD designated for possible later funding [see 10#08A *Regional*]. The study phase of the project is likely to take two years, said Klempner.

**Use of North Yard**
“It's quite a unique operation,” said Ron Esposito, whose Ronsal North owns the five acres Klempner would like to use, the so-called North Yard north of I-95 on the Quinnipiac River. {Mary O’Leary in *New Haven Register* 1.Sept.10}

**Klempner and New England Transfer**
Klempner is the moving force behind NET, the transload proposed for the tiny railroad in Wilmington and Woburn, Massachusetts. NET is awaiting the environmental assessment by the STB [see 10#08B].

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**MAINE**

**MMA: TIGER II AWARD***
15 October, DC. *USDOT AWARDED MAINE $10.5 MILLION FOR REPAIR AND MAINTENANCE* of the Madawaska-Millinocket section MMA is proposing for abandonment, the amount the state was seeking [see 10#08B].

USDOT Secretary Ray LaHood called Senator Susan Collins this morning to thank her for being the first person to bring the need for Tiger Grant Funding to repair the rail line in Aroostook and northern Penobscot [see 10#03A and 10#04A]

**Status of negotiations**
Denis Berube, director of Planning & Transportation Services at the Northern Maine Development Commission in Caribou, wrote on 15 October: ‘...These are not funds applicable in a deal as it would relate to the purchase of the line [but for repair and maintenance].

‘If a deal [see 10#08B] is reached between the parties, approved by the Task Force and signed by the governor, a request for proposals will be issued by the state seeking an operator for this line. Bids resulting from this RFP will be evaluated by the Task Force. It is estimated that the time required for the actual purchase to go through would be in the 120-day range.

‘Results for the smaller TIGER/HUD planning/business development grant application by the state have not yet been released, as they are tied to HUD’s scheduling.’ {e-mail from Berube}

**MMA: DEAL WITH STATE**
19 October, Augusta. *MDOT ANNOUNCED MMA WOULD SELL 233 MILES OF TRACKEAGE FOR $21 MILLION*. According to the press release:

‘The State will receive title to the line, free of any liens, along with overhead traffic rights to move freight over certain lines that MMA is retaining. These trackage rights will allow a new operator to connect with the Canadian National line at Van Buren and the Eastern Maine Railway in Brownville Junction. MMA will provide any needed interchange infrastructure and track at these interchange locations for the new operator.

‘Funding for the purchase includes: $7 million from a June 2010 bond, $4 million from a November 2009 bond that is being repurposed, $7 million from state reserve accounts, $1.1 million from rail balances from canceled
projects, and $1 million from a major shipper on the line.’ {text from MDOT}

Reciprocal trackage rights
The text of the Term Sheet signed by both parties [see box] showed the new operator will have trackage rights (overhead only—no access to customers) on MMA between Madawaska and St. Leonard to reach CN, and between Millinocket and Brownville Junction, to reach NBSR. MMA will have overhead trackage rights to move cars between Madawaska and Millinocket.

The trackage rights do not include direct access to ST; the operator will need to turn the cars over to NBSR for the short move between Brownville Junction and Mattawamkeag, where NBSR can spot the cars for furtherance on ST.

Berube indicated that at least one shipper moved 70% of its lumber over ST now, interchanging at Northern Maine Junction. Under the trackage rights terms, that shipper will not be able to do that interchange and must use the Mattawamkeag route instead.

Irving Woodlands contributes
The Press Herald account of the deal listed the shipper as Irving Woodlands, though other shippers may eventually pay back Irving some of the price [see below].

Trackage fee; will Irving become the operator?
When the deal was under discussion at the Maine Legislature in the spring 2010, Irving lobbyist Jim Mitchell circulated a presentation suggesting that EMRY, Irving’s operator in Maine, operate the MMA trackage [see 10#04A]. One source said MMA initially wanted a fee of $2.50 per car-mile. [That compares with Amtrak’s fee on the Springfield line of somewhat above $1 per mile; MBTA was charging 30 to 40 cents per car-mile—see 10#06B.]

Nate Moulton, director of MDOT’s rail program, responded to a question about the contribution: ‘There is no quid pro quo for the contribution, [Irving] have been part of a shippers group that has been meeting in the County on the rail abandonment and the shipper group identified that the future operator would need a very reasonable trackage-right rate in the areas where we got the trackage rights.

‘The group decided that it was worth an up front payment to buy down the rate. It is my understanding that Irving Woodlands as the largest shipper is upronting this money on behalf of all the shippers to help the economics work in the future on the line. As you recall during the bond debate it was always envisioned that there should be a commitment of funds or carloads etc. by the shippers to help make this work. I would consider this contribution part of that....

‘The shippers were not involved in the negotiations, though we did take their concerns and needs into account as we negotiated as we need to be able to make this work as an operating railroad and grow the traffic.’ {e-mails to ANR&P 20 & 21.Oct.10}
Next steps
Two efforts will proceed in parallel: the MDOT press release said ‘as the sale is finalized’ [which Berube—see above—estimated at 120 days] MDOT will issue an RFP.

State purchase of line
- File term sheet at STB {term sheet} Done 20 October.
- Request to STB to postpone action. {term sheet} Done.
- Begin drafting of purchase and sale agreement, and trackage rights agreements. {term sheet}
- FRA approval of transaction. {term sheet}
- State advises STB it withdraws opposition. {term sheet}
- STB issues favorable decision {term sheet}
- MMA and MDOT close on the purchase. {term sheet}

State effort to find operator
- State drafts RFP. Berube said six months ago he saw a proposed RFP; he expects a completed version in three weeks, or by mid-November. During those three weeks MDOT will bring the draft RFP to the Aroostook Rail Task Force [see 10#04B]. Members will comment on the terms.

Berube said shippers had verbally promised volumes which double the recent level (“not the most recent drop”) [Shippers estimated recent past actual volume at around 9,000 carloads—see 10#02B], if they can get the frequency and consistency of service they need. The shippers will want assurances that an operator can provide that kind of service.

- State issues RFP.
- State chooses operator.

- Operator begins service. The Term Sheet said the operator should be prepared to assume operations as soon as possible after 31 December 201. But Berube did not expect the operator to begin service before April 2011.

MMA continued service. The shippers will continue to get service from MMA, according to the Term Sheet, ‘until the later of December 31, 2010 or the date on which a rail carrier selected by the State to operate the Lines (the "Short Line") is ready to provide such service.’

Why would MMA continue a money-losing operation so long? Moulton wrote on 21 October: ‘The details for interim service by them are not yet completed.’ {e-mail to ANR&P}

TERM SHEET
This Term Sheet by and between the State of Maine, acting by and through its Department of Transportation (the "State"), and Montreal, Maine & Atlantic Railway, Ltd. ("MMA"); WHEREAS, MMA has filed an application with the Surface Transportation Board ("STB") for authority to abandon and discontinue service on approximately 233 miles of rail lines located in Aroostook and Penobscot Counties, Maine (the "Lines"); and WhereAS, the State wishes to purchase, and MMA wishes to sell, the Lines in order to preserve rail service; and WHEREAS, MMA and the State have reached agreement on the terms and conditions, as set forth below in this Term Sheet, of a purchase and sale transaction pursuant to which MMA would sell the Lines to the State; and WHEREAS, this Term Sheet accurately represents the intentions of the parties to consummate a purchase and sale transaction on the terms and conditions set forth below and to proceed in good faith to implement the actions described below.
1. **Purchase and Sale.** MMA shall sell and the State shall purchase the Lines in accordance with the terms and conditions set forth below and a definitive purchase and sale agreement to be negotiated and executed by the parties.

2. **Purchase Price.** The purchase price for the Lines shall be $21.1 million. The amount payable by the State to MMA at the closing in immediately available funds shall be $20.1 million. The $20.1 million in immediately available funds is to be comprised of $19.1 million from available State resources set aside for this transaction and $1 million from outside third party(ies) to be provided to the State prior to closing. The balance of the purchase price shall be in the form of the State receiving a credit in the amount of $1.0 million in partial satisfaction of a claim of the State against MMA, as described in Section 5 below.

3. **Closing.** The closing shall occur, subject to satisfaction of the conditions precedent set forth in Section 7 below, on a mutually acceptable date that is no later than 10 business days after the satisfaction or waiver of the last condition precedent to be satisfied or waived. MMA shall continue to provide rail service on the Lines until the later of December 31, 2010 or the date on which a rail carrier selected by the State to operate the Lines (the “Short Line”) is ready to provide such service. The terms and conditions of any such service by MMA after the closing shall be as set forth in the purchase and sale agreement.

4. **Access Conditions.**
   (a) As of the closing, MMA shall grant to the Short Line permanent, overhead trackage rights, exercisable in the discretion of the Short Line, pursuant to a definitive trackage rights agreement that shall include the terms and conditions set forth in this Section 4 and such other terms and conditions as are customary in the industry, between (i) the end of the Lines at Madawaska and the connection of the MMA line with Canadian National Railway at St. Leonard, New Brunswick and (ii) the end of the Lines at Millinocket and the connection of the MMA line with Eastern Maine Railway at Brownville Junction.
   (b) The State shall require the Short Line to grant to MMA permanent, overhead trackage rights, exercisable in the discretion of MMA, pursuant to a definitive trackage rights agreement that shall include the terms and conditions set forth in this Section 4 and such other terms and conditions as are customary in the industry, between the ends of the Lines in Madawaska and Millinocket.
   (c) The trackage rights shall be binding upon any successors of MMA or the Short Line. The charge for the exercise of trackage rights, whether by MMA or the Short Line, shall be $0.30 per car mile, loaded and empty.
   (d) Beginning as of the date on which the Short Line commences its operations, MMA shall provide interchange tracks and facilities on its property in order to provide for the interchange of traffic in the event that the trackage rights are exercised. If and to the extent that additional interchange tracks or facilities are required, in the sole discretion of MMA, in the future to accommodate the interchange of traffic between MMA and the Short Line, or connecting carriers and Short Line, MMA shall, at its sole expense, construct such additional tracks or facilities.
   (e) The trackage rights provided to the Short Line herein may be used only for the interchange or run-through of traffic between the Short Line and the Canadian National Railway at St. Leonard, and for the interchange or run-through of traffic between the Short Line and the Eastern Maine Railway at Brownville Junction, and shall not permit the Short Line to serve industries served or accessed by MMA at any points at or between the end points of such trackage rights. The Short Line may continue operating onto the tracks of connecting carriers, and access to the Short Line and connecting carriers without interchanging its cars or train to the connecting carriers. The trackage rights provided to MMA may be used by MMA only for through movement by MMA between the end of the Lines at Millinocket and the end of the Lines at Madawaska and shall not permit MMA to serve industries served or accessed by the Short Line at any points between, but not including, the end points of such trackage rights. Nothing in this Term Sheet shall permit, or be construed to permit, the Short Line to operate to or provide service at the customer facility at St. Leonard.
   (f) The granting and exercise of trackage rights pursuant to this Section 4 shall be without prejudice to the right of MMA and the Short Line or the State to agree upon additional, supplemental or alternative arrangements to exchange traffic between them on such terms and conditions as they may agree, including without limitation haulage and joint rates and divisions for through traffic.

5. **Rail Funding Agreements.** The claim of the State against MMA pursuant to certain Rail Funding Agreements, arising as a result of the filing of the abandonment application by MMA, shall be resolved by MMA recognizing a credit, in the amount of $1.0 million, that shall be applied by the State against the purchase price. The total maximum amount of any future claim that the State may have against MMA pursuant to such Rail Funding Agreements, after application of the $1.0 million credit against amounts claimed pursuant to the Rail Funding Agreements, beginning with the most recent Rail Funding Agreements, shall be as provided in such Rail Funding Agreements. Except to the extent modified as provided in this Section 5, the Rail Funding Agreements shall remain in effect in accordance with their terms and conditions. MMA shall cooperate in the completion of all documentation required under the Rail Funding Agreements. Upon the execution of this Term Sheet by the
6. **Utility Use.** The parties recognize the potential utility and value of the Lines and other rail lines of MMA for purposes of the transmission of electricity, communications and other corridor uses (collectively, "Utility Uses"). Effective from and after the date of closing, the parties shall cooperate with one another in order to develop and realize value from such Utility Uses. Either the State or MMA shall have the right to propose and negotiate Utility Use transactions that involve both the Lines and other lines of MMA, subject to the terms and conditions of this Section 6, as well as applicable Maine law governing the use of State-owned property. Any such transaction shall allow (a) not result in any interference with rail operations and shall require the other party in any such transaction to indemnify MMA, the State and the State's rail operator in the event of any such interference, (b) afford the non-proposing party the right to review and approve the transaction, which approval may not be unreasonably conditioned, delayed or withheld, (c) require the non-proposing party to take all reasonable actions to implement an approved transaction, such as the execution of leases, licenses, or easements and other documents, (d) provide that any payments in respect of a Utility Use shall be prorated between the State and MMA, after deduction of a reasonable fee payable to the proposer for originating and negotiating the transaction, on the basis of the ratio of the number of miles of the Lines and the number of miles of other lines of MMA involved in the transaction, and (e) provide for the payment of a reasonable fee to the proposer to be negotiated and included in the purchase and sale agreement. MMA shall invest all amounts generated by Utility Uses in its railroad lines in Maine, and, to the extent permitted by applicable law, the State shall invest all amounts generated by the Utility Uses in railroad lines in Maine.

7. **Conditions Precedent to Closing.** The obligations of the parties to close shall be subject to the satisfaction or waiver of the following conditions precedent: (a) the obligations of the parties to close shall be subject to the satisfaction or waiver of the following conditions precedent: (a) the mortgage lien of the Federal Railroad Administration ("FRA") on the Lines shall have been released; (b) MMA and the FRA shall have reached an agreement, which is satisfactory to MMA, concerning the adjustment of certain terms and conditions of the loan agreement between MMA and FRA, including without limitation the use by MMA of proceeds from the sale of the Lines; (c) a final order shall have been entered by the STB authorizing the abandonment of the Lines, subject only to customary conditions for abandonment orders, permitting the consummation of the abandonment and the salvaging of the Lines if the closing does not occur, recognizing and adopting the terms and conditions set forth in this Term Sheet, determining that the State shall not become a rail earner as a result of the purchase and sale agreement; and (d) mutually agreeable closing documents, including a purchase and sale agreement, with an agreed form of trackage rights agreement as an exhibit, shall have been executed by the parties.

8. **Further Actions.** Promptly following the execution of this Term Sheet by the President and Chief Executive Officer of MMA and the Commissioner of the Department of Transportation of the State of Maine, the State and MMA shall jointly file a copy of this Term Sheet with the STB and request the STB to suspend the abandonment proceedings and to defer any decision with respect to the abandonment application until further advice from either party. At the same time, the parties shall begin to draft definitive agreements to implement the terms and conditions of this Term Sheet, including without limitation a purchase and sale agreement and trackage rights agreements, and the State shall, either directly or with the assistance of the State's congressional delegation, assist MMA in requesting the FRA to approve the proposed transaction, grant the required release of lien, and give MMA's requested adjustments prompt reasonable consideration. Promptly after both the State and MMA are satisfied that such approvals or actions of the FRA will be forthcoming, the State shall advise the STB that, subject to the execution of a purchase and sale agreement, the State is withdrawing its opposition to the abandonment and shall recommend to other parties opposing the abandonment that they also withdraw their opposition, and the parties shall file a pleading with the STB in which they jointly request the issuance of a decision consistent with the relief and action by the STB described in Section 7(c) above, at such time as the parties confirm to the Board that the purchase and sale agreement has been executed. (The parties acknowledge that the procedures set forth above are in contemplation of having the STB issue a decision as promptly as possible after the FRA approvals and execution of the purchase and sale agreement, and the parties may modify such requests based on any procedural advice received jointly from the STB.) The State shall prepare and issue a request for proposals to select a Short Line to operate the Lines so that the Short Line will be prepared to assume operations on the Lines as promptly as practicable after December 31, 2010. (as filed with STB 20.Oct.10)
CSXT: SELL ‘BOSTON CLUSTER’?*
8 October, South Yarmouth MA. WITH CSXT PULLING OUT OF BOSTON AND THE SOUTH COAST, WOULD IT LIKE TO SELL other lines southeast of Boston which carry freight, reached via Framingham?

Maurice O'Connell, CSXT governmental affairs, responded to this question during the NEARS panel on CSXT and Worcester: “We are always looking at ways to improve service to our customers. But we have no plans to sell off” the trackage.

Would MC or FRTC be interested?
During the Short Line Panel, John Kennedy of MC said the topic of selling the freight lines never came up in the discussions between MC and CSXT about the freight rights for the South Coast lines.

Paul Ruscio of FRTC said he is “concerned about who might be between us and CSXT.” At this point, service is great, five times a week. If it were transferred, “however that transpires, we want one that provides exactly the same service we are now getting from CSXT.” {ANR&P coverage}

CSXT: CONTRACTORS CHOSEN*
17 October, Jacksonville, Florida. FIRMS TO DO THE WORK IN WORCESTER AND WESTBOROUGH were announced in a press release from Louis Renjel, CSXT vice-president for strategic affairs.

Ragnar Benson, an Illinois-based general contractor/construction manager with experience on railroad projects around the country, will expand the CSX freight yard [see 10#09B] between Franklin and Shrewsbury streets from its 28 acres to 52 acres. It has committed to a union job.

TransDevelopment Group and Borggaard Construction Co. will team to build the TRANSFLO terminal in Westboro [see 10#02B]. TransDevelopment is a specialized development services firm with a global presence in freight facility infrastructure design and development. CSX is one of its largest customers with over thirty completed projects throughout the network. Borggaard Construction is a civil construction contractor based in North Grafton, with extensive facilities, equipment, personnel and market presence in the area.

Borggaard has successfully performed work at the New England Automotive Gateway in nearby East Brookfield. Borggaard Construction's main office is 8 miles from the Westborough site and utilizes 100% local, union workforce. {text of press release}

Brookfield bridge okay
Fears that emergency vehicles could not get over the tracks [see 10#09A], while the bridge carrying Route 148 in Brookfield is raised to permit full doublestack access, were allayed when engineers devised a plan to retain one lane during construction, for emergency vehicles only. {Kim Ring in Worcester Telegram and Gazette 7.Oct.10}

GU: PHOSPHORIC ACID*
9 October, Grafton A TANK CAR OF PHOSPHORIC ACID DERAILED here as well as a car of alcohol, a ‘non-incident’ according to owner Jon Delli Priscoli. On that section of track, ties were weakened by years of runoff from adjacent Route 140, and crumbled, derailing the train moving at less than five miles per hour south toward Upton. [Ames—see below—said the cars would be unloaded direct to tank truck in the Upton yard.]

Current track work
GU has replaced several thousand ties between Grafton and the 22-acre transload facility in Upton. Work between Upton and the Hopedale yard, which includes a 100,000 square foot spur-served industrial building, is now underway. The final phase will involve a complete rebuilding of the line from Hopedale to Milford, requiring some sensitive negotiations where the railroad crosses intersections.
Delli Priscoli estimated he has spent about $5 million to date and laid about 15,000 cross ties. {Jennifer Lord Paluzzi in daily grafton.com 9.Oct.10}

**CSXT/GU: PRICING, COOPERATION**

18 October, North Grafton. ‘CSX IS A VERY COOPERATIVE PARTNER BOTH PRICING AND BUSINESS DEVELOPMENT,’ wrote Eric Moffett, a representative of the GU. ‘The GU is in constant contact with CSX at all levels; local and corporate. They are excited in the progress the GU has had over the last 12 months or so and CSX has been supportive of the GU efforts since day one. The GU is thankful of the support CSX has shown and the aggressive attitude they have offered to the GU and their clients.’ {e-mail to ANR&P}

**High prices for interline movements?**

Clyde Ames, who resigned as vice-president for marketing and sales for the GU [see 10#03B] in May, had a different take: high pricing for carload moves to connecting lines is forcing traffic away, he said on 13 October.

GU is “at a disadvantage, connecting only with GU. Instead of spending money on local public relations, Jon Delli Priscolli should send someone to Jacksonville [CSXT headquarters].”

PW-destined locations “are more competitively priced” in many cases versus a CSXT-GU connection due to PW’s multiple interline connections. Given the exclusive connection CSXT maintains with the GU, the Class I has no concern for competition; “they don't care,” Ames said.

He provided a portion of the impetus behind the $2 million investment for the packaging company [see 10#01B], but did not want to continue at GU. “I am out of it.” Eric Moffett is handling marketing for GU now.

**Current non-GU move**

Ames is working for a bulk shipper with one transfer facility in Massachusetts, and two in New York, and multiple destinations. In getting quotes for rail moves, “CSX is always more expensive than the alternative, where I had an alternative. And CSXT refuses to discuss the price, it’s take it or leave it.” He acknowledged that CSXT had the best service routes for the product, “but the value is not justified.”

Railroads are only willing to make one-year price agreements now. “How can you invest” in cars or facilities with only a one-year price contract?

**Past problems in New York**

Ames created a company, M-R Logistics, to provide a transportation and disposal service for environmental materials including construction and demolition debris. A good portion of business originated off the New York, Susquehanna, and Western Railroad (NYSW), which moved to various landfills located in Ohio. [This is not the facility in the Borough of Riverdale, New Jersey, which led to significant decisions on federal pre-emption. See STB website, decisions page Docket No. FD 35299 (3 August 2010)]

The company had revenues of $20 million by 2006, moving out 15 to 20 cars a day. But in less than three years, NYSW/CSXT raised prices 60%, making the move unprofitable, and shortchanging the five-year lease on 400 high-capacity gondolas and five-year agreements on delivery and revenues. The company sought to pass on the price increases to the customers, who could not sustain them.

NYSW was pricey, Ames admitted, and after the combined NYSW/CSXT increases, “it was more expensive to ship C&D from the New York site than off the PW to Ohio,” a much longer distance, “to the same destination. It was a $600-$700 difference.” CSXT was pricing the move as though it was “ class 7 radioactive waste.”

Moreover, CSXT used fuel surcharges as a profit center, “another opportunity to be at the trough.” {ANR&P discussion}

**CSXT response**

Asked about Ames’ contentions, CSXT spokesperson Bob Sullivan wrote: ‘CSX works with its customers directly on pricing and service and considers those discussions confidential. Our short line connections have many avenues available at CSX to discuss competitive pricing.’ {e-mail to ANR&P 18.Oct.10}
One wag from another shortline who agreed with Ames’ take quipped: “CSX may have many avenues, but only one answer.” {ANR&P discussion 22.Oct.10}

**MC: AN UPDATE***

8 October, South Yarmouth MA. AN UPDATE ON THE RAILROAD WAS PROVIDED BY JOHN KENNEDY, in the Short Line Panel at NEARS. He listed himself and Dan Wahle, head of marketing, as owners. Overall, he said, he had “brought excepted track up to class 1, some 2.”

**Taunton spur**

Per Kennedy, traffic on the MC line in Taunton “has nearly doubled since we started to serve it on daily basis.” MC moves grain, but the “lion’s share is rock salt and road salt.” MC is talking to potential customers: “The shippers of lots of commodities have never thought about rail, they never knew it was option.”

**286**

MC has had to turn down some traffic in 286,000-pound cars. While the MC track can handle it, and CSXT can handle it, Amtrak will not permit those heavy cars on the Northeast Corridor. {ANR&P coverage}

**MC: MIRANT TO CLOSE?***

17 October, West Yarmouth. NSTAR’S NEW TRANSMISSION LINE ACROSS THE CAPE COD CANAL might remove the need for the Mirant Canal station entirely, officials said last week. The plant is already operating only intermittently [see 10#09A] and will stop using rail in any case. {Patrick Cassidy in cape cod online}

**ST: SOLO CUP***

7 October, South Yarmouth. MANUFACTURER SOLO CUP IS “ALL IN” ON INTERMODAL, said Phil Bayle, the company’s director of transportation procurement. All long-haul (some 33% of their traffic) now moves intermodally, he hold a panel at the North East Association of Rail Shippers semi-annual meeting here, which he defined as over 500 miles. “We hope to reduce that to 300 miles.”

A small part, 2-3%, moves in the expedited product TOFC.

**No intermodal along the East coast**

Asked after the panel about rail to Solo’s North Andover plant, Bayle said the product from it, thermoformed plastic cups and lids as well as injection molded cutlery, moves intermodally to Chicago and the west, but by truck to the Southeast. Despite NS and CSXT assurances at the time of the Conrail split that they would take traffic off I-95, Bayle still finds truck the best alternative to Atlanta. And vice-versa: the Atlanta distribution center supplies New England by truck. {ANR&P coverage}

**Andover plant closing**

Solo Cup is leaving New England entirely. It bought Sweetheart Cup in 2004 and two months later announced the closing of two plants in Berlin, Connecticut [see 04#095B]. In 2007 Solo closed its Leominster plant. In June 2010, it announced it would close the last New England plant, in North Andover, in mid- to late 2011. {Dan Hockensmith in Plastics News 8.June.10}

**NEW HAMPSHIRE**

**MBRX v ST: HEARING***

13 October, Concord. THE TWO SIDES HAVE AGREED TO HOLD THE RAILROAD HEARING ON 29 OCTOBER. At this hearing, held by ST, the hearing officer will again determine whether Peter Leishman, in
operating the train in Wilton in 2009 [see 10#06B], operated it improperly, which resulted in the train hitting a truck which was crossing the track at a marked grade crossing. {e-mail from Leishman}

**MBRX: ST & ETHICS DECISION**

12 October, Concord. *ST FILED AN APPEAL WITH THE NEW HAMPSHIRE SUPREME COURT* of the Superior Court’s decision on 10 September [see 10#09A]. There the judge ruled that the court would not interfere in a political matter. (Docket No. 217-2010-EQ-0079). {text of notice of appeal}

**RHODE ISLAND**

**PW/AMTRAK/MBTA: WARWICK SERVICE**

14 October, Warwick RI. *GOVERNOR DONALD CARCIERI HAS SIGNED THE OPERATING AGREEMENT* permitting the extension of MBTA service to the Warwick station on the Northeast Corridor, where passengers can connect via a people mover to the T.F.Green airport.

He, along with RIDOT Director Michael Lewis, US Senator Jack Reed, State House Speaker Gordon D. Fox, State Senator William Walaska (representing Senate President Paiva-Weed), FHWA Rhode Island Division Administrator Peter Osborn, Amtrak Senior Director for Commuter Operations Thomas Moritz, MBTA General Manager Richard Davey, and PW President Scott Conti held a ceremonial signing here.

The T will begin the service before Christmas, with six trains to Warwick. When the service extends to North Kingstown in 2011, 11 round trip trains will operate. {press release from Carcieri’s office}

PW participated because one of its main freight routes, to Provport and to Quonset/Davisville, operates over the NEC from Pawtucket to Davisville, through which the new MBTA service will pass.

**VERMONT**

**NECR: WORK STARTING**

20 October, Burlington. *NECR HAS ORDERED THE FIRST OF FOUR CONTINUOUS-WELDED RAIL TRAINS*, Charles Hunter, director State Relations East for RailAmerica, announced at the Vermont Rail Action Network gathering here. ArcelorMittal’s rail mill in Steelton, Pennsylvania will ship the train 21 October; it will run NS Buffalo Line to Sunbury; D&H to Mohawk; PAS to East Northfield (Conn River) and handoff to NECR.

Crews from RailAmerica-owned Atlas Railroad Construction Company in Eighty Four, Pennsylvania, and RailWorks Corporation Track Services Division [which per its website, did the undercutting to permit mixed-double clearances on NECR] are already staging for the arrival of rail.

**Amtrak ridership up**

VAOT Rail Director Joe Flynn told the gathering that the *Vermonter* showed ridership increase of 16.9% from October 2009 to October 2010, and revenue increase of more than 19%, both second only to *Downeaster* Service. {Kevin Burkholder coverage posted in NERAIL e-list}

**VRS: CHANGES**

8 October, South Yarmouth MA. *THE RAILWAY IS DISCARDING SOME OF ITS PAST*, said Ed Fitzgerald, vice-president of marketing, in the Short Line Panel at NEARS.

**Reporting marks: “CLP”, “GMRC”, and “WACR” merged into “VTR”**

The railroad found that “most cars [in our system] moved over two or three marks” in each move within the system, and confused customers looking at a waybill. “With five marks, that’s a lot of paper waybill processing between
In 2008, the Vermont Natural Resources Board, District #5 Environmental Commission, issued a letter deciding that a project of Rock of Ages and “its corporate partner, Washington Rock Quarries” of the state of Washington to crush grout to create ballast, ‘for the CSX railroad and for sale of the “off-spec” material for use in the region’ was not enough of a change to require a permit.

The rail infrastructure will be reinstalled as a component of the project within the route as depicted on the map accompanying your letter. It is assumed that rail infrastructure will be reinstalled, or upgraded, until it joins existing rail line in the vicinity of McLeod Hill Road. That line continues until its junction with the Washington County railroad at the Wilson Industrial Park in Websterville. {text from Natural Resources Board website, 17.Dec.08}

Jerry Hebdka
The long-time president of the Green Mountain Railroad, who folded it into the Vermont Rail System in 1997, is retiring on 1 November. Dave Geraci will succeed him as director of marketing and sales [see People.]

VTRX trailers
After the panel, Fitzgerald said that the company “still has a few hundred trailers” and is selling them [see 05#01A].

OTHER NEWS

Granite
Fitzgerald said the move from Barre to Florida [see 10#09B] will be far from the only move for Rock of Ages. “Eighty-five percent of the granite removed from a quarry is discarded, and becomes grout,” the Scottish word for waste. Rock of Ages has 40 million tons of grout.2

This material, noted Fitzgerald, can be used “in lots of Corps projects” and can be crushed for ballast. The railroad has quoted on 20 different projects, some over one million tons.

“The hardest part is getting the material to market.” The first part of the route consists of a 5% grade down the mountain in Barre, which significantly limits train size.

Traffic
Fitzgerald said total rail traffic grew from 24,000 carloads in 2006 to 31,000 in 2008, dropped in 2009, and has risen in 2010, “but we are not back to 2008.”

Highway weight limits and 286
Fitzgerald noted that Vermont, as well as Maine, would get the truck weight limit increase to 100,000 pounds if the bill backed by Maine Senator Susan Collins [see Regional] passes.

The highway weight limits are “an increased threat” and another reason for Vermont to increase the rail weight limits to 286,000 pounds. If that does not happen, “we will see shippers using Class Is and transloading around us.”

VRS now has 286 from Rutland to Whitehall, said Fitzgerald. “We need 286 on the Green Mountain Gateway,” the route from Whitehall to Palmer.

Middlebury spur
The construction of a rail spur to an Omya quarry in Middlebury is “starting to get into high gear” Fitzgerald said, but “we still have no start date for construction.” Even with the EPA record of decision [see 10#02A], “there’s still lots of work to be done before the shovel goes into the ground.” {ANR&P coverage}

2 In 2008, the Vermont Natural Resources Board, District #5 Environmental Commission, issued a letter deciding that a project of Rock of Ages and “its corporate partner, Washington Rock Quarries” of the state of Washington to crush grout to create ballast, ‘for the CSX railroad and for sale of the “off-spec” material for use in the region’ was not enough of a change to require a permit.

‘....The rail infrastructure will be reinstalled as a component of the project within the route as depicted on the map accompanying your letter. It is assumed that rail infrastructure will be reinstalled, or upgraded, until it joins existing rail line in the vicinity of McLeod Hill Road. That line continues until its junction with the Washington County railroad at the Wilson Industrial Park in Websterville.’ {text from Natural Resources Board website, 17.Dec.08}
QUEBEC/MARITIMES

PORTLAND-NOVA SCOTIA*

6 October. CONSTRUCTION IN PORTLAND AND YARMOUTH COULD REVIVE A FERRY SYSTEM. Yarmouth, Nova Scotia, plans to invest $15 million to replace a ferry terminal that is outdated [see 09#04B], said Dave Whiting, who also serves as Yarmouth's port director. In Portland, construction will start in two weeks on a $4.8 million deep-water pier that will increase docking capacity at Ocean Gateway. Five operators have expressed interest to Whiting; formal proposals are due 15 October.

Trucks needed
Jeff Monroe, Portland's former transportation director and now a transportation consultant with HDR, said studies show enough traffic to support just one ferry service between Nova Scotia and New England. An operator will have ample time to market a ferry service for 2011. To be successful, the service must be year-round.

To fill the down times, such as midwinter, the operator should go after trucking companies. Ferrying commercial trucks across the ocean saves on fuel costs and reduces pollution, and gives truckers more time to rest and get back on the road.

But “[i]t's going to boil down to one simple thing: People will want to see this vessel in place before they buy into it.”

No Halifax-Portland service in 2011
Whiting was responding in part to a 6 October announcement by Bruce McNeil, spokesperson for Scotia Cruises, that his company has decided not to operate a ferry between Halifax and Portland next year. A group of investors met two weeks ago and decided that it was too late in the season to properly market Halifax-to-Portland service and make arrangements with tour operators and hotels for 2011. Scotia Cruises has not ruled out starting the service in 2012, McNeil said. {Dennis Hoey in Press Herald 7.Oct.10}

CN/CP/HALIFAX: JOINT ACCESS?*

7 October, South Yarmouth MA. CN AND CP WERE DISCUSSING A JOINT USE AGREEMENT FOR HALIFAX at the onset of the lockout in Montreal, said Doug MacDonald, CN vice-president for corporate marketing, during the Class I panel at NEARS.

On 19 July, the Maritime Employers Association began a lockout of the longshoremen, who belong to the Canadian Union of Public Employees. The workers had refused overtime beginning 9 July. The lockout paralyzed the port for five days. CUPE workers ratified a new agreement on 23 September. {CUPE website}

Ships diverted traffic, including containers which would move on CP, to Halifax. CN and CP discussed various options to bring the CP containers inland, including CN bringing CP equipment to Halifax, loading it, and sending it to Montreal. The two sides struggled with whether this was a formal haulage agreement, but failed to reach agreement before the lockout ended.

In discussion afterward, MacDonald said the effort was “ad hoc”; no vestige of the agreement remained in place going forward in the event of another labor action in Montreal. {ANR&P coverage 7.Oct.10}

HALIFAX: SHARP INCREASE

20 October. THE PORT OF HALIFAX CONTINUED TO FOLLOW GLOBAL TRENDS IN CONTAINERIZED CARGO showing an increase of 33.5% in Q310 compared to the same period in 2009 according to statistics released by the Halifax Port Authority. The port handled 122,692 TEUs in Q3 compared to 91,875 in Q309.
Slow growth
‘While steady growth in the containerized cargo sector continues as the world economy recovers from the global economic downturn, pre-recession record cargo throughput levels at North American ports will not likely be seen until 2014, as observed by Mercator International LLC, a leading marine transportation consulting firm,’ the authority stated.

Other cargo up
Breakbulk increased 12.7%; bulk cargo up 0.1%; ro/ro cargo up 16.2%. Overall, cargo tonnage was up 9.9% in Q310 over the same in 2009. However, year-to-date figures show the overall tonnage is 0.3% behind last year with 7,082,845 MT in the first nine months of this year compared to 7,105,325 MT in the first nine months of 2009. {Halifax Port Authority release 19.October. 10}

HALIFAX/MONTREAL: HEARTLAND THREAT*
14 October. **NS HAS OPENED ITS DOUBLE-STACK ACCESS TO THE MIDDLE OF THE CONTINENT** from Hampton Roads, Virginia, improving Norfolk-Chicago transit times from four days to three by shaving 250 miles, eliciting these comments:

Impact on Montreal
“The Corridor is a measure of the growing competition that Montreal faces on the East Coast in a market where it has enjoyed some advantages,” said transportation analyst Paul Bingham, economic practice leader with Wilbur Smith Associates, a global transportation consulting firm based in Columbia, South Carolina. “However the devil is in the details. One should not forget that gateway port selection is not just service times, but the all-in rates into Chicago.”

Tony Boemi, vice-president of growth and development of the Montreal Port Authority, acknowledges that the Heartland Corridor represents a new competitive element, but Montreal will continue to benefit from direct calls by ocean carriers which unload and load all their cargo without calling at any other port on the eastern seaboard. The US Midwest and Northeast account for about one-third of Montreal's annual container throughput of 1.3 million TEUs.

Impact on Halifax
George Malec, vice-president of business development and operations with the Halifax Port Authority, says the Nova Scotia port will continue to focus on its strategic location and direct CN link to Chicago. Containership operators on the Atlantic make Halifax their first call in and their last call out. The Midwest accounts for more than 15% of Halifax container volume. {Leo Ryan in Canadian Transport and Logistics daily news 14.Oct.10}

HALIFAX: FEEDER SERVICE*
12 October, St. John’s. **A HIGH VOLUME OF CONTAINERS AND THE SUSTAINABILITY OF THOSE VOLUMES** are the keys to a successful marine feeder service, said Captain Sid Hynes, executive chairman of Oceanex Inc., a carrier that operates between Montreal, Halifax and St. John’s. Describing difficulties of operating pure feeder services between the Port of Halifax up the St. Lawrence and to the Great Lakes, or from Halifax to New England ports, he listed several competitive factors that make these feeder services difficult to maintain.

Cannot compete with rail on a parallel route
“The fixed costs associated with a feeder service are extremely high, over 70% of the cost of moving a container,” he said. Furthermore, operating up the St. Lawrence from Halifax “you are talking a once a week service per vessel between the Lakes and Halifax. The train can do that in 36 hours and leaves every day. It is extremely competitive and there is no way any feeder service can compete against a train on a parallel route. It is a total waste of money even to try it.

“It is even very difficult to compete against trucking on a 500-mile run. Trucks can go any hour of the day.”
Oceanex Newfoundland routes
Oceanex, the main cargo carrier into St. John’s with a stop also at Corner Brook, has three vessels: two ice-class Ro/Ro containerships and one containership that transport a variety of cargo from both domestic and international markets.

“The key to our success is we have a significant volume going to Newfoundland,” Hynes said, a volume which originates at points in Canada and therefore does not qualify as feeder.

“There is some feeder traffic, fish going out of Newfoundland for example” and then overseas on other ships. “We are doing some of that but you can’t make enough on that alone. If we only carried fish boxes I’d be awfully hungry. The volume is not there.”

Past feeder attempts
Eimskip became the last company to attempt a feeder service between Halifax and New England. It started in July 2007 and ended that December because of a lack of business [see 08#02B].

Great Lakes Feeder Lines looked at establishing a feeder service with the Dutch Runner from Halifax to the Great Lakes. Company President Aldert van Nieuwkoop said though the ship did move in 2008 [see 08#06B] he had difficulty getting commitments from large carriers calling Halifax because they had long term contracts with the railway and the service really didn’t make economic sense. {Tom Peters in Canadian Sailings 3.November.08}.

Future for feeder at Canso or Sydney?
Two potential container terminals planned for Nova Scotia, one in Sydney and the other at the Strait of Canso, envision transshipping containers. However, Hynes isn’t too optimistic.

“Unless the major shipping lines become a driving force to any alternate arrangements, I think you can safely say there won’t be any alternate arrangements. Without them it doesn’t work. You don’t see these people jumping up and down and until they do I don’t think there is going to any activity to be quite honest.” {discussions with ANR&P’s Tom Peters 12.Oct.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.

Brookhaven Rail Terminal (NYA, New York) Groundbreaking.
Mirant (MC, Massachusetts) Canal station to close?
Rock of Ages (VRS, Vermont) Grout bids.
Solo Cup (ST, Massachusetts) Closing here.

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**PEOPLE**

Eric Moffett, who assists railroads via his company Integrated Rail Group, is doing so for the Grafton and Upton Railroad, succeeding Clyde Ames, who left GU in May.

Vermont Rail Council member Carlisle "Mike" Coates and Vermont Agency of Transportation Assistant Operations Director Trini Brassard will receive awards at the Annual Meeting of the Vermont Rail Action Network on 20 October at Burlington Union Station. Coates, a retired construction executive, who also serves on the Chittendon County Metropolitan Planning Organization Transportation Advisory Committee, the Chittendon County Solid Waste District and the board of Vermont Rail Action Network, will receive the Herb Ogden Award for volunteer contributions to the cause of rail.
Brassard, who has worked with rail projects for many years, is receiving the Jim Jeffords Award for rail advocate of the year particularly for her work behind the scenes on Vermont's high speed rail grant for the *Vermont* route.

Jerry Hebda is retiring at end of October as vice-president of the Vermont Rail System and president of the Green Mountain Railroad. The head of the Vermont Rail System, David Wulfson, said he would assume the presidency. The company has hired Dave Geraci from CSX in Jacksonville, who will become director of marketing and sales. Geraci was recently manager - network rationalization for CSXT.

Hugh Kiley will become general manager of the Massachusetts Bay Commuter Railroad on 1 November. Kiley began his 40-year railroad career at Boston’s South Station in 1970 as a brakeman. He received a Bachelor of Science degree from the University of Rhode Island and has since worked in numerous management capacities for Conrail and Norfolk Southern. Most recently, he served as the Assistant Vice President - Operations at Norfolk Southern Corporation, the holding company of a 21,000-mile railroad system. In this capacity, Kiley oversaw major industry infrastructure and service improvement projects, while also serving as Norfolk Southern’s corporate security officer. He also served for nine years as the Co-Chair of the group that developed the Chicago Region Environmental and Transportation Efficiency Program (CREATE). The $3.2 billion CREATE project is the largest public-private transportation partnership in the country, and is designed to provide comprehensive improvements to commuter, Amtrak, and freight operations in the congested Chicago region. This experience will be valuable as the Boston region continues to expand and modernize its transportation systems. {MBCR press release}
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. FIRST CLASS MAIL