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*Article unchanged from e-bulletin.
**Blue type in article: changes from e-bulletin.
Blue listing in table of contents: new article.

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VRS: Shelburne Limestone opens a transload on VRS to ship to Pennsylvania. *

VRS: VAOT proposes relaying former alignment to assist grout traffic. Map.*

MARITIMES/QUÉBEC

CBNS: Province renews subsidy for 18 months.*

WHRC: Ends grain service.

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Sheahan, Cote, Sass, Labonte.

FROM THE PUBLISHER

Parallels

Compare and contrast the MBRX lawsuit, founded in contract, with the CN lawsuit, also founded in contract. Interesting parallels, and neither has yet gotten to the STB.

- Chop Hardenbergh    Next formal issue 22 Nov.

REGIONAL ISSUES

US ELECTIONS 2010

Connecticut
Democrat Daniel Malloy squeaked by Republican Tom Foley for governor. In the General Assembly, Democrats lead 100-51 in the House and 23-13 in the Senate.

Maine
Republicans won majorities in both houses: 20 of the 35 seats in the Maine Senate and at least 76 of 151 House seats. Republican Paul LePage won the governor’s race over independent Eliot Cutler by 38.1% to 36.7%, with Democrat Libby Mitchell winning 19%. [Mini-editorial: I am glad that Cutler will seek a runoff provision for the next election. Editor]

Massachusetts
Democrats increased their margin in the state Senate to 36-4, but decreased the House margin to 130-30. Democrat Deval Patrick held his seat 49% to 42% for Republican Charlie Baker.

New Hampshire
Republicans won large majorities in the General Assembly: 297 of 400 House seats [largest legislature in the United States—editor] and 19 of 24 Senate seats. Governor John Lynch won re-election to another two-year term.

   Peter Leishman [see New Hampshire], like many Democrats, lost in his district by 35 votes. {e-mail to ANR&P from Leishman}

Rhode Island
Independent Lincoln Chafee won with 36% over Republican John Robataille with 34% and Democrat Frank Caprio with 23%. Democrats held the State House 65-10, and the Senate 29-8.

Vermont
Democratic Peter Shumlin won by about 1% over Republican gubernatorial candidate Brian Dubie. [Under the Vermont Constitution, if no candidate has more than 50%, the General Assembly votes for the governor.] In the General Assembly, Democrats continue to hold the majority, 22-8 in the Senate and 93-48 in the House. {Ballotpedia website}

NEW YORK

CSXT/D&H: OKAY TO MONTREAL*

22 October, DC. THE STB APPROVED THE JOINT USE TRANSACTION proposed in the spring by the two railroads [see 10#06A]. ‘Because the transaction does not involve the merger or control of 2 or more Class I railroads, this transaction is governed by § 11324(d), under which we must approve the application unless we find that: (1) as a result of the transaction, there is likely to be substantial lessening of competition, creation of a monopoly, or restraint of trade in freight surface transportation in any region of the United States; and (2) the anticompetitive effects of the transaction outweigh the public interest in meeting significant transportation needs.....

   ‘Based on the evidence before the Board, we conclude that the transaction is not likely to cause a substantial lessening of competition or to create a monopoly or restraint of trade.’
New York & Atlantic, Sills Road Materials

‘NYA asserts that the transaction could jeopardize stone traffic from upstate New York currently handled by D&H and interchanged with NYA because D&H would have little incentive to market its service to the New York metropolitan area once CSXT begins to handle D&H’s upstate traffic under the terms of the Joint Use Agreement....

‘NYA requests that the Board attach a condition upon its approval of the transaction requiring D&H to maintain, for a period of 5 years, the existing rate and existing revenue division for stone moving from Comstock or Saratoga Springs, N.Y., to Long Island, N.Y., escalated annually by the change in the unadjusted Rail Cost Adjustment Factor (RCAF-U).

‘NYA also asks, at a minimum, that the Board impose a 5-year reporting and oversight period to determine if D&H’s operations over the Albany-Fresh Pond Segment, under the terms of the Joint Use Agreement, result in the benefits represented by Applicants.

‘SRM [Sills Road Materials – see 10#10A], a shipper on the Albany-Fresh Pond Segment, similarly expresses an interest in ensuring that Applicants’ promised improvements to the Long Island market are realized, particularly as it affects the movement of crushed stone aggregate.’

The Board denied the requests. ‘The record here shows that D&H’s overall costs of operating will be reduced as a result of the proposed transaction, and that the Joint Use Agreement will likely enhance service and competition along the Albany-Fresh Pond Segment. Reducing overall costs would make D&H’s service more profitable, not less, as NYA contends.’

One-year oversight imposed
NYSDOT and the OBPA (Ogdensburg Bridge and Port Authority) requested that the Board oversee implementation, fearing adverse consequences. ‘Although the Board does not anticipate anticompetitive consequences from the proposed transaction, it is mindful that operational difficulties can arise when implementing a transaction with these characteristics. Given the increase in traffic on the Albany-Saratoga Springs and Saratoga Springs-Rouses Point Segments in conjunction with the existing Amtrak operations, it is appropriate to monitor and require reporting on the transaction’s impact on Amtrak service. We will also monitor and require reporting on Applicants’ representation that CSXT will continue to serve the Massena Line with service comparable to what it currently provides.’

Next steps
The decision will become effective, by its terms, on 21 November. {STB website, decisions page, FD 35348} Mike LoVecchio, CP spokesperson, said, ‘Implementation will occur by mutual agreement.’

‘CSXT expects to meet with CP in the near future to discuss service plans between NYC and Rouses Point,’ wrote CSXT spokesperson Bob Sullivan. {e-mails to ANR&P 29.Oct.10}

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**CONNECTICUT**

**PW: WILLY REPAIRS***

27 October, Plainfield-Willimantic. *PW AND NECR WILL RESUME INTERCHANGING ETHANOL TO THE WILLIMANTIC BRANCH*, the line on which the first ethanol delivery via NECR had a derailment [see 10#05A Regional].

First part completed
PW spokesperson Marie Angelini said the railroad will first ensure the Willi ‘is in FRA Class 1 track condition from Plainfield to Willimantic, estimated to be done before year-end. I can confirm that FRA excepted status was lifted for the portion of the Willi between Plainfield and Versailles upon achieving FRA Class 1 track condition in mid-October.’
Tie purchase
‘The ties purchased for the work were received by truck, the most cost-efficient method in this instance, and were purchased from the same source from which P&W has obtained ties for the past 20 years, more or less. That supplier is not Permatreat.’ [Permatreat has plants for tie manufacture in Durham, Connecticut and Mattawamkeag, Maine. Editor] {e-mail to ANR&P 29.Oct.10}

MAINE

MAINE LUMBER BY RAIL?
27 October, Dover-Foxcroft. “WE HAVEN’T SHIPPED ANYTHING BY RAIL IN OVER A YEAR, well maybe one car,” said Jason Brochu, head of Pleasant River Lumber in Dover-Foxcroft. In the past, he used a reload in Mattawamkeag on ST, and Logistics Management in Northern Maine Junction on MMA.

Three factors came into play, beginning with the shrunken demand for lumber. Second, Canadian companies were sourcing “a lot of beetle-kill wood” and raling it to Eastern markets with terminals “easily accessible from the west, such as Baltimore.” Finally, Brochu listed “inability to get decent rates” to compete with the wood from the West. In part that’s because “we can’t guarantee any volume.”

Brochu hoped that the appearance of a new operator on the MMA [see other article] might improve the chances for rail, “as the dynamics of Maine rail change, and the lumber market changes.”

Enfield IRAP grant
Pleasant River was awarded a $157,000 grant in 2008 [see 8#07B] to build a transload in Enfield. Work has not yet started. “We are [hoping] to start in the spring [of 2011], Brochu said. Pleasant River is seeking a Community Development Block Grant “to help with the match” because of the slow lumber market. {ANR&P discussion}

CN v MMA: TRACKAGE RIGHTS?
29 October, Presque Isle. WHETHER CN CAN REACH THE TWIN RIVERS MILL via trackage rights was introduced into the contract law realm, when CN filed a case in Aroostook County Superior Court here.

Summary of situation: Twin Rivers (formerly Fraser) in June concluded an agreement with CN for direct rail service. CN would exercise its trackage rights to reach the Madawaska mill; the agreement with MMA for delivering Twin Rivers cars to St.Leonard expired 31 October.

MMA argues that the trackage rights agreement, while permitting CN on the line, does not include the final few hundred yards to the Madawaska mill.

CN filed this lawsuit to enforce its interpretation of the agreement. Twin Rivers has joined CN because the new agreement is very advantageous to the mill.

The complaint: MMA interferes with CN and Twin Rivers
CN noted that under an Easement Deed [a copy was attached to the Complaint] and a Trackage Rights Agreement, it has a non-exclusive right to operate freight trains over MMA ‘from the CN-MMA junction in St.Leonard, New Brunswick to the Twin Rivers Paper Mill [Fraser, in bankruptcy, spun off the two mills as a separate entity–editor] in Madawaska’ to serve the mill both inbound and outbound.

‘By its actions and conduct, MMA has interfered with and has impeded the full use and enjoyment by Canadian National of its rights...and has thereby interfered with and impeded the economical and efficient shipment by Canadian National of finished product’ and inbound materials for Twin Rivers.

Junction Settlement expired; CN intended to run own trains
In March 2001, when BAR sold to CN the easement for $5 million [see 06#02B–courts decline nullify sale], it also...
agreed ‘to provide, at negotiated prices [the initial agreement stated $500/loaded car], haulage services for CN’ from St. Leonard to ‘the Fraser Paper mill’ in a Junction Settlement Agreement (JSA) [a copy is attached to the complaint].

The initial JSA had a term of five years; it was renewed on 1 March 2006 and expired, by its terms, on 31 October then was not renewed, or replaced.

[The JSA stated: ‘3. At the option of BAR or CN, the compensation provided for in this Agreement shall be open for renegotiation every five years from the Commencement Date...In the event the parties fail to reach agreement, the terms of the compensation provided in this Agreement will continue in effect until an agreement is concluded. Such failure to conclude an agreement shall not constitute a breach of this Agreement, and the parties shall continue to be bound by the terms of compensation provided in this Agreement until the matter is settled.’]

But the JSA also stated: ‘7. This agreement will remain in place for a period of five years, commencing with the effective date of this agreement, and may be renewed for additional five-year terms by mutual consent.’

In June of 2010, CN informed MMA that CN would invoke the trackage rights to serve Twin Rivers. MMA responded that CN did not have the right to reach Twin Rivers, that the trackage rights terminated at a point a few hundred yards short of the Mill. According to the CN Complaint, ‘This anomalous outcome was based on an apparent mutual mistake in the real property description contained in the Easement Deed.’

MMA also argued that CN did not have the right to perform switching operations once it reached the mill. In an MMA letter to CN on 27 October 2010, MMA wrote: ‘CN does NOT have the right to access the Twin Rivers/Fraser mill directly, either under the terms of the Trackage Rights Agreement or the Easement Deed....MMA again categorically states that CN has no right whatsoever to perform transportation services within the Twin Rivers mill or on adjacent [property], and, therefore, CN crews will NOT be allowed to operate beyond this point.’

**Relief requested**

CN asked the Superior Court for:

Count I: a declaration that it had the right to serve and switch Twin Rivers.

Count II: reformation of the Easement Deed to reflect that right.

Count III: damages

Count IV: temporary restraining order letting CN operate to prevent ‘irreparable harm to’ CN. Otherwise, should CN win the case months or years from now, ‘MMA’s precarious financial condition [might mean that] MMA would be [not] able to satisfy a judgement awarding’ CN money damages.

‘The threatened curtailment of Canadian National railroad service to the Twin Rivers Mill is likely to severely damage the economic prospects of the Mill.’

Attorneys for CN: George Marcus and Daniel Rosenthal of Portland, plus affiliated counsel William Sippel and Thomas Litwiler of Chicago.

For MMA: Timothy Shannon of Portland, plus affiliated counsel Jim Howard of Charlestown, Massachusetts.

For Twin Rivers: Tony Buxton and William Hagedorn of Portland, plus Steven Hudson.

**TWIN RIVERS USE OF RAIL**

Twin Rivers filed a motion to intervene in the case.

**MMA service poor**

In an affidavit accompanying the Complaint, Brian Sass, formerly director of supply chain for Fraser and now vice-president of operations for Twin Rivers, wrote that the ‘Mill has annually shipped roughly 2500 to 3700 carloads of traffic outbound on the rail line in recent years, and received approximately 400 to 425 carloads of traffic inbound per year by rail in recent years. Twin Rivers expects to ship approximately 3700 to 4000 carloads during 2010, and
receive approximately 425 to 450 carloads during 2010.

‘The great majority of the customers and suppliers of the Mill are American businesses in places such as New
Jersey, Pennsylvania, Illinois, Tennessee, Georgia, and other locations generally east of the Mississippi River....

‘MMA has provided poor service to Twin Rivers...service from the Mill to Northern Maine Junction...has recently
taken from three to five days and sometimes one week. This is unacceptable service and Twin Rivers cannot compete
effectively with this kind of service.’

Deal with CN

‘Twin Rivers has negotiated a commercial agreement with CN pursuant to which CN would exercise its trackage
rights...[resulting in] 1) significantly reduced freight costs, 2) reduced transit time to Twin Rivers’ customers by
approximately five days; 3) reduced working capital requirements of approximately $5 million; and 4) improved on-
time delivery by an estimated 30%.

Impact

Twin Rivers, wrote Sass, receives clay from Georgia and specialty chemicals from the Midwest by rail. ‘Without
consistent and reliable rail service, the Mill could not operate for more than a few days.’ And then the Edmundston
pulp would shut as well.

Moreover, CN direct service ‘helps alleviate Twin River’s concern over any potential loss of rail service to the
plant, and eliminates the possibility of—and the inherent delay in—having to seek emergency authority from the STB
for CN to service the plant should a MMA service failure, or abandonment, occur.’

‘MMA has refused to quote any rates for traffic moving to the CN interchange at St.Leonard as of
1 November (upon expiration of the current MMA-CN haulage agreement). MMA apparently intends to refuse to
provide service via that efficient and established route, and to force all Twin Rivers rail traffic over a longer, slower,
and less competitive route at a significantly higher price.’ This would risk the health of the mill.

Indeed, Sass wrote, for that reason Twin Rivers advocated to retain CN’s easement and trackage rights ‘in prior
judicial and administrative proceedings.’

REMOVAL TO FEDERAL COURT

CN filed its case in Aroostook Superior Court on Friday, 29 October. On Monday, 1 November, MMA filed in US
District Court for Maine to remove the case there. MMA argued that federal law had exclusive jurisdiction.

‘Specifically, such jurisdiction is exclusive over “transportation by rail carriers, and the remedies provided in this
part with respect to rates, classifications, rules (including car service, interchange and other operating rules),
practices, routes, services, and facilities of such carriers...”’ 49 U.S.C. § 10501(b)(1). More significantly, “[e]xcept
as otherwise provided in this part, the remedies provided under this part with respect to regulation of rail
transportation are exclusive and preempt the remedies provided under Federal or State law." Id. (emphasis added). See also Pejepscot Indus. Park, Inc. v. Maine Cent. R.R., 215 F.3d 195, 202 (1st. Cir. 2000) (“The last sentence of § 10501 plainly preempts state law.”). Thus, Congress has preempted all state-law and common law claims that regulate or have the effect of regulating rail transportation.

‘Although the Complaint is nominally couched in terms of state law causes of action and remedies, each of the remedies sought by the plaintiffs would impermissibly regulate the flow of railroad “locomotives, cars, equipment, and crews on and over the Subject [railroad] Trackage,” Complaint at ¶ 27, an area so thoroughly occupied by federal regulation as to preempt any parallel state-law action.’ {text of Notice of Removal}

Federal court to hear question of jurisdiction
Court records show that on 2 November, Judge John A. Woodcock held a telephone conference, and asked plaintiffs to file a motion to remand the case to Aroostook Superior Court by 3 November, with defendant to file a response by 5 November. He will talk to the parties again on 8 November.

CN’s argument against removal
In the filing on 3 November, CN argued that ‘Plaintiffs’ claims arise entirely under a recorded Easement Deed, granted and recorded under the laws of the State of Maine, of which Defendant is a citizen. Under the “well-pleaded complaint” rule, Defendant’s assertion of a federal preemption defense simply does not confer “federal question” jurisdiction so as to warrant removal. In addition, Plaintiffs move for an award of attorneys’ fees and costs pursuant to 28 U.S.C. § 1447 subsection c.

‘Given the urgency of this matter to Plaintiffs, to proposed intervenor Twin Rivers Paper Company, LLC (“Twin Rivers”), and to the entire Madawaska region, as set forth in Canadian National’s and Twin Rivers’ previous filings in the Superior Court, if the Court declines to remand this case, then Canadian National respectfully requests that the Court take immediate action on Plaintiffs’ Emergency Motion for a Temporary Restraining Order and Related Relief.’ {text of pleading from court website}

MMA RESPONSE
President Bob Grindrod on 4 November spoke to some of the issues.

Endpoint of trackage rights. Fred Yocum, then BAR president [see 01#04B], was present when BAR and CN concluded the deal in 2001. He has told Grindrod that the parties intended that the trackage rights agreement not extend to the mill in Madawaska, but leave the switching of the mill to MMA. “The nature of this dispute is the switching of the mill,” Grindrod said.

All traffic via CN? Jeff Dutton, head of Fraser (now Twin Rivers), has written that Twin Rivers will send all its traffic via CN under the commercial agreement.

Arbitration clause should have been used. The trackage rights specifically refers to arbitration in Article 20: ‘Any irreconcilable dispute between the Parties shall be resolved’ by submitting it to binding arbitration. Grindrod suggested this in a letter on 17 June. “Instead, they went to court.”

Harm to the state. The operator of the 233 miles of track newly-acquired by the state [see 10#10A] will have that much less traffic. Twin Rivers is among the largest shippers on the line; with its overhead haulage rights; it would provide $250,000 a year to the new operator, Grindrod estimated. {ANR&P discussion 4.Nov.10}

Effect on state acquisition
Nate Moulton, MDOT rail manager, wrote on 4 November: ‘The RFP process [to obtain a new operator–MDOT drafting language–editor] is on schedule. We are aware of the dispute, we do not think it hampers our efforts in seeking the operator.’ {e-mail to ANR&P}
SLR: SELLING MORE TRACK*

20 October, DC. MDOT EXERCISED ITS OPTION TO PURCHASE THE SEGMENT FROM YARMOUTH TO DANVILLE JUNCTION of the SLR line; in 2007 it acquired the segment from Yarmouth to Portland [see 07#05B]. On 26 October in a filing at the STB, the state noted:

‘At the time of the 2007 sale, SLR granted the State an option to acquire (1) an additional 13.807 miles of SLR's line between milepost 12.163 at Yarmouth, Cumberland County, and milepost 25.97 at the line between New Gloucester, Cumberland County and Auburn, Androscoggin County (the 'Middle Segment'), subject to SLR's retention of an exclusive and perpetual freight rail easement; and (2) passenger operating rights for an operator to be designated by the State over a 3.59-mile line that SLR will retain ownership of between milepost 25.97 and milepost 29.56 in Auburn, Androscoggin County (the "Northern Segment").’ [From Danville Junction to Lewiston Junction - editor.]

MDOT wants a ruling from the STB that ‘the acquisitions by the State are not subject to the Board's regulatory authority, and that the State will not become a carrier subject to the Board's jurisdiction upon the consummation of the transactions.’ It will then close on the sale.

‘The State has given the notice now because the funding is currently available, and if closing is not held by the end of the calendar quarter then the funding will need to be re-programmed. It is also beneficial for SLR to close before the end of the calendar quarter.’ {STB filings page FD 35440 26.Oct.10}

MMA: IRVING

21 October, Saint John. IRVING IS INTERESTED IN REVIEWING AND POSSIBLY PARTICIPATING IN THE CALL FOR OPERATORS MDOT PLANS TO ISSUE, [see 10#10A] according to Mary Keith, J.D. Irving spokesperson. Irving owns NBSR and its sister, EMRY (Eastern Maine Railway, not to be confused with Maine Eastern Railroad MERR).

If MMA did abandon the 233 miles of track without a new operation, transportation costs for companies would increase 30%, Keith said.

Irving Woodlands supplies more than 20 forest products operations in Maine, many south of Aroostook County, and moves the equivalent of 10,000 truckloads of product annually along the rail, she said. {Rebecca Penty in New Brunswick Business Journal 22.Oct.10}

ST: THE BALDACCI TOUR*

22 October, Waterville to Rigby. HOME-GROWN APUs AND OTHER PROJECTS were seen by Governor John Baldacci, who is completing the second and last four-year term.

Starting in Waterville, he was shown an APU designed by the ST shop here [see other article]. On the Pan Am office-car special, he along with ST President David Fink and SLR and NNEPRA officials journeyed to Danville Junction to view the newly-completed re-arrangement of the interchange with SLR.

At Royal Junction he saw Pan Am crews installing the continuous-welded rail [see 10#08B]. In South Portland he saw the recently-completed wye [see other article]. {Scott Monroe in Waterville Sentinel 23.Oct.10}

ST/AMTRAK: PORTLAND WYE

22 October, Portland. THE BALDACCI TOUR VIEWED THE REBUILT WYE west of the Amtrak station on the Westbrook (Mountain Division) branch. Via FRA funding at a cost of $1.3 million, ST forces rebuilt the track into Yard Eight (between the Casco Bay Bridge and the Route One Bridge) and three miles of Track 2 over the rail bridge toward Rigby Yard. This will ‘increase speed approaching the station, and support the expansion of service to Brunswick.’ {NNEPRA fact sheet}
ST: HOME-GROWN APUs?

22 October, Waterville. GOVERNOR JOHN BALDACCI OBSERVED THE ‘SUPPLEMENTAL ENERGY SYSTEM’ DEVELOPED HERE at the Waterville Shops of Pan Am Railways, during the all-day rail tour.

Directed by Pan Am engineer [unclear if railroad engineer or other–editor] Gordon Long, the project began about a year earlier, and has completed a prototype. Long said the shop hopes to build one each month or so. ST locomotives will employ the first units this winter.

Like other APUs (auxiliary power units), the ‘Supplementary Energy System’ (SES) employs a small, 100-horsepower diesel engine\(^1\) which can keep the water and diesel fuel in the locomotive’s main diesel engines heated. The SES uses about one gallon per hour, versus the seven gallons an hour Long said that the prime movers in a locomotive use.

An electronic system, monitoring the locomotive when the prime movers are shut down, will start the SES when necessary to heat the prime mover systems. “It will save us a lot of money and mean less pollution,” one of the two Finks [unclear from press reports] said. {Scott Monroe in Waterville Sentinel 23.Oct.10; Matthew Wickenheiser in Bangor Daily News 23.Oct.10}

Store-bought APUs

Earlier, ST was purchasing EcoTrans APUs [see 06#02A Maine], and by the end of 2007 had installed ten to fourteen [see 07#12B Regional].

EPA has not funded the purchase by Pan Am of any APUs. Abby Swaine, who runs the Diesel Initiative / SmartWay Transport Partnership / Clean Ports USA for EPA New England, wrote that Montachusett Regional Planning Authority applied for a grant from EPA to ‘help put APUs on some Pan Am locomotives, but unfortunately they were not selected.’ {e-mail to ANR&P 26.Oct.10}

A wise use of company resources?

Terry Judge, sales and marketing director plus communications manager for Kim Hotstart, which manufactures many of the APUs used in North American locomotives, was bemused by the Pan Am move. “I would think they have plenty of other challenges, [such as] safety challenges, employee relations, and locomotive maintenance.”

While Pan Am would have to lay out capital to purchase more APUs, the systems pay for themselves within a year. “Getting an APU that works” takes time, Judge warned. He noted that one rival to Kim, EcoTrans, was begun by CSX as a joint venture and is now an independent venture. {ANR&P discussion 1.Nov.10}

The Kim website states that its ‘Junior’ consumes less than a half gallon of fuel per hour, compared to the three to five gallons per hour idling locomotives use. {website}

BML: SUCCESSFUL YEAR*

2 November, Unity. ‘THE B&ML HAD A VERY SUCCESSFUL YEAR AND IMPROVED OVER 2009. During the Common Ground Fair we handled some 1,500 passengers. People demanded the train rather than put up with parking [gridlock] at the fair. It is expected that traffic will increase at next year’s fair.

‘Several trains were run out of Belfast and we expect to build on that for 2010. The City of Belfast is including B&ML in the downtown development plans. Pizza trains remain our most popular activity. Our bicycle operations out of Thorndike proved very successful and it is expected that ridership will increase next year as word gets out. We even had a movie company use our line to film shots of moving trains. Maintaining 30+ miles of rails requires a dedicated team of volunteers.’ {Bob Holland, BML officer, recently retired from an NS career primarily in finance and strategic planning, in MRG newsletter 1-12.10}

\(^1\)EPA website says APUs are five to ten horsepower.
DOWNEAST SCENIC RAILROAD: SUCCESSFUL YEAR*

2 November, Ellsworth. ‘WE FINISHED OUR FIRST YEAR SELLING OUT EVERY TRAIN, carrying almost 5,000 passengers from August to mid-October. We will be increasing capacity next year by adding coach #155, an additional 88 seats...[W]e hope to complete the tie replacement work on the wye, thus eliminating the need for a runaround at Washington Junction and adding an additional mile to the excursion. This portion becomes truly “rare” mileage as the wye was built in 1931 and used only until the late 1950s to turn the Bar Harbor Express when it terminated in Ellsworth.

‘We are extremely pleased with the response to the Downeast Scenic Railroad project and our volunteers are already hard at work getting things ready for next year.’ {Tom Testa, DSR president, in MRG newsletter 1-12.10}

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MASSACHUSETTS

CAPE WIND SELECTS NEW BEDFORD

25 October, New Bedford. CAPE WIND HAS SELECTED NEW BEDFORD AS THE STAGING AREA FOR THE 130 OFF-SHORE WIND TURBINES IT PLANS TO ERECT OFF NANTUCKET. Cape Wind communications director Mark Rodgers said the company selected New Bedford over Quonset \Davisville [see Rhode Island] both because of “the really good work on the part of the officials of the Port of New Bedford” and because New Bedford is closer to the Nantucket Sound wind farm site.

No rail for Cape Wind

Cape Wind’s Rodgers said the turbines and blades will be manufactured by Siemens, probably in Denmark, and will be shipped to New Bedford. The steel bases for the wind turbines will be manufactured by Mass Tank of Middleboro, MA, in partnership with the German company EEW, in an as-yet-unnamed Massachusetts port. They will be barged to the New Bedford staging area from which all components will be ferried to Nantucket Sound on installation vessels.

“It’s a quarter of a mile to the nearest rail line, “ said Rodgers, “ so rail is not an option.” {ANR&P discussion 2.Nov.10}

Port construction project

New Bedford will build a 20-acre, $35 million marine commerce terminal with a 1,200 linear-foot bulkhead to handle the turbine blades and towers. Construction, said Kristin Decas, director of the New Bedford Harbor Development Commission, will begin in January with the facility coming online by December 2011.

“It really opens the port to the future, to the marine highway and the import/export trade,” said Decas. “It makes us a viable player in off-shore energy development. Number one is Cape Wind, but we see much more on the horizon.” {ANR&P discussion 25.Oct.10}

In August, New Bedford received a $316,000 grant through the America’s Marine Highway (AMH) program [see 10#08A], but that will not be applied to the $35 million wind turbine staging area.

“Funds at state, local and federal levels will be pieced together to fund the commerce terminal project. Specifics are still being worked out. The $316,000 supports our East coast AMH initiative with New Bedford, Canaveral, Baltimore, and New Jersey. It will be used to develop an AMH shipping project(s) for our ports looking at cargo flows, price points, etc.” {Decas e-mail to ANR&P, 26. Oct. 10}
MC: BRIDGES GET FAST TRACKED
26 October, New Bedford. **WORK ON UPGRADING THREE BRIDGES AS PART OF THE FAST TRACK NEW BEDFORD $20 MILLION TIGER GRANT BEGAN THIS WEEK.** Fast Track New Bedford applied for $71.4 million of a projected $97 million budget to upgrade four rail bridges and build a new Whale’s Tooth Station multi-modal rail facility, but the project only received $20 million in TIGER I grant monies, enough to upgrade three of the rail bridges [see 10#02A].

“The bridges are being rebuilt to standards to allow passenger trains,” said Kristina Egan, executive director of MassDOT’s South Coastal Rail Project. “In the near term, there are a lot of freight benefits. In the long term, it necessary for South Coast Rail.” {ANR&P discussion 26.Oct.10}

South Coast Rail is a proposed $1.45 billion to $1.88 billion project aimed at restoring passenger rail service to New Bedford and Massachusetts’ South Coast region. The bridge repairs, designed to bring track up to FRA Class 5 standards, will be made to single-span rail bridges over Deane Street, Sawyer Street, and Coggeshall Street. The TIGER grant did not fund restoring a larger, 450 linear-foot, three-span bridge over Route 18/Wamsutta Street. Most rail freight over the deteriorating bridges consists of dried sludge from the EPA dewatering plant on the New Bedford waterfront [see 09#04B].

**From sludge to seafood?**
“Currently, 1300 carloads per year of PCB-contaminated dredge spoils are hauled from the New Bedford Harbor over the freight rail bridges. An additional 500 carloads of freight also depend on the bridges.” {Stephen Lee Davis in Transportation for America, 22.Oct.10}

MC Vice-president Marketing Dan Wahle said the line to the EPA dewatering plant will be out of service for a year in order to make the repairs. Sludge from the plant will be transloaded by truck during the track closure. He sees other freight coming.

“For CSX,” said Wahle, “New Bedford was understandably not high on the radar screen. For Mass Coastal, New Bedford is extremely high on the radar screen. We think there is an opportunity to deliver transportation services to the seafood industry down there.”

MBTA will eventually operate the passenger rail service, but Wahle said he is not worried that restoring passenger service will displace MC freight trains. “Passenger service is the lead opportunity for the Commonwealth,” he said, “but MassDOT is very aware of the value of preserving freight access.” {ANR&P discussion 26.Oct.10}

**New Bedford Railroad?**
Despite all the transportation developments in New Bedford, the New Bedford Railroad is never mentioned. New Bedford Railroad LLC was created in 2003 to switch the New Bedford Rail Yard when the EPA dewatering plant became operational as part of the New Bedford Harbor Superfund Site remediation [see 05#11A].

According to Bernie Reagan, senior vice president of Bay Colony Railroad, the New Bedford Railroad switched the yard with a trackmobile during its first year of operation. Bay Colony took over the switching briefly, but then EQ Northeast, managers of the remediation effort, “figured out how to do its own switching. That [the switching] is what Mass Coastal does now,” said Reagan. {ANR&P discussion 29 Oct.10}

Phone calls to Matthew Morrissey, current executive director of the New Bedford Redevelopment Authority, were not returned. A predecessor of Morrissey created the railroad. {editor}

**But who owns the rail yard?**
According to Kristina Egan of MassDOT, the New Bedford Rail Yard, known as the Whale’s Tooth Area, is still in three parcels. The City of New Bedford owns the paved parking lot at the ferry terminal. The Commonwealth of Massachusetts owns the right of way and the location of the

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**B&M: NEW TRANSIT TIME RECORD**
The Boston & Maine established a freight record on 5 September between Mechanicville and Somerville: 6 hrs 50 minutes for the 175-mile trip, 2 hours 10 minutes shorter than the usual running time. The train consisted of two locomotives and 83 cars, moving sometimes at 79 miles per hour. {Trains 2.Dec.40 page 42}
proposed Whale's Tooth Station. Egan said ownership of the rail yard may eventually be consolidated, but “it is premature for us to do any land acquisition work” given that the South Coast Rail Project does not yet have its financing in place. {ANR&P discussion 26.Oct.10}

CSX does not own any track in the area; it ‘sold all of the track there to the MBTA,’ wrote CSXT spokesperson Bob Sullivan. ‘CSX owns a three-acre parcel in New Bedford, north of Maxfield Street, with frontage along Herman Melville Boulevard. However, CSX does not own any property with track on it in New Bedford Yard.’ {e-mail to ANR&P 3.Nov.10}

NEW HAMPSHIRE

MBRX v ST: HEARING*

29 October. ST HELD A THIRD DISCIPLINARY HEARING ABOUT PETER LEISHMAN, who is currently ‘banned for life’ from operating on ST trackage. ST believes he was operating unsafely in 2009, and therefore collided with a truck which ran a red light and blinking railroad crossing signals [see 10#06B].

At this hearing, Leishman called seven witnesses, included Pan Am Systems President Dave Fink (pere). The hearing lasted from nine AM until seven-thirty PM. Much of the time was consumed arguing whether the hearing officers (there were two, both ST employees) would admit into evidence certain documents which Leishman wanted considered. Many of them were not accepted. [Apparently the hearing officers were unaware of the rulings by the officer who handled the second hearing, that ‘due process’ and the ‘rule of law’ did not apply. Only if one was applying a narrow standard of due process would one exclude any evidence in such an administrative hearing. If due process did not apply, then any evidence whatsoever should be admissible. Editor]

Leishman, speaking on 1 November, said he expected the hearing officers to rule against him. In that event, he would appear again in federal district court on 29 November [see 10#10A]. {ANR&P discussion}

SLR: FRASER MILL SOLD**

4 November, Toronto. SUBSIDIARY FRASER N.H. LLC, AGREED TO SELL SUBSTANTIALLY ALL OF ITS ASSETS TO MM CONSULTING AND CONTRACTING COMPANY LLC. Financial terms of the transaction were not disclosed by parent Fraser Papers, which is in bankruptcy.

‘Until it closed indefinitely on October 13, 2010 [see 10#09B], the paper mill in Gorham, New Hampshire operated three paper machines and employed approximately 240 people. During 2009, the Gorham mill produced 80,000 tons of uncoated freesheet papers and 37,000 tons of towel products. The transaction is expected to close in early December and is subject to approval of the Ontario Superior Court of Justice (Commercial List) and the United States Bankruptcy Court for the District of Delaware.’ {Fraser Papers press release}

Paper mill buyer

George Bald, commissioner of the New Hampshire Department of Economic Development, said he was aware that the buyer, M&M Consulting and Contracting, also does demolition work. But the principal he talked to, Frank DelGreco, convinced him the company wanted to do manufacturing.

Willis Blevins, recruited from Ohio four years ago to steady the troubled mill, said research by the mill's corporate ownership and state officials showed MM Consulting has extensive background in the paper industry and manufacturing. “The guy we dealt with, Frank DelGreco, had worked in (the paper industry) for 30 years.”

Berlin Mayor Paul Grenier said DelGreco and industry insiders convinced him the right buyer had come along. “This is going to be a world-class operation that's going to last a long time. They actually are paper merchants. They have 14 different patents in the specialty papers business, so they come to the business with extensive manufacturing and knowledge and capability.” {Ray Duckler in Concord Monitor 5.Nov.10}
RHODE ISLAND

DAVISVILLE: RAIL WORK SOON
27 October. QUONSET DEVELOPMENT CORPORATION WILL START SPENDING ITS TIGER I GRANT SOON, beginning with track laying. The grant came under the name ‘Quonset Wind Energy & Surface Transportation’ (QWEST) for $22.3 million, about half of what it wanted for cranes and other improvements [see 09#11A].

The TIGER I grant announcement, made on 17 February [see 10#02A], prompted Governor Donald Carcieri to state that ‘the infrastructure improvements to the Quonset pier [will] support Deepwater Wind’s plans to construct the nation’s first offshore, deepwater wind project.’ {Carcieri press release 23.Feb.10}

According to the USDOT press release: ‘These funds will be [used to] maintain the pier and improve rail and road connections, which will support, among other things, producers of offshore wind power that will use industrial properties at Quonset as a base of operations. The project will improve freight transportation at the port, achieve a state of good repair, extend the useful life of former military assets and increase port capacity. It will also improve access to industrial properties being marketed to alternative energy producers (particularly offshore wind), which will help increase energy independence.’ {USDOT website}

Grant administration/Buy America
MARAD will administer the grant. Evan Matthews, port director at QDC, said that QDC needs a waiver of the Buy America language in the stimulus bill, American Recovery and Reinvestment Act. QDC cannot contract for even one dollar of any project until MARAD grants the waiver. Since no American firm manufactures mobile harbor cranes, QDC needs the waiver.

Moreover, QDC must complete all the work by February 2012, QDC chief Steven King told the QDC board at its 16 August meeting. Plus QDC must pay a $1.4 million match for design and engineering costs. {minutes from QDC website}

A six-part project, beginning with rail
QDC has designed a six-part project: Pier One improvements $3.16 million, Pier Two improvements $0.8 million, Crane operations $10.4 million (including crane, crane platform), Terminal project $4 million, Rail improvement $0.95 million, and Road $3 million.

Matthews emphasized that even if the windpower project did not come to fruition, the improvements “could and will be for all port users....We are pleased that this grant shows MARAD is investing in Davisville as a public port, to serve a wider range of customers. Deep Water Wind will not be the exclusive user of the port.”

QDC is beginning with the rail improvements, next will come the pier improvements, and finally the crane acquisition. QDC has retained consultant Louis Berger to help determine a rate structure for renting the crane which would sustain its costs. Berger will begin that work “when we have figured out how much the construction will cost,” Matthews said.

The track work consists of:

HIRING NEW ENGINEERS
ST is not the only railroad having difficulty hiring new crews [see 10#10A Regional]. Roy Blanchard writes:
‘But before the hundreds of openings on the Class Is and regionals can make a dent in unemployment numbers, the unemployed have got to get serious about getting themselves employed. Everywhere I go it’s the same thing: to get five or ten Certified Locomotive Engineers who will stick around, you have to look at 100 applicants. Drugs are the biggest problem. One chap said if he got 100 people in the door, the minute he said, “Drug test,” half would leave and never return. Half of the remaining 50 would fail the drug test. A third of whoever was left would wash out in training, and half of that would quit in six months. See what you have to put up with to make $50-80,000 a year with benefits? (All agree the military provides the best candidates.) {Railroad Week in Review 29.Oct.10}
Building 318. Re-building an old spur to Building 318, which lies within the port area just to the south of the autorack unloading spurs. According to Matthews, Banneker Industries, which provides storage for Raytheon at Building 318, wants rail availability.

Pier 2. Replacing existing track beginning at the guard house onto Pier 2. The previous track re-hab completed the track to Pier One. This will replace 60-70 year old track with modern, heavy track better able to handle modern, heavier, cars and anticipated project cargo.

Matthews said this would help the wind power project: if components land on Pier 2, they can be moved around the park by rail. \{ANR&P discussion 26.Oct.10\}

Track bids
Bids have come in for the track materials: Unitrac Railroad Materials of Knoxville, Tennessee bid $144,154 for the track materials (5,220 LF jointed rail and one No. 8 equilateral turnout). Progress Rail Services bid $147,751.

QDC, with the assistance of Clough Harbor, requested bids for the track work by 10 November. \{DataFax Rail Project Guide 25 & 26.Oct.10\}

What happened to the windpower project?
Two power companies, Cape Wind and Deepwater Wind, each share the broad goal of seeing the United States develop a strong wind power industry

Each one wants to build the nation’s first offshore wind farm: Cape Wind with its proposed 130-turbine project in Nantucket Sound, Deepwater with up to eight turbines off Block Island.

In 2009, Rhode Island Governor Donald Carcieri vetoed a bill that would have allowed National Grid to sign long-term contracts with renewable energy developers, partly because he said the legislation could have benefitted Cape Wind and undercut the profitability of Deepwater’s proposal.

At the time, Cape Wind’s backers said their project was likely to be staged at Quonset. \{Ted Nesi in Providence Business News 30.April.10\} They have now decided on New Bedford \{see Massachusetts\}.

But Deepwater Wind continues to have an option to lease 117 acres from the QDC to stage and construct wind turbines. \{e-mail from Matthews 8.Nov.10\}

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**VERMONT**

**VRS: NEW TRACK IN MONTPELIER**

1 November, Montpelier. *VAOT PLANS TO REBUILD ON AN OLD ALIGNMENT TO HELP THE GROUT TRAFFIC*. The project for the new-old 1.3 miles of rail line has ruffled local feathers.

**The history**

In 1873, the eponymous Montpelier and Wells River Railroad opened; it would carry mostly quarry loads. In 1875, the Central Vermont Railroad leased a newly-built line from Montpelier to Barre. To compete, the MWR built its own branch up the mountain to the quarries \{see map 00#20\}.

Now in 2010, existing WACR trains use the old CV trackage from Montpelier to Barre Junction (aka Barre Transfer), and then the MWR trackage through Barre City and up the mountain to Rock of Ages.

The old alignment, which the state wants to rebuild, is the MWR from Montpelier to Barre Junction. \{Robert Lindsell, *The Rail Lines of Northern New England*, 2000\} \{See map.\}

**The plan and the funding**

Brassard said the state would rebuild 1.3 miles of the former MWR. WACR would then operate the new alignment
as the main line, though the existing alignment would remain as a spur “to store cars if need be.”

The state has brought this idea forward now and filed an application for around $2 million, because the FRA has funding available. Brassard said FRA has not given VAOT a date for a decision.

However, even if the FRA does not fund the project, VAOT intends to do so, using a combination of state, railroad, and shipper money. The project would not fall under the VAOT formal industrial siding program, Brassard said.

**Origin of idea**

Brassard said the idea of building on the old alignment “has been discussed for a few years,” between the state and the railroad, and “at public meetings.”

The purpose is two-fold. The two bridges on the existing alignment need work: one major repair, and the other “complete replacement”; building on the old alignment will avoid the need for repair.

In addition, WACR can queue long trains on the old alignment “without blocking traffic,” whereas long consists on the existing alignment will block vehicular traffic from Granite Street into the city. Because of the defective
bridges, WACR cannot park loaded cars on them.

Montpelier officials told VAOT that they preferred one or two long trains a day, rather than many short trains, in terms of traffic problems. \{ANR&P discussion 1.Nov.10\}

**Objections**

At a meeting with Montpelier City Council on 27 October, VAOT officials including Brassard heard from the public and councillors about three principal problems. The new alignment would use a corridor the city intended for a bike path; Brassard said a path alongside might still be possible.

Second, running trains over a mile in length could mean blocking city streets for as long as twelve minutes. And finally, some citizens objected to any train movements at all.

Brassard earlier said that the grout shipments, suspended earlier this year [see 10#09B], will resume within two weeks. \{Thatcher Moats in Times-Argus 23 & 28.Oct.10\}

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**VRS: SHELBURNE LIMESTONE**

28 October, Burlington. *A SHELBURNE LIMESTONE COMPANY TRANSLOAD HELD ITS OFFICIAL OPENING* in the VRS Burlington railyard. The two-story building, which employs a conveyor system to directly transport pelletized limestone from truck to railcar, began operating six weeks earlier. Dennis Demers, company president, said on 2 November, “It’s working and working beautifully.”

**Why Burlington**

Demers chose this location for a variety of reasons, he explained, to move the product, some of which originates at his Shelburne quarry and some at his Swanton quarry [see box].

- He now has several customers in the York, Pennsylvania, region which can receive direct by rail, though one uses a transload. Product from Vermont by rail from his Swanton quarry or the Colchester transload would begin on NECR and then interchange to VRS and travel on the D&H into Pennsylvania.

- To truck product which will eventually move south from Shelburne north to Swanton for loading did not make sense.

- By loading in Burlington he gets a much faster turn-around time. NECR operations often moved an empty from Burlington to St.Albans, and then to Swanton, on separate trains, so than the car required seven days to reach Swanton and then return to Burlington.

- The limestone moving to Burlington by truck is coming backhaul from Swanton. Currently some of the Shelburne quarry product moves north by truck. The “truck is coming empty back to Burlington area, and runs right by the Swanton facility.” It makes sense use the empty truck to deliver Swanton quarry product to Burlington.

- NECR was not moving as expeditiously as Demers wanted to install a second spur at his Swanton facility.

- Locating in the Burlington yard permits VRS to switch the facility “on a moment’s notice,” almost, whereas a transload in Colchester or Swanton can get switched only as NECR locomotives visit.

- Building a facility on VRS means he does not have “all my eggs in one basket.”

**The structure and construction**

The $250,000 building was funded via VAOT’s one-third one-third one-third Industrial Siding program. [Joe Flynn, head of VAOT’s rail division, said this day that Shelburne Limestone laid out hard dollars, VRS paid for the track construction, and the state contributed the property plus some cash. \{ANR&P discussion 2.Nov.10\}]

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Demers said the site [located to the east of the salt shed, visible as new construction by comparing the Bing and Google aerial photos] formerly held a coal unloader. VRS workers removed that and rebuilt the track so that a stub-end passes through the building.

The company owns the newly-constructed building, though eventually it will revert to the state, he noted.

The Shelburne fleet
Demers reported that Shelburne Limestone owned 20 cars: 14 assigned to the Pennsylvania market, and six to the Connecticut market. {ANR&P discussion 2.Nov.10}

QUEBEC/MARITIMES

CBNS: SUBSIDY RENEWED*
28 October, Halifax. THE NOVA SCOTIA GOVERNMENT APPROVED A REQUEST TO EXTEND THE SUBSIDY TO CBNS eighteen months, to keep the money-losing Cape Breton portion of the line. The railway and the government have agreed that, retroactive to 31 March, the government will pay up to $3 million until 30 September 2011. An additional $500,000 is also available to continue service if a transition period or further examination is needed.

A working group will look for new solutions.

Previous agreement; support for new one
The previous subsidy, which expired at the end of March, covered five years and up to $10 million. The railway used $9.5 million of the available money.

Peter Touesnard, regional vice-president, RailAmerica, which owns the shortline from Truro to Sydney, previously said he had hoped for a subsidy and extension similar to the first deal. Percy Paris, minister of Economic and Rural Development, said, “This investment supports the businesses and jobs that count on the railway to receive materials and deliver products. However, we must live within our means and this support cannot continue indefinitely. That's why we will work together to find a sustainable long-term solution.”

“The rail line is an essential part of keeping costs manageable for our business. The loss of the line would have an immediate negative financial impact of $250,000 per year,” said Sean Burke, vice-president and general manager of Polysteel Atlantic and East Coast Rope, manufacturers of synthetic rope near Sydney.

Working group formed
The province formed a working group which reviewed the railway’s request plus dealt with other issues including crossing fees, property leases and development on or near railway lands. The group will now focus on long-term profitability. The working group, under Economic and Rural Development, includes representatives from

Other Shelburne locations: on NECR
The company also has an NECR-served rail facility with two spurs in Swanton, where it has purchased the end half mile of the Fonda branch [see 10#05B]. Here it loads out chips for the Burlington biomass plant, and has loaded some ballast.

In Colchester, it operates a transload served by NECR which handles animal-food-grade limestone for two receivers in Connecticut [see 08#04A]. Shelburne located the transload midway between the two of the three quarries it operates: Shelburne (near VRS but no spur), Swanton, and South Wallingford (near VRS but no spur).

Demers explained that though he has “three quarries, all in limestone deposits, they are different in quality.” One quarry’s limestone may contain more manganese, another more calcium. In addition, the equipment at each quarry is different, so that each quarry produces different products. {ANR&P discussion 2.Nov.10}
Transportation and Infrastructure Renewal, Service Nova Scotia and Municipal Relations and the railway. It is estimated that roughly 10,000 loaded cars are needed every year for the company to break even on the portion of line from St. Peter’s Junction to Sydney, whereas CBNS moved only about 1,500 in 2009. {NS government release 28.October.10}

Rail official, transportation group pleased
CBNS General Manager Shannon Toner said the railway was not disappointed with the new deal. “We like the fact there is going to be a committee from government working with us. We think we can really get our hands around this if there is rail business in Sydney and what we can do to encourage it. We are very pleased with the agreement,” she said.

Toner acknowledged that very little new business had been created in the first five-year agreement and she is not aware of any potential new business now. “But we are going to start meetings next month. It helps when you have more people involved. They come from different industries and the thing is you are going to have a better variety and maybe a better way to get your hands around something that is out there that normally you won’t have seen or able to get.” {In discussions with ANR&P’s Tom Peters 29.October.10}

John Pearce, a representative of the pro-public transport group Transport Action Atlantic, pointed out:

- The $3 million subsidy over 18 months is at the same rate of $10 million for the past five years already received.
- $3 million equals the capital cost of building 2 miles (3 kilometres) of two-lane all weather road or one interchange on a controlled access highway. The added 18 months will also give the provincial government a better idea of progress with Sydney harbour expansion, Donkin coal mine exports, and development of the Melford container port on the Strait of Canso.
- With the proposed deepening of Sydney harbour for container vessels and potential for shipping of coal from the Donkin mine, more rail traffic may be on the horizon. Although much of this export might go by sea in warmer weather, the east coast of Cape Breton is plagued with wind-driven sea ice in March and April and rail would be an important alternative then. Coal could be railed inland, or shipped to the Strait of Canso for shipping overseas. {e-mail to ANR&P 28.Oct.10}

Not all are happy
Ken Jardine, chair of the Cape Breton Railway Victims, said he is disappointed the government has continued to subsidize a company that charges landowners to cross the tracks on their own property. The agreement sets a maximum crossing fee of $300 a year. “It’s been our contention all along that there should be no crossing fee because the railway crosses our land,” he said. {CBC News 28.October.10}

WHRC: END OF GRAIN TRAFFIC
3 November, Windsor. GRAIN SHIPMENTS ON THE WINDSOR & HANTSPORT RAILWAY HAVE CEASED. Bob Schmidt, president and CEO of WHRC, said the last empty car was returned to Windsor Junction 2 November. The grain made up only a small percentage of the railway’s business with gypsum being the main commodity.

Government subsidy
CBNS was given a $3.5 million subsidy extension to help offset costs on a money-losing section of its line. [See other article.] By contrast, WHRC, which leases the 32-mile section from Windsor Junction to Windsor from CN, but owns sections from Windsor west to Kentville plus the Hantsport and Truro spurs, has never received any provincial subsidy or funding.

Schmidt said there have been discussions with the province and assistance was requested for the section to
Windsor Junction. WHRC met with provincial economic and rural development representatives about a year ago “and what was reported to us was we believe they looked at the (Atlantic) gateway initiative but our line would not qualify under the guidelines of that program and within economic development they did say there was a possibility of doing something but they didn’t have grants, only the possibility of loans.”

Costly to maintain
Schmidt said “a good rule of thumb” in determining capital expenditures is about $10,000 a mile which is about $300,000 for the Windsor to Windsor Junction section. “In the last couple of years with light density traffic and low gypsum we haven’t gotten near the level we needed to but we performed all required repairs and maintenance we needed to do per Transport Canada to meet safety guidelines.

WHRC does not find it worthwhile to make that kind of expenditure for the 30 miles. However, Schmidt said, if Fundy Gypsum wanted to put a few thousand cars over the line or if there were some other new businesses looking to use it on a regular basis in the future, then “probably a million bucks would go a long way to getting it in good shape to operate at sufficient speeds.”

The future
With the U.S. housing market stagnant, the demand for wallboard for new housing has been light. Schmidt said WHRC only hauled about 100,000 tons of gypsum this year for Fundy Gypsum which works out to approximately 1,250 carloads.

Predicting next year was difficult. “Things could change quickly but not a lot of new houses are starting and that is really what drives demand for wallboard from the plants we supply. And there is an over-supply of synthetic gypsum which brings that price down, so all those factors come together to bring that demand lower.” Schmidt looks at his present business as part of an economic cycle and says it’s anybody’s guess when inventories are reduced and the demand increases. When that happens his business will pick up. {Discussions with Tom Peters 3.November.10}

Grain customer trucking from Fairview Yard
Co-Op Atlantic in New Minas provided much of the WHRC grain traffic. Louis Snyder, feed operations manager, said the company got its last shipment the week of 25 October. Co-Op Atlantic now has its own grain facility in Fairview, near Halifax, where spots cars and from which grain is drayed to the New Minas company [see 10#08A].

Snyder said the new hauling system is more efficient and faster. Co-Op Atlantic and one of its subsidiaries, MicMac ACA Co-Operative in Greenwich, received about 300 carloads of grain per year, Snyder said. “I’m disappointed to see the rail stop but as I understand it there was not enough volume (grain) to make it profitable.” {Snyder in discussions with Tom Peters 25.Oct. 10}

Should the line remain open?
According to Schmidt, over the last five years interchange traffic gradually declined with the loss of Shur-Gain [in 2005, when it moved to Moncton from Port Williams–see 05#03B] and some feed customers in the valley, plus the reduction of the gypsum interchange business.

Frito-Lay used to receive carloads of oil in New Minas [see 5#03B]. By 2007 WHRC had only four non-gypsum customers [see 07#06A]. In August 2007 WHRC stopped most direct rail deliveries, and instead transloaded in Windsor for five customers, including Co-Op Atlantic [see 07#08A].

This reduced the railway’s operating and maintenance costs while still giving the grain customers a rail alternative, even though the business was not profitable to the W&H.

‘After a period of time,’ Schmidt wrote, ‘customers worked with a trucking company and CN to develop an alternative transload which they feel will save them money and improve transit time. The W&H has had these customers for 16 plus years and they are good people and we have always had a good working relationship with them. We understand they need to do what is best and necessary for their companies and we want this to work well for them. It is unfortunate that presently there is not the volume of traffic from rail customers in the valley for us to be able to provide the level of service and price which they need.’
Schmidt hoped that ‘the future will bring economic development to the region and a greater demand for rail traffic and we stand ready to provide that.’ {ANR&P discussion 4.Nov.10}

Safety
Steve Smith of NSDOT on 15 September wrote that WHRC had a significant reduction in traffic last year with Fundy Gypsum traffic less than 10% of its previous levels. With that in mind WHRC reduced track speed to 10 miles per hour, with resulting lower maintenance requirements for operating a train at that speed. ‘We still require they keep up compliance with safety regulations. Transport Canada does the inspections for us. Their last inspection was November 2009. They found eight deficiencies and they were corrected. The next inspection is scheduled before November, 2010.’

RAIL SHIPPERS
EPA (MC, Massachusetts) Continued shipment.
Fraser Papers (SLR, New Hampshire) Mill sold.
Pleasant River (ST, Maine) No rail since a year ago.
Rock of Ages (VRS, Vermont) New alignment.
Shelburne Limestone (VRS, Vermont). New transload.
Twin Rivers (MMA & CN, Maine) CN wants access.

Described in this issue.
Our Directory of Rail Freight Facilities in New England has more information on the companies denoted with their directory number.

PEOPLE
Melody Sheahan, formerly MMA vice-president engineering, has taken a position with Pan Am Railways. Her MMA duties are handled temporarily by Bob Cote. Lynne Labonte temporarily is handling MMA operations, taking over for John Schultz, who went to Pan Am also.

Brian Sass, formerly director of supply chain for Fraser, has become vice-president of operations for Twin Rivers Paper.

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Coverage
The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

Frequency and the e-bulletin
ANR&P appears at least four times a month. We send a formal issue twice a month, via post or e-mail. Between the issues, we send out the e-bulletin, only by e-mail. All information in the e-bulletin is included, and often updated, in the issue.
Stories not updated for the issue are noted with an asterisk. I urge readers to look at the issue’s updated stories (those without an asterisk).

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Purpose
Atlantic Northeast Rails & Ports, née Maine RailWatch (1994-1997) and later Atlantic RailWatch (1998-1999), is dedicated to the preservation and extension of the regional rail network. The editor believes that publishing news on railroads and ports spotlights needed action to preserve the rail network. The publication also imbues the region with a sense of an interdependent community, employing the network to move rail and port traffic. ‘No railroad is an island, entire onto itself.’

E-ISSUE