
helping to move rail and port traffic through New England, the Maritimes, & eastern Québec. A twice-monthly trade newsletter.

issue 01#7b 31 July 2001

regional issues

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People, Positions, Events

Dan Sabin. Atlantic Transportation Conference.

From the Publisher

Finally, some news about the B&A! I wish the Burkhardt-Parsons-Davis group good luck: the region needs a solid railroad there.

-Chop Hardenbergh
Next issue: 14 August

Regional Issues

Bangor & Aroostook
25 July, Brownville Junction. The B&A has apparently transferred ownership of boxcars to a subsidiary of Progress Rail, which holds preferred stock in IRR [see 27 August 1999 issue]. Alan Seamans reported that during a visit to the Junction and to the public area of the Derby Shop in Milo, he viewed many, many cars recently marked ‘SLGG’ representing the Sidney and Lowe Railroad, an 11-mile shortline in Nebraska.

‘As I was turning to leave, a worker came out of the building with an armful of SLGG decals, who said the company had already remarked over 800 cars.’ {e-mail to ANR&P 26.July.01}

The Sidney and Lowe Railroad
Progress Rail acquired SLGG in 1995, according to an Interstate Commerce Commission notice. {Finance Docket No. 32762 26.Oct.95}

The Sidney and Lowe Railroad
Progress Rail and the B&A
Follow the bouncing ball: Railcar Limited’s Jim Smallwood is talking with Fred Yocum, B&A president. Railcar Limited is owned by Progress Rail, in turn owned by Electric Fuels Corporation,
which is owned by Progress Energy, formerly known as Florida Progress.

Progress Rail had initially hired Fred Yocum as a consultant to “represent our interests and oversee the B&A from an operational standpoint.”

Mike Bombino, Progress Rail financial officer, said his company was “pleased [about] their continued effort to improve liquidity of whole situation.”

Interestingly, Progress Energy announced on 25 July it would not spin off Progress Rail to a group of management (which included Bombino) or any other buyer. {ANR&P discussion 27.Jul.2001}

25 July, Chicago. RAIL WORLD ANNOUNCED NEGOTIATIONS TO BUY THE B&A. Text of the press release:

Chicago, Illinois-Edward A. Burkhardt, President and CEO of Rail World, Inc., announced that Rail World is participating in a rail investment and management consortium including Wheeling Corporation and others in ongoing negotiations over the purchase of the rail properties of the Bangor & Aroostook Railroad System (“B & A”). The Bangor & Aroostook Railroad System includes the Bangor & Aroostook Railroad, the Canadian American Railroad, the Québec Southern Railroad, the Northern Vermont Railroad, and Logistics Management Systems.

B & A’s President and CEO, Frederic W. Yocum, Jr. indicated that talks with the consortium were aimed at addressing cash flow problems and the heavy debt load that has plagued the B & A in recent years. Yocum stated “I am pleased that such an experienced and successful group of rail managers are interested in purchasing our railways. We look forward to working with them to promptly conclude a transaction that will provide for a global solution to the current difficulties and maintain vital rail services.”

Wheeling Corporation, ...among other entities, owns a ... regional railroad [the Wheeling and Lake Erie Railroad] based in Brewster, Ohio serving Ohio, West Virginia and Pennsylvania. Its Chairman and CEO is Larry R. Parsons, a 40-year veteran rail manager who occupied senior management positions on the Denver & Rio Grande Western, Southern Pacific, Union Pacific and Kansas City Southern railways.

Rail World is a Chicago-based rail management and investment corporation. Edward A. Burkhardt, the founder and former Chairman, President and CEO of Wisconsin Central Transportation Corporation, America’s most successful regional railroad, is its President and CEO. Prior to Wisconsin Central, Mr. Burkhardt was Vice President Transportation of Chicago & North Western Transportation Corporation. He has headed numerous bidding groups in the sale of rail properties both domestically and overseas.

Among several independent investors involved in the consortium are Jerry R. Davis, former President of Union Pacific and Southern Pacific railroads and Executive Vice President of CSX Transportation, Larry R. Parsons, Joseph J. Gonzales and others.

More on the announcement
Ed Burkhardt, reached in Basel Switzerland on 26 July, said his group has been working on the purchase for some time [see 12 January issue]. The consortium made the announcement at this time because of pressure building from the creditors, who were saying to management, ‘You can’t go on like this.’ “The B&A management wanted the creditors to know that they were doing something very proactive.”

More on the consortium
The Wheeling Corporation acts as the holding company for the Wheeling and Lake Erie Railway (WE) and some smaller subsidiaries. Burkhardt and Davis serve as directors on the Wheeling board; Larry Parsons serves as chair and chief executive officer. Parsons is considering investing as an individual, and also through the Wheeling Corporation, Burkhardt said. Joseph Gonzales, another private investor, serves as chief engineer of the WE.

How soon a conclusion
According to Burkhardt, “we’re the ones negotiating exclusively on the B&A at this point.” While a number of parties have looked at the property, IRR “can’t go off in every direction at once.” [Through his assistant Cathy Aldana, he noted that his consortium is not buying the B&A parent Iron Road Railways, but only the subsidiaries listed in the press release. The consortium will be meeting with key shippers and connecting railroads. Burkhardt expected conclusion of the negotiations in a couple of months. {ANR&P discussion with Aldana 26.July.01}]

The positions of the creditors
Burkhardt acknowledged that the B&A had many creditors and a significant amount of debt. “The consortium is putting together a plan to work with all creditor issues. We don’t know if that can be done, yet.”

The consortium has met with Bank Austria, whose debt is entirely secured, and Progress Rail, whose debt is at least partially secured. He was unaware if other, smaller secured creditors existed.

Of course, the taxing authorities will have to be satisfied, Burkhardt said, as they can put liens against the property. Property taxes and IRS debts are outstanding.

Unsecured creditors exist also, including Helm Financial, owned “millions of dollars” per spokesperson Barbara Wilson [see
15 December 2000 issue]. Wilson on 26 July declined to comment further, except to say that the company is still litigating with the B&A. \{ANR&P discussion with Burkhardt 26.Jul.2001\}

**Bank Austria reaction**

Dieter Boehme of the bank’s Greenwich Connecticut office spoke “very positively” of the possible deal. “We’ll try to help them get there anyway we can. You couldn’t get better people than that group of guys” meaning Ed Burkhardt, who did well at the Wisconsin Central, and Larry Parsons, who bought a problem situation at WE “and straightened that out.” \{ANR&P discussion 26.Jul.2001\}

**Why didn’t creditors act earlier?**

Some have asked why the creditors, especially the unsecured ones, did not put the B&A into bankruptcy earlier, to prevent it from selling off more assets such as access to Fraser Paper [see 27 March issue]. The B&A at this point is trying to sell abandoned track in Aroostook County [see Maine].

One knowledgeable official close to one of the parties interested in the B&A said Helm or other unsecured creditors probably recognized that the firm had hardly enough assets to satisfy the secured creditors. Unsecured creditors would get nothing out of bankruptcy, and it would take longer than a purchase. \{ANR&P discussion 26.Jul.2001\}

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**ANY OTHER PARTIES INTERESTED?**

In January, possible buyers included Rail America, Genesee and Wyoming, the Irving Group, and the Wheeling Corporation [see 30 January issue]. Mark Hastings of Genesee and Wyoming said on 26 July that his firm had looked at the B&A but was not engaged at this time. Rail America is no longer looking, confirmed one source. Guilford looked at the property in February \{ANR&P discussion with Schmidt 22.Feb.01\} but is not apparently pursing it.

**Québec Central?**

As a connecting railroad just recently started, QCR might have had an interest in the Québec lines of the B&A. However, the QCR manager, Michel Champoux, said on 26 July his firm had never discussed purchasing any of the B&A.

**St. Lawrence and Atlantic?**

The same source reported that Emons Transportation, SLR and SLQ parent, possibly had the right to pursue the Québec properties if a buyer could not be found for the entire system. Robert Grossman, chair of Emons, declined to comment. \{ANR&P discussions 26.Jul.2001\}

26 July, Brewster OH. **“STRONG PARALLELS” BETWEEN WE AND THE B&A** were seen by Larry Parsons, chair and chief executive officer of the Wheeling and Lake Erie Railroad (WE). The holding company, Wheeling Corporation, as well as Parsons himself, is investigating the purchase of the B&A System [see above].

Parsons said he had run over 90% of the B&A trackage, and found a parallel between it and the WE, which he turned around [see box below]. The railroads have remarkably similar mileage (B&A 844, WE 840 miles) and revenue (B&A $50 million \{Atlantic Northeast Rail and Marine Transport Review 1999\}, WE $50 million \{WE figures from website \}) while carloadings (B&A about 76,000 in 1998, WE unknown) are in the same ballpark, per Parsons.

Parsons, Burkhardt, and Davis, who “go back 30 years together,” began to look at the B&A last winter, but found other parties ahead of them such as Rail America. “We folded our tent and kept our peace,” and when things got worse and the other suitors had left, returned.

The consortium has found, Parsons said, “dedicated employees, extending themselves to try to keep thing going.” The B&A has “all the potential for a success if we can get the kinks out of the structure” and work out the situation with the creditors.

Asked if three highly-rated railroad people overseeing the operation didn’t constitute ‘too many cooks,’ Parsons replied that “respect and trust are the keys” there. Each man brings “unique strengths.” The three are confident they can work together. \{ANR&P discussion 27.July.01\}

28 July, Northern Maine Junction. **COMMENTS FROM FRED YOCUM** appearing in the Bangor Daily News this day:

- “It takes a lot of capital to run a railroad,” Yocum said. Iron Road’s financial difficulties have involved “liquidity and stability.” The railway faced both significant start-up costs for acquiring such assets as rights-of-way and rails and long delays between providing services and being paid for those services. Asnked if the consortium was in a better position to overcome those problems, Yocum said, “It appears that they would be.”

- . If the deal goes through, consortium participants would form a new rail company. A name for the proposed rail line has not yet been chosen. Yocum said the sale of B&A’s rail assets, a “complex transaction,” would require at least two or three more months of negotiations. Some of the work that remains includes defining the structure of the new company, determining which assets would be included in the sale and hammering out a mutually acceptable sale price.

- B&A employees would have to be given 60-day layoff notices. They would be free, however, to apply for jobs with the new company.

- Ten entities have expressed interest in purchasing the B&A system or its components: four offers for the entire system, four offers for the Maine-based B&A Railroad only, and two for its Québec Southern line, which runs between Maine and Québec [reportedly from Emons Transportation and Société de chemin de fer du Québec]. \{Dawn Gagnon in Bangor Daily News 28.July.01\}
THE WHEELING & LAKE ERIE (WE)

A class II railroad with over 500 customers on its 840 miles of rail [see map].

History
The original Wheeling & Lake Erie, built across the northern third of Ohio in the 1800s, was bought by the Nickel Plate Railroad in 1949. When the Nickel Plate and the Norfolk & Western merged, and the N&W merged with the Southern Railway, it became part of the Norfolk Southern.

In 1990, NS spun off the current WE, which includes trackage rights to Toledo (interchange with CN) and Hagerstown, Maryland (on CSXT, interchange with NS at Hagerstown). A New York investor group purchased the property for $42 million, and the "new" Wheeling & Lake Erie (W&LE) was born, to a shaky start. It defaulted on its loans in early 1992.

Larry Parsons, fired in December 1991 from Kansas City Southern, was recruited the same day for WE. By 1996, Parsons had bought the railroad with his Wheeling Corporation from the New York group. Parsons has crafted a corporate strategy emphasizing equipment upgrades, a new customer focus, and a diversified customer base. (Craig Sanders in *Trains* July 01)

Coordinates
P. O. Box 96
100 E. First Street
Brewster OH 44613
Tel (330) 767-3401 Fax (330) 767-3364
www.wlenvy.com

CONTACT: Larry Parsons (330) 767-7293
DIRECTORS: Burkhardt, Jerry Davis, others
CSXI

12 July, Hartford CT. CSXI WILL START AN OVERNIGHT SOUTH-BOUND SERVICE between Worcester and the Port of NY/NJ. Northbound overnight service began earlier this year [see 10 April issue].

Frank Rogers, PW director of marketing, told the Connecticut Public Transportation Commission [see Connecticut] that each week 500-700 containers move through the Worcester terminals; this figure should grow to 1100 per week. The containers formerly moved by truck via I-84 and I-95. {minutes of meeting} [Correspondent Fred Hirsch reported last week in Connecticut seeing a container every 30 seconds southbound on I-95. {e-mail to ANR&P}]

GUILFORD RAIL SYSTEM

25 July. GUILFORD ANNOUNCED MORE NEW SHIPPERS and provided some detail on the coal moves it handles, in the issue of Guilford Xpress just reaching the website.

New shippers
More details on the McCain traffic announced in April [see 10 April issue] consisted of the facts that 10 trailers a day four days a week are moved; 48- and 53-foot refrigerated trailers are used; the trailers are delivered from Ayer to a warehouse in Taunton for retail users; to warehouses in Leesport Pennsylvania and Springfield Massachusetts for chains (McDonald’s, Wendy’s, Friendly’s, Arby’s); and via various methods to reach street food providers, meaning local restaurants.

The newsletter listed Ciment Québec [see 1 May issue] and a hides processor in the Boston area. The latter uses containers which move via ‘the dedicated intermodal train AYMO via Mohawk Yard’ to Montreal, for outbound CAST ships.

The Boston Herald is using newsprint from Kruger’s mill in Corner Brook, Newfoundland. It arrives in Portland at Merrill’s Marine Terminal, and then is shipped by GRS to Boston, two cars a week. [Although listed under ‘New Business Opportunities’ in Xpress, this move has continued for 15 years. P.D. Merrill reported that he gets two vessels a month direct from the Kruger mill. {ANR&P discussion 31 Jul.01}]

Southern Container closed its box plant in Westbrook Maine because Hannaford Brothers wanted the parcel. It had bought the plant from Weyerhauser in 1995. Southern Container said it would relocate to a plant in Ayer closer to its customers. {Kalimah Redd in Portland Press Herald 21 Sept.00} Hannaford in June 2001 was denied a zoning change which would have permitted it to operate a retail store there. {Kalimah Redd in Portland Press Herald 6 June.01} Guilford had delivered 15 cars a week to Westbrook. Southern had trucked the product to area destinations, as well as sending it to Iceland via container on Eimskip out of Boston [see 18 February 2000 issue]. In Ayer, GRS delivers linerboard to the plant.

Coal moves
The unit trains supplying Northeast Utilities plants in Bow New Hampshire and Mt. Tom Massachusetts ‘are a major source of revenue for the railroad.’ More than 10,000 carloads are delivered to the Bow facility each year [estimated at 15,600 carloads a year in 1999—see 22 January 1999 issue] in 90-car trains. In addition, some 100,000 tons of offshore coal reach Bow each year [reportedly through Portsmouth NH—editor], which burns about 3600 tons a day. Cars in Bow are dumped by a rotary dumper; the entire train is unloaded in 8-10 hours.

The Mt. Tom plan receives up to 50 trains a year of 85 cars each, or about 4,250 carloads a year. Other coal users include Mead Paper in Rumford which receives coal via Merrill’s Terminal and then GRS rail, 10 cars a time five days a week. Norton Abrasives in Worcester uses 30-40 carloads a year. Dragon Cement in Thomaston Maine received about 300 carloads last year. {Guilford Express 1-3.01}

24 July. GUILFORD IS GIVING GOOD SERVICE TO BLUE SEAL FEEDS in both New Hampshire and Maine, said Bill Whitney, who manages transportation for the company in the region out of an office in Londonderry NH.

New Hampshire
GRS recently changed service to New Hampshire, providing a daily train from East Deerfield directly to Nashua triweekly. This means that Blue Seal cars did not wait in Lowell or other intermediate points, said Whitney, making service more expedient and consistent. The feed mill in Concord does about 10-20 cars a week.

Pete Dearness, president of NEGS which moves the cars from Manchester to Concord, said the new service worked well for Concord, if GRS provided predictable triweekly service from Nashua to Manchester. But if it moves around (Monday’s train was cancelled, for example), “it damages our ability to provide to our customers good service.” NEGS has so far made up for the unpredictability: “We jump through a lot of hoops for our customers.”

Maine
Since service to the East Augusta customers resumed through Waterville instead of going through Brunswick [see 12 January and 1 May issues], Whitney said service has much improved. “It’s scheduled triweekly. Sometimes they’ll call to ask if we need a switch, and if not, they’ll go about other business. But if we need it, they will do it.” The East Augusta plant does about 10-20 cars a week. {ANR&P discussion s}

NY/NJ AND FEEDER SERVICE

24 July, Liberty Corners NJ. THE CONTAINER BARGE BUSINESS ‘IS NOT SIMILAR TO OTHER BARGE CONCEPTS’ other than tugs are used to push/pull the cargo vessel,’ wrote Tom Delaney, senior vice-president business development of Columbia Coastal Barge, in response to the listing of several bargees who might serve the Port of Albany [see 20 July issue].
Don’t use inexperienced bargees

‘We constantly hear about this company or that company wanting to get involved with PIDN. If these companies are so interested in PIDN, why aren’t they in the container-on-barge business now? It is not as easy as it seems.

‘If any port is foolish enough to let one of these purported operators set up and try to run a container feeder service, they will be sorry. The feeder concept will be set back a number of years, further cementing the mind-set of the importers and exporters in keeping the cargo over land versus waterborne...’

[An overview of Columbia Coastal and container barge feeding is found] on our website at www.columbia-coastal.com. {e-mail to ANR&P}

HIGH-SPEED/BOSTON-MONTREAL

25 July, Burlington. VAOT HAS COMPLETED A REWRITE OF THE SCOPE OF WORK for the study on the high speed rail, and sent it both to FRA for its approval, and to AOT’s contract administration division so that AOT can prepare the RFP. Karen Songhurst of AOT hoped to get both approvals in two weeks or so. {ANR&P discussion 25.Jul.2001}

CONNECITCUT

TRANSP. STRATEGY BOARD

29 June, Hartford. IN ITS LAST MOMENTS, THE GENERAL ASSEMBLY CREATED THE TRANSPORTATION STRATEGY BOARD by passing HB7506 as emergency legislation. It tracks HB6985, the original bill creating the strategy board. Earlier proposed by political leaders [see 13 February issue], the board will have about 15 members, five of whom will represent newly-formed TIAs (transportation investment areas). The TIAs: coastal corridor TIA, I-84 corridor TIA, I-91 corridor TIA, I-395 corridor TIA and southeast corridor TIA.

The Board shall propose a transportation strategy, plus costs to implement it, by 15 January 2002, and every two years thereafter.

Immediate expenditure of funds

According to HB7506, the $50 million appropriated by the budget bill, HB7501 (line T2783), specifically for years 2001 to 2003, ‘shall be used for’ 21 projects. Rail projects concerned only passenger rail advances such as #5 expanding the New Haven Line rail maintenance facilities and #17 studying commuter service between New Haven and Springfield. Marine projects consisted of #20 a high-speed ferry from Bridgeport to Stamford to New York, and #21 pilot barge feeder service between New York harbor and Bridgeport and New Haven. [See 3 July issue.]

‘Work on the projects and activities set forth in subsection (a) of this section shall commence on or after July 1, 2001.’

The $50 million also contained $500,000 for each of two years of operation of the Strategy Board [Gold-plated faucets in the washrooms? Editor] {Gold-plated faucets in the washrooms? Editor] {General Assembly web site}

METRO-NORTH

12 July, Hartford. THE OPERATING BURDEN OF THE CONNECTICUT TRACCKAGE was described by Harry Harris, chief of ConnDOT’s Bureau of Public Transportation, when he brought the members of the Connecticut Public Transportation Commission up to speed on the contract between the state and the Metropolitan Transportation Authority.

Metro-North operates 250 passenger trains a day on the line; from New York out, it ranks as the single heaviest passenger line in the country at 110,000 passengers/day. The New Haven line receives 72% of its cost from the farebox.

ConnDOT is looking at establishing intra-state trains. {Commission minutes}

PROVIDENCE & WORCESTER

12 July, Hartford. AN UPDATE ON RAILROAD TRAFFIC WAS PROVIDED to the Connecticut Public Transportation Commission by Frank Rogers, director of marketing.

Intermodal service

This will take more containers off Connecticut’s highways.[See Regional.]

Tilcon plant in Groton

Rogers said PW established rail service to the plant at the end of May, and PW is moving 10,000 tons a week from Plainfield to Groton, taking 800 trucks a week off I-95 and I-395.

Steel traffic, Port of New Haven

Steel traffic continues to grow here; PW expects to move another 25,000 to 30,000 tons during the rest of the year.

Coal to Mt.Tom

In the fourth quarter, PW will resume hauling low-sulfur coal on this route [see 27 February issue]. This equates to 3,200 truckloads of coal moving along I-91 in a three-week period.

CSO, etc

PW is looking at increased interstate traffic between PW and CSO, and at business development opportunities in Rocky Hill/Wethersfield. Ethanol, a substitute for MBTE, lends itself to movement by rail and that could be significant volume for PW. {minutes of meeting}

mid-July, Middletown. AN UPDATE ON THE CHAMBER OF COMMERCE RAIL COUNCIL [see 23 June 1999 issue] came from Brian O’Connor of the Middletown Chamber of Commerce, who staffs the Council. It is now meeting every other month. At the meeting this month, Harry Harris of ConnDOT talked about
the bridge to Portland [see below]. Other topics:

**VALE 30th anniversary, extension**
The dinner train is now running to East Haddam [see 15 December 2000 issue]. VALE held its 30th anniversary shindig 27-29 July. The chamber and others still have as a long-term goal the restoration of rails between the current end of VALE track and the end of PW’s Laurel Industrial Track [see 3 July 2000].

**Transportation Strategy Board**
O’Connor said the Council is “involved in the Transportation Strategy Board,” whose transportation investment area committees are now forming [see above]. The chamber is interested in the I-91 corridor and the I-95 corridor. {ANR&P discussion 26.Jul.2001}

26 July, Portland. **THE PORTLAND INDUSTRIAL TRACK IS HOSTING SOME TRANSLOAD.** According to a rail observer, “what is left of the Yankee Nuclear Power Plant being decommissioned down in East Haddam [is] is trucked up to Portland, loaded onto flat cars or special cars and shipped out by rail. The core and other radioactive pieces were shipped that way.” {Bentrails@aol.com in ProvidenceandWorcesterRR@yahooogroups.com 26.July.2001}

The transloading has occurred often in the last few months at the end of track at Route 66, most recently last week. {E swe 4 9 7 2 4 4 @ a o l . c o m in ProvidenceandWorcesterRR@yahooogroups.com 26.July.01}

**Bridge status**
The rail bridge from Middletown to Portland has undergone significant work in 1999, but Harry Harris told the Rail Council that millions more are still needed [in 1998 total costs were estimated at $37 million–see 8 October 1998 issue]. {minutes of meeting}

27 July, Wethersfield. **THE ROUTE THREE CROSSING IN WETHERSFIELD IS COMPLETE,** according to PW General Counsel Mary Tanona. ‘Work is progressing north of Route 3 to clear trees, install stone ballast and surface track. Estimated completion date is mid-September.’ {e-mail to ANR&P} [See 3 July issue.]

**NEW HAVEN**
26 July. **THE RELAYING OF TRACK ON THE TOMLINSON BRIDGE** is underway [see 20 July issue]. PW General Counsel Mary Tanona wrote that the railroad, along with the City of New Haven and the stakeholders on Water Street, paid for the design work. New England Railroad Construction is doing the actual work. {e-mail to ANR&P from Tanona and Richard.Madonna@yale.edu in ProvidenceandWorcesterRR@yahooogroups.com}

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**MAINE**

**BANGOR & AROOSTOOK**
24 July, Aroostook County. **UPDATE ON SOME B&A TRACKAGE:**

**Fort Fairfield Branch**
24 July, Fort Fairfield. **THE TOWN IS BUYING THE LAST 5.66 MILES OF THE FORT FAIRFIELD BRANCH.** Tony Levesque, economic development officer and code enforcement officer for the town, explained that in November 2000, the town received a letter that the railroad had a contract to remove the rails and ties.

This was possible because the B&A abandoned the end of the branch in 1997, and consummated the abandonment in 1998 [see 22 October 1998 issue]. The town was interested in buying it, and the railroad interested in selling it, before the abandonment but the two sides never reached agreement [see 26 August 1997 issue].

**Town action**
Upon receiving the letter, Levesque explained, the town “moved into high gear” because lifting of the track would mean eliminating the corridor between Easton and Fort Fairfield, and “once gone, it would never be recreated.” Failing to contact anyone at B&A headquarters [the town and B&A disagree on this], it enlisted the help of Allan Bartlett at MDOT, who brought the town and the railroad to an agreement.

Under it, the Frontier Development Corporation #5, a quasi-public entity in Fort Fairfield, is buying the stub. In February, the town successfully applied for an economic development/infrastructure grant from the Maine Department of Economic and Community Development’s block grant program (CDBG) of $275,000, which will pay for the stub, costs of acquisition, and repair of a washout two miles before the end of track.

The B&A and Frontier have agreed on a price of $225,000, with Frontier to hold back $55,000 at the time of closing.

**Current status**
Levesque said the town, when it buys the stub, will assume all environmental liability from both the B&A and other parties. Hence, it has initiated an environmental assessment of the corridor.

Once done, the town will close on its purchase and fix the washout. Next, assuming that rail traffic can be found, it will seek a $1 million grant of federal funds from the Economic Development Administration (grants given to create jobs) to rehab the track for freight traffic.

**Potential traffic**
The town has not had freight traffic since 1994, per Levesque. It
has a significant drawing card: a wood-burning co-generating plant to provide both steam and electricity. The co-gen plant was purchased by Central Maine Power in 1994, then sold along with the rest of its generating facilities to Florida Power and Light (FPL) in 1999. In May of 2001, FPL agreed to sell the Fort Fairfield facility, along with facilities in Ashland and Livermore Falls, to the Boralex company of Montreal for $10 million. Closing was scheduled for July.

With that plant as a drawing card, the town has talked with four large industrial companies about locating in Fort Fairfield. Each company said that rail service was essential to its locating in Fort Fairfield. [Two, McCain and Lamb&Weston decided to locate elsewhere in the county–see below.]

Excursion trains
At least during every Potato Festival celebration, the Fort Fairfield Railroad Museum has provided operating track car rides out of the Fort Fairfield BAR station along the track for a couple of miles. Levesque said the B&A had given verbal permission to do so. {ANR&P discussion 24 Jul 2001}

Other customers on the branch
Wood was formerly loaded onto B&A cars in Fairmount, the station at the current end of active track. Fred Yocum, B&A president, did not have a date when that stopped.

McCain decided to expand next to its current facility in Easton, though construction has not started. “We’re working with it on details pricing, equipment, and transit time,” Yocum said.

The B&A would respond to any inquiries about the use of the Fort Fairfield trackage, but “we’re not aware of any companies at this point.”

Limestone branch
Lamb and Weston still has the proposed french fry plant at Loring Commerce Center [see 13 March issue] on hold, said Yocum. “We’re working with it on details pricing, equipment, and transit time.” {ANR&P discussion 30 Jul 2001}

Washburn branch
24 July, Augusta. BUYING THE WASHBURN BRANCH was postponed today by the Land for Maine’s Future Board. The state has leased it for four years, first just for winter use, and then when the B&A lifted the rails and ties, for year-round use, according to Scott Ramsey of Maine Department of Conservation.

What happened?
Board members looked at the issues, and raised questions about the methodology and the appraisal for price issues, asking the Department of Conservation to review them. They did not guarantee the matter would get on the agenda for their August meeting, but it would come before them again in the near future. {ANR&P discussion 24 & 25 Jul 2001}

B&A approach
Abandoned in 1996 [see 9 May and 7 June 1996 issues] from Mapleton, Milepost 0.30 to Washburn, Milepost 6.78, the B&A would like to sell the section for significantly more than what it has sold abandoned trackage in the past. Yocum said no customers existed on the remaining 0.3 miles; “we could take up that track, as we are not using it.” {ANR&P discussion 30 Jul 2001}

Houlton Branch
23 July, Houlton. GEORGIA PACIFIC HAS STOPPED SHIPPING WOODCHIPS from this location to the Great Works plant in Old Town. Instead, said B&A President Fred Yocum, the chips are coming from the E.J.Carrier’s new facility in Portage [siding funded by IRAP–more in a future issue].

Future of the branch?
The Houlton chip plant, when operated for GP predecessor James River Paper Company, provided 20-30 carloads a day of chips to Old Town via rail to South Lagrange and then drayage to Old Town (over Route 16, built on top of the former B&A line between South Lagrange and Old Town). {ANR&P discussion 10 June 98}

EASTPORT
30 July. FEDERAL MARINE IS LOOKING FOR MORE TRAFFIC, said Skip Rogers, head of the stevedoring operation in Eastport. He continues to believe that bulk traffic would help the port long-term if rail came to the pier.

He’s also going after more forest products. “I’ve talked to other mills in forest products, in Maine and elsewhere; a lot are looking for ports and port alternatives. I’ve got a major West coast shipper who could utilize an East coast port.” He sees a market of 25,000 tons a month which could be captured, if Eastport had a way to move the product close to the port. “We need the rail.”

Rogers said he would if necessary use a transload in Calais [see 30 April and 23 July 1999 for possible transload at Dicenzo Construction]. “It might cost $1 more a ton than if we had [the transload] in Ayer’s Junction.” Allan Soucy of GRS suggested the proposed transload in St. Stephen [see 5 June issue].

Outbound traffic way up
Eastport has had a busy time, as Georgia Pacific is selling its pulp and other products before turning the mill over to Domtar [see 1 May issue]. “We had seven ships in May, four in June, and probably close to seven this month,” said Rogers. The Domtar closing is set for 4 August.

Rail to the port: Baldacci meeting
The Eastern Maine Rail Development Commission would still like to meet with US Representative John Baldacci [see ?? ] to discuss funding extension of the rail line as near to Estes Head as possible. The Commission will next meet in August. {ANR&P
SEARSPORT
26 July. MDOT IS MOVING THE PIER RECONSTRUCTION PROJECT along very well, said Rob Elder of MDOT’s Office of Freight Transportation. “We have only one more permit to get signed, and then we can put the project out to bid,” which will happen before the end of the summer, as planned [see 10 April issue] {ANR&P discussion 26 Jul. 2001}

PROVIDENCE & WORCESTER
3 July, Seekonk. THE MBTA AND PW GAVE NOTICE ABOUT OPERATING THE EAST JUNCTION SECONDARY. ‘Providence and Worcester Railroad Company (P&W) has filed a verified notice of exemption under 49 CFR 1150.31 to operate railroad trackage owned by the Massachusetts Bay Transportation Authority (MBTA), a noncarrier, between milepost QVJ 0.6 and milepost QVJ 3.1, a distance of approximately 2.5 miles, near Seekonk, Bristol County, MA (line).

According to P&W, it cannot begin operations over the line until the at-grade crossing at Newman Avenue, which was removed by third parties in connection with a roadway improvement project, is restored. P&W notes that it has proceeded with discussions with MBTA and the Town of Seekonk and intends to press for prompt restoration of the crossing. The earliest the transaction could have been consummated was June 27, 2001, 7 days after the exemption was filed.

Note 1. CSX Transportation, Inc.’s (CSX) discontinuance of trackage rights on the line was previously exempted by the Board in CSX Transportation, Inc.- Discontinuance of Trackage Rights Exemption-in Bristol County, MA, STB Docket No. AB-55 (Sub-No. 582X) (STB served Nov. 1, 2000). [See 17 November 2000 issue.] P&W indicates that CSX has not yet implemented its discontinuance and that CSX is still technically an operator of the line. {STB Finance Docket No. 34059 decided 27 June, issued 3 July 2001}

27 July, Seekonk. PW IS ‘CONTINUING TO TRY TO WORK THINGS OUT WITH THE TOWN OF SEEKONK’ to restore the track through Route 152 (Newman Avenue) [see 3 July and map 17 November 2000 issue], according to General Counsel Mary Tanona. ‘We would like to get the work done before school starts.’

CSXT did file a notice to discontinue its operation of the line, and it became effect 27 June. {e-mail to ANR&P}

NASHUA COMMUTER STATUS
{all information from Nashua Regional Planning Commission website www.nashuarpc.org - last updated 18 June 2001}

Operator: MBTA

Length of track/stations/future extension. Service would run at least from the current MBTA station in Lowell (milepost 25.3) to south Nashua (Route 3 exit 2, milepost 36.2). It could then extend to downtown Nashua (milepost 39.1) and farther to Manchester, with stops in southern Merrimack at the proposed Circumferential Highway, Bedford at the proposed Manchester Airport Access Road, and downtown Manchester.

Consultant. Parsons Brinckerhoff contracted to complete the preliminary engineering process, including negotiating agreements among all of the stake holders in this process. Preliminary engineering will take approximately one year to complete.

Current stage. Parsons Brinckerhoff is proceeding with preliminary engineering, after signing a contract with NHDOTr early in 2001. Since then, a partnering session was held with the major stakeholders in this process (NHDOTr, MBTA, GRS, FTA, FRA, Vermont Transit, and others). A local Steering Committee was appointed by Mayor Streeter of Nashua, and the first of four committee meetings was held on 17 April 2001 at Nashua City Hall.

Cost: $21.5 million for rail upgrades and equipment.

Funding: TEA 21 listed the project as authorized for new starts. The FY00 Transportation Appropriations bill allocated $1 million in funding for preliminary engineering. NHDOTr applied for these funds through FTA; approval was granted May 2000. The FY01
transportation appropriations contains a second $1 million.

In 2000, the Governor's Advisory Council on Intermodal Transportation (GACIT) approved the recommendation of the Congestion Mitigation Air Quality (CMAQ) Advisory Committee's recommendations to award $12,183,000 in funds (the 80% federal share being $9,746,400) for the purchase of a train set. This would offset the MBTA’s anticipated operating deficit for the Nashua-Lowell project so that New Hampshire would not need to pay anything toward the train operation for a number of years.

The FY02 Transportation Appropriations bill has $3 million approved on the House side; it awaits a committee of conference for final approval.

ST.LAWRENCE & ATLANTIC
22 July, Berlin/Gorham. THE PULP AND PAPER MILLS HERE CANNOT PAY TAXES, forcing the City of Berlin to freeze spending, lacking the overdue $3 million. A spokesperson for the mill's parent company, American Tissue of Hauppauge, NY, did not return repeated calls on 20 July seeking comment. Wall Street analysts said American Tissue is $430 million in debt and may have to close some of its mill holdings to survive. {Associated Press in Portland Press Herald 23.July.01}

Earlier report
For months, Pulp of America (Berlin) and Paper of America (Gorham) [henceforth together as P&P–see 99#23] have struggled to pay bills on time. Kurt Goldschmidt, spokesperson for parent American Tissue, said earlier the company was hurt by the slow market, and high energy costs. No discussions of closing, bankruptcy, or layoffs has occurred.

“We’re making payments. We’ve had a few glitches with that. We’re not going away. We have made a commitment to put a lot of money into that mill.” P&P employs 860 people, and ranks as the largest employer in northern New Hampshire. {Harry Webster of AP in Maine Sunday Telegram 24.June.01}

Impact on SLR
In 1999, PPA facilities accounted for 3,000 railcars a year [see 13 August 1999 issue].

VERMONT

FRANKLIN COUNTY TASK FORCE
25 July, St.Albans. THE FRANKLIN COUNTY RAIL TASK FORCE will have some recommendations following its late August meeting. Bill Rose, staff person for the task force and transportation planner at the Northwest Regional Planning Commission, said the roughly 25 members were currently reviewing the recommendations.

State Senator Sara Kittell initiated the effort on the task force because of the rail issues: the renewal of the Amtrak contract with Vermont, the possibility of commuter rail to Chittenden County, and the Lamoille Valley Railroad controtemps.

In February 2001, the task force began, with the goal of taking a look at rail resources in the county, getting input from the rail operators (Amtrak, NECR, and B&A) on where to go, and then making recommendations on what to do with the county’s significant amount of rail infrastructure.

Under discussion
Per Rose, the group has discussed:

- Commuter rail. IBM, the largest employer in Vermont, has 1500 people who travel south to its plant in Essex Junction. Moreover, a larger number travels elsewhere in Chittenden County to work. “We have the infrastructure; we just need rolling stock.” US Senator James Jeffords was unsuccessful in getting some study funds in the US Transportation Appropriations bill [see 20 July issue].

- Freight. Members heard from Amtrak, NECR, NVR, and Railink. “We got lots of information,” Rose said, though he declined to state any recommendations on freight.

- Amtrak. The majority of the members favor restarting rail service to Montreal.

- High-speed rail. The proposed Boston-Montreal route will go through Franklin County. {ANR&P discussion 25.Jul.2001}

VERMONT RAIL SYSTEM
24 July, Rockingham. MORE ON GMRC’S FEDERAL PRE-EMPTION ARGUMENT. On 6 June 2001, GMRC filed a Complaint for Injunctive and Declaratory Relief in the United States District Court for the District of Vermont. It also filed a petition with the Surface Transportation Board (STB). Both sought a ruling on federal pre-emption [see 3 July issue].

The complaint
The complaint requested declaratory and injunctive relief against any attempt by state authorities to enforce Vermont's Act 250 in connection with GMRC's planned or prior construction of rail facilities at Riverside.

In 1997 GMRC and a then-tenant received an Act 250 permit to build an office building and operate a forest products distribution center, if it maintained a 100-foot buffer.

Business expanded. In 1997, GMRC moved 416 carloads at Riverside, a rail site in the Town of Rockingham. By 2000, that doubled to 798. Contents of some 350 cars required ground or shed storage on site.

GMRC noted that the majority of non-bulk rail customers in its territory have no private sidings and must use transload. Only Riverside provides a transload point in GMRC territory.

At the 65-acre site, 31 acres are commercially undesirable or
contain wetlands. The 100-foot buffer consumes 19 of the remaining acres, leaving only 15 for railroad purposes.

New construction
GMRC received a permit in 1999 to build a salt shed. The changing circumstances described above dictated that GMRC build a shed different from that permitted.

The railroad proposes to build a cement transfer facility, and an additional spur track. This construction requires the use of the 100-foot buffer zone. The state has threatened a lawsuit about the salt shed.

Goal of STB filing and petition
GMRC would like a ruling that based on federal law, the state may not control GMRC’s development of this site. [Green Mountain Railroad Corp. v. State of Vermont, et al, docket number 01-CV-181, accessed via RACER 30 Jul. 2001]

Current posture
On 5 July, GMRC counsel and Vermont Assistant Attorneys General Wendy Morgan and Rebecca Ellis executed a stipulation whereby the state defendants agreed not to initiate any Act 250 enforcement action against GMRC pending a decision by the federal district court on the state defendants’ motion to dismiss, while GMRC agreed to withdraw its preliminary injunction request. {e-mail to ANR&P from John Dunleavy, assistant attorney general for VAOT 24 July. 01}

Parties are currently filing memoranda of law on whether the judge should dismiss the case. {ANR&P discussion 31 Jul. 2001 with Ellis}

QUÉBEC /MARITIMES

QUÉBEC CENTRAL
20 June, Ottawa. THE GOVERNMENT OF CANADA LOANED $5 MILLION TO THE RAILWAY. Speaking at a press conference in Vallee Jonction, the Honourable Martin Cauchon, Minister of National Revenue and Secretary of State for Canada Economic Development, said the interest-free loan will support the upgrading of the rail line from Lac Frontiere to Sherbrooke.

“The project should encourage major industrial projects, especially in the Amiante region.”

The railway planned to upgrade over 10,000 metres of siding over a three-year period and carry out a substantial amount of work on its railway installations, including 71 switches, five wye tracks, a turn table and a storage track.

“This project will benefit enterprises in the Chaudière-Appalaches region, enabling them to strengthen their competitive position in terms of transportation costs. In addition, the installation of new equipment should result in the establishment of transfer centres through the region. There should be a decrease in transportation costs for local businesses, enhancing their competitive position in terms of shipments in Canada or the United States,” per Mr. Cauchon.

“[The QCR] project is part of the Québec-Chaudière-Appalaches Regional Strategic Initiative established by Canada Economic Development to support the development and economic potential of the region. The railway is a major asset that promotes the emergence of an environment favourable to investment and growth-generating projects, leading to steady jobs, something that is part of the Government of Canada’s main priorities,” concluded Mr. Cauchon. Funding for the project was provided for in the federal budget of February 2000 and is part of the existing financial framework. {press release of Canada Economic Development, the federal agency for Québec development}

26 July, East Broughton PQ. QCR CUSTOMERS ARE CHOOSING THE CN INTERCHANGE to ship their goods, according to General Manager Michel Champoux. QCR opened the interchange with CDAC 20 July 2000 [see 28 July 2000 issue] in Sherbrooke [see map 3 July 2000]. The interchange with CN was opened in November 2000 [see 1 December 2000 issue] at Charny [see map 17 November 2000 issue].

“We give our customers the choice,” Champoux said. The customer gives the railroad the destination, QCR asks the two railroads (CDAC or CN) for a through rate, and leaves the choice up to the customer. CN is getting most of the traffic; QCR runs two trains a week to Charny, “sometimes three.” To Sherbrooke, QCR runs trains only on request.

Champoux remarked that QCR is still open for interchange with SLQ, “if they want to connect with us, but they don’t show any interest.”

Operations are going well. “Car supply is good, and we’re getting good service from our connecting railroads.”

Expanding the routes
Champoux had hoped to complete the line from Valle Jonction to Lac Frontiere in late 2000 [see 1 September 2000 issue], but once the connection to Charny had the green light, QCR postponed the work to Lac Frontiere.

This year, that work is going ahead; the major crossings of Route 173 have been rebuilt. Crews are now rebuilding smaller highway crossings between Beauceville and St. George. Next week, repair of washouts in Beauceville will begin. With three weeks of work, trains will run to St. George.

A team is also working on the track between Saint-George and Lac Frontiere, where the track remains in fairly good shape. “They’re cleaning culverts, removing non-permitted crossings, and changing out ties.”

“If work goes as planned, we’ll run a train to Lac Frontiere by the end of September.”

Funding the work: a federal loan
QCR has used the grant from the province of $2.5 million, provided to do crossing protections. “We’ve already spent $2.8 million.”
The federal loan [see above] will permit the railway to rebuild “all the sidings destroyed over the years.” Champoux has customers waiting for sidings: “We’re now serving customers from the main line.” QCR had worked to get the loan for about a year and a half.

Opening to Levis
QCR has the right to run to Levis [see map 17 November 2000 issue]. Champoux said it remains “part of a long-term project.”

PEOPLE, EVENTS

Dan Sabin wrote last week to say he is working on Iron Road Railways’ Iowa Northern, of which he is president. ‘I have been developing grant applications for Iowa Northern and cranking up a major rebuilding and new marketing/pricing strategy.

‘My father started as a fireman on the line when it was the Rock Island during the war and I ended up buying it with a few partners in 1994. It is now doing quite well. It's amazing what a little attention will do for a small railroad.

‘I have been entertaining some other offers as well and working on a book of my early days as an operator and dispatcher on the Rock Island while in high school and college.’

First annual Atlantic Provinces Transportation Forum will occur on 9 October in Halifax. See www.dal.ca/aptf.

ATLANTIC NORTHEAST RAILS & PORTS

87 Main Street Yarmouth, Maine 04096
Vox (207) 846-3549 Fax: (603) 215-4482
Chalmers (Chop) Hardenbergh, publisher and editor e-mail: C_Hardenbergh@juno.com

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Atlantic Northeast Rails & Ports, nee Maine RailWatch (1994-1997) and later Atlantic RailWatch (1998-1999 - coverage expanded to southern New England with the 2 July 1998 issue), 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.’

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