**REGIONAL ISSUES**

**B&A**: bankruptcy hearing today. CN offering its services.

**CONEG**: Shifts effort on regional rail.

**GRS**: Offers rail welding and rail train.

**[No report.]**

**MAINE**

**MDOT**: RTAC wants study of Bangor rail service.

**Calais branch**: EMRDC meets. Rogers says money to Eastport, not Searsport.

**GRS Woodland branch**: Domtar arrangements, transload coming in Baring.

**SLR**: Celebration of expansion of Auburn intermodal facility.

**MASSACHUSETTS**

**CSXT**: Hollis abandonment to become trail?

**GRS**: How NS won the K Line traffic. Renews Mystic Wharf abandonment. Ayer auto facility still pending.

**NEW HAMPSHIRE**

**NHCR**: Assumes common carrier for ex-NHVT trackage, has customers.

**[No report.]**

**RHODE ISLAND**

**VERMONT**

**B&A**: Update on NVR sale to AOT.

**GRS**: Still trying to get confidential records.

**NECR**: Update on Essex Junction commuter rail and power switch.

**VRS**: Asks STB about Rockingham pre-emption.

**OMYA** appeals on Act 250.

**MARITIMES/QUÉBEC**

**NBSR**: St. Stephen transload progress.

**[No report.]**

**PEOPLE, POSITIONS, EVENTS**

**FROM THE PUBLISHER**

Most interesting: The plans for transload on both sides of the St.Croix River, one on NBSR, on GRS. Too bad they couldn’t do a joint facility in the middle, somewhere.

As noted below, most of you will get an e-bulletin on the judge’s BAR decision this PM.

- Chop Hardenbergh

Next issue: 10 October

**REGIONAL ISSUES**

**B&A bankruptcy filing**

25 September, Portland. **THE NEXT HEARING ON BANKRUPTCY** proceeds today: the pre-trial hearing. There, the judge will decide whether he will hear BAR’s motion to dismiss the petition at the same time as Helm’s motion for summary judgement. The summary judgement motion is currently scheduled for 2 October.

Curt Kimball, counsel for Helm, said his client will oppose the consolidated hearing. He noted that the judge could enter a order of bankruptcy, and later dismiss or suspend the bankruptcy should he find it in the interests of the creditors or the BAR.

**[Note: the hearing at 245PM comes too late for this issue. I will send out a e-bulletin later today with the judge’s decision.]**

**B&A sale proceedings**

24 September, Auburn. **CN IS TALKING TO THE PARTIES INTERESTED IN THE B&A**, said Keith Heller, in Auburn for the opening of the intermodal expansion [see Maine]. “We’re making the case” for using CN’s route [see 18 September issue]:

Common abbreviations: **B&A** - Bangor and Aroostook System, **BCLR** - Bay Colony RR, **CFQ** - chemins de Fer Québec System, **CP** - Canadian Pacific, **CSO** - Connecticut Southern RR, **EOTC** - Massachusetts Executive Office of Transportation and Construction, **GRS** - Guilford Rail System, **FHWA** - Federal Highway Admin., **FRA** - Federal Rail Admin., **FTA** - Federal Transit Admin., **HRRC** - Housatonic RR, **MB** - Milford-Bennington RR, **MBTA** - Massachusetts Bay Transportation Authority, **MDOT** - Maine Dept.Transp., **MPO** - Metropolitan Planning Organization, **MTQ** - Québec Ministry of Transport, **NECR** - New England Central RR, **NHDOT** - NH Dept. of Transp., **NHVT** - NH & VT RR, **NNEPRA** - Northern New England Passenger Rail Authority, **NSDOT** - Nova Scotia Depart. of Transp, **PW** - Providence & Worcester RR, **SLQ** - St.Lawrence & Atlantic RR (Québec), **SLR** - St.Lawrence&Atlantic RR, **SRP** - Safe Handling Railroad (coastal Maine), **VAOT** - Vermont Agency of Transportation, **VRS** - Vermont Rail System (Green Mt. + Vermont Ry + Clarendon&Pittsford)
THESE ARE BACKING THE BAR’S MOTION TO DISMISS THE BANKRUPTCY PETITION

1. Compass Rail, by Mark Maymar, vice-president
2. Denco Enterprises, by David E. Nassif, president
3. Engelhard Corporation, by Vincent P. Szeligo
4. First Financial Resources (current parent company of Hulcher Services, Inc.) by Byron L. Hart, vice-president.
5. First Union Rail, by Richard Seymour, vice-president - sales.
6. Irving Oil Corporation, by James A. Morgan, credit manager
8. Mid America Rail Consultants, by Larry Hicks, president.

THE SHIPPERS SUPPORTING THE MOTION TO DISMISS CONSTITUTE MORE THAN 50% OF BAR TRAFFIC.

15. Blue Seal Feeds by W.E. Whitney, transportation manager.
16. Fraser Papers, by Austin Durant, vice-president materials management.
17. GAC Chemical, by David Colter, executive vice-president and CFO.¹
18. Great Northern Paper, by Dana Burleigh, manager, transportation.
21. Sprague Energy, by Robert Blanchard, vice-president.²

From the BAR submission on 12 September to the Bankruptcy Court

¹ GAC is also an unsecured creditor of BAR.
² Sprague is also an unsecured creditor of BAR
- Freight trains run at 60 miles an hour. Heller noted that trains run from Toronto to Moncton in 23 hours. [This means that even though a Saint John-Montréal train runs 136 miles more, if it runs at 50 it does the route in 13 hours, versus 40 miles per hour on CDAC or 14 hours. So speed, as well as grades—see 18 September issue, Yocum comment on page 3—can overcome distance.]

- The route is heavily used, with six trains a day in each direction (one domestic intermodal, two ocean intermodals, one merchandise train, and two others).

- Trains run in scheduled service. \{ANR&P interview\}

**CONEG**

19 September, DC. **CONEG HAS SHIFTED ITS EFFORT ON RAIL.** Anne Stubbs, executive director of the Coalition of Northeastern Governors, said the interim draft on how states might work together on a regional rail network will remain an interim, unreleased draft [see 30 January].

CONEG is now “monitoring national developments which would affect the source and level of federal for intercity passenger rail. In terms of Boston to Montréal, we’re now watching funds for that corridor....

“We’re very much involved, but instead of looking at planning, CONEG is watching policy and funding.” \{ANR&P discussion 19.Sep.01\}

**GUILFORD RAIL SYSTEM**

24 September. **THE RAILROAD IS OFFERING RAIL WELDING** to ‘third parties’, according to an advertisement in this month’s Railway Age. The offering includes an electric flash rail welding facility at North Billerica, Massachusetts and a welded rail train to transport and deliver welded rail to sites. Contact GRS Engineer of Materials and Welding Phil Corder at 978-663-6917.

**MAINE**

**MAINE DOT**

September 20, Bangor. **MDOT SHOULD LOOK AT EXPANDING PASSENGER RAIL TO BANGOR**, according to a unanimous vote of Regional Transportation Advisory Committee (RTAC) 3, the DOT’s citizen/local official advisory group in the Bangor area. The vote supported the Maine Rail Passenger Corridor Committee (MRPCC) recommendation to include a look at rail passenger service to Bangor in its next six-year and 20-year Strategic Passenger Transportation Plans.

The committee was briefed by Jack Sutton of Belgrade, chair of the MRPCC, an ad hoc group of RTAC members stretching from Brunswick to Bangor, which wants: Amtrak service extended from Portland to Brunswick (as already outlined in DOT plans); an updating of the state’s strategic passenger maps to identify the Brunswick-Augusta-Waterville-Bangor rail corridor as a future passenger route linking southern and northern Maine; appropriate actions with respect to state-owned route segments (Brunswick-East Augusta); and communications with private and public interests aimed at preserving the corridor.

Sutton explained several reasons why the so-called Lower Road route was chosen rather than Guilford Rail’s main line between Portland and Waterville via Lewiston-Auburn. The Lower Road would interfere less with Guilford’s main freight line; Amtrak, in planning routes, prefers to include those which serve state capitals; and MDOT already plans to eventually expand service to Brunswick, making the Lower Road a natural extension. Sutton cautioned that any eventual extension of passenger rail in Maine depended heavily on the success of Boston-Portland service.

RTAC 3 becomes the second RTAC to endorse the MPRCC’s ideas following passage by RTAC 5 in the Brunswick area. Passage by the Augusta-Waterville area RTAC is pending. \{ANR&P correspondent Fred Hirsch coverage; he belongs to both RTAC 3 and the MPRCC\}

**CALAIS BRANCH**

21 September, Calais. **THE EASTERN MAINE RAILROAD DEVELOPMENT COMMISSION** met here. Skip Rogers of Federal Marine, the chair, said later that the committee discussed seeking rail restoration in segments for the Calais branch. While it would not give up on complete restoration, “in the short term, what is the priority, what will the costs be, and what should the committee seek?” Its next meeting will occur in Augusta on 19 October with Rob Elder, head of MDOT’s Office of Freight Transportation.

Rogers repeated that Eastport growth seems to lie in bulk, but the port will never get bulk if it does not have rail [see GRS Woodland branch]. He discussed this with gubernatorial candidate John Baldacci during the Port Days 7-8 September, but was not satisfied with the response.

**Eastport, not Searsport!**

Noting that MDOT was about to sink tens of millions of dollars into Searsport piers and dredging [see 31 August issue] and more, perhaps, in buying CDAC, Rogers said that made no sense when he already had deep water, no dredging needed, and brand new piers in Eastport. “All we need is a rail line.” \{ANR&P discussion 24.Sep.2001\}

**GRS Woodland branch**

24 September, Woodland. **HOW DID GEORGIA PACIFIC AND DOMTAR DIVIDE UP THE RAIL SERVICE**, when Domtar bought the pulp and paper mills here? Gaile Nicholson, Domtar spokesperson, answered:
Rail line from Calais. At some point in the past, Georgia Pacific leased this long-term from the Maine Central Railroad, and then hired GRS to operate the line. Domtar took over the lease from GP.

Fee for use of NBSR. When CP pulled out of New Brunswick in early 1995, GP agreed to pay NBSR $800,000/year for ten years in addition to the normal car fee. GP used about 4,000 carloads a year in 1999 [see 16 July 1999 issue]. Domtar has assumed the entire agreement.

Rail service. GRS continues to serve the pulp and the paper mill, as well as the two remaining GP mills: the oriented strand board facility (not much rail) and the chip-n-saw mill (has not run since June 2000). {ANR&P discussion 24.Sep.2001 with Nicholson and GP official}

25 September, Barin. A LOCAL COMPANY PLANS A TRANSLOAD WAREHOUSE HERE. Brad Prout, one of the principals of Bluebird Transportation and Warehouse, said it had a purchase agreement for a site near the Calais border on the GRS-operated rail line, where it plans a 100,000SF building with a rail spur. [An earlier proposal for a transload here did not pan out–see 99#08.]

The company wanted to serve the Port of Eastport, according to Prout, and possibly the Canadian provinces as well. The facility should “help Eastport sell itself as a receiving port.”

It will have a hopper to unload bulk from rail cars. But Prout thought he could handle inbound bulk as well. The access to loading and unloading facilities should help the local economy.

Rogers response: “Would I be interested? Yes, of course, it would make it economic to attract cargo.”

More on Bluebird
A prominent local trucking company, Bluebird owns two warehouses in Jonesboro totalling 33,000SF, a 40,000SF existing warehouse in Baring, and a 33,000SF cold storage facility. Connor Brothers, Domtar, and blueberry companies use the facilities.

It also operates the Bluebird Ranch Restaurant in Machias on Route One–doing well in competition with Helen’s. {ANR&P discussion 6.Sep.2001 Skip Rogers}

MASSACHUSETTS

CSXT
7 September, Hollis. THE STB PERMITTED TRAIL EFFORTS TO GO FORWARD on the line south of Framingham which CSXT proposes to abandon [see 14 August issue]. It this day permitted investigation of the historic structures on the line before abandonment. {STB Docket No. AB-565 (Sub-No. 2X). decided 7 September, served 10 September 2001}

GUILFORD RAIL SYSTEM
19 September, Ayer. HOW DID NORFOLK SOUTHERN WIN THE K LINE BUSINESS FROM CSXT? A K Line transportation executive explained that K Line has moved its New England mini-landbridge three times in the last ten years.

At the beginning of the 1990s, the traffic was moving to Worcester terminals on CSXT. In 1993-1994, K Line opened up the contract with the railway and the terminals for new bids. It awarded the contracts to the Massachusetts Central Railroad

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<tr>
<th>Destination</th>
<th>Transit time from Auburn</th>
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<td>Montréal</td>
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<td>Mexico</td>
<td>8-10 days</td>
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The expansion
The facility has added 18 acres to become a 35-acre site, capable of handling 40,000 containers a year. The company has created separate trailer and container laydown areas, with the container area closer to the rail spurs, so the packer has a shorter distance to travel. The site also has an enclosed space which can serve as an in-bond facility.

Customs clearance
The morning of the opening, Emons officials met with the governor and the Congressional delegation to ask US Customs to create a customs clearance office at Auburn. Robert Grossman, Emons chair, said the meeting went well and he hoped that soon receivers could clear customs at the intermodal terminal. At this point, containers must be drayed to Portland for clearance there. {ANR&P coverage, SLR fact sheet}
facility in Palmer, then operated by Kelloway Intermodal.

The executive explained that K Line liked the cost savings, but also the different location. “Everyone was going to Worcester. We decided that to be innovative was even more important.”

In 1999, the carrier opened up the contract with the terminal and the railroads again. It became an economic issue, “and we went back to Worcester.”

What happened in 2001
This time around, when K Line opened its contracts, “NS guaranteed the line haul” meaning it promised the same times as CSXT was delivering to Worcester, about 72 hours. The railroad showed K Line it had the business plan and volume to provide 90-95% reliability.

“Kelloway guaranteed the service,” the same company which once moved K Line boxes at the Palmer terminal. The executive believed that roughly the same volumes–about 6000 boxes loaded and empty–would be handled at Ayer as were once handled in Palmer [see 18 September 2001 issue].

Other contracts as well
K Line contracts not only for Ayer, but for Ohio as well, were up for review. That left CSXI with “much less than 10% of K Line business in the east.” The service changed over to NS in different states in a three-month span.

How goes the service?
The executive said the new service to Ayer was going well, “so far, so good,” taking about eight days, the same travel time from the West coast as to Worcester. It does have some backhaul, but lower, “much lower” revenue traffic such as scrap paper. {ANR&P discussion 19.Sep.01}

According to Steve Rubin, vice president of liner operations, the carrier operates nine eastbound double-stack trains a week and four weekly westbound trains to and from 38 major hub points in North America. This service is complemented by K Line use of railroads’ daily intermodal trains.

Rubin stressed that the number of trains “is in constant flux” as the line changes strings and sailings. “We purchase our own train; the railroad guarantees a certain number of slots and a certain schedule. But sometimes ships will miss the train, or containers will get caught in customs. Then we’ll let our train go, and use the regular railroad train.”

All-water traffic growing
Rubin declined to state a volume for K Line traffic east of the Mississippi, but noted that mini-land bridge was suffering because of an increase in all-water traffic. “The Panama offerings by all lines have increased” and taken more of the total market.

NS gets CSXI traffic
Until this summer, NS handled all K Line traffic east of the Mississippi except trains to Ohio and New England. After the contracts were open for negotiation, NS had won the Ohio and New England traffic as well [see story].

Rubin noted that the Conrail split did generate some competition. “The New England service is the best example of this” and the New York area is another. Conrail once had a virtual monopoly into New England and New York. {ANR&P discussion 25.Sep.01}

4 September, Boston. GRS REFILED TO ABANDON THE MYSTIC WHARF BRANCH. ‘Any interested person may file with the Board written comments concerning the proposed abandonment or protests (including the protestant’s entire opposition case) by October 19, 2001.’ [Massport wanted to keep the line–see 31 August issue]...Applicant's reply to any opposition statements and its response to trail use requests must be filed by November 2, 2001. A final decision will be issued by December 21, 2001. See 49 CFR 1152.26(a)....

‘An offer of financial assistance (OFA) for continued rail service under 49 U.S.C. 10904 [is] due 120 days after the application is filed or 10 days after the application is granted by the Board, whichever occurs sooner....

‘The line sought to be abandoned will be available for subsidy or sale for continued rail use, if the Board decides to permit the abandonment....Each OFA must be accompanied by a $1,000 filing fee.’ STB Docket No. AB-32 (Sub-No. 92) decided 17 September 2001, service date 24 September 2001}

US Gypsum
On 25 June, the only customer on the branch filed for reorganization under Chapter 11 of the US Bankruptcy Code, because of asbestos liability. Operations continued as usual. {www.usg.com}

K LINE
K Line, or as it calls itself, “K” Line, for Kawasaki Kisen Kaisha, Limited is a worldwide integrated transportation enterprise. It occupies a significant place in the Trans-Pacific and North American cargo trade, operating 26 liner routes with 225 vessels between the Far East and Europe, Central and South America, Australia, Africa and North America. K Line owns more than 70,000 containers, comprised of every size and description, including refrigerated and garment-on-hanger containers.

Mini-landbridge
K Line links the entire Pacific Rim with North America and Europe. Multiple weekly fixed-day sailings between the Pacific Northwest and Southwest and the Pacific Rim as well as weekly fixed day sailings between Europe and the United States East coast offer direct connections to K Line’s exclusive double stack train service covering the United States, Canada and Mexico. {www.kline.com}
24 September, Ayer. **UPDATE ON THE STATUS OF THE US DISTRICT COURT CASE ON THE PROPOSED AUTO FACILITY.**

9 May Judge asks parties to file briefs by 1 June on STB decision [see 18 May issue].

22 May All parties ask judge to suspend order pending further STB action, because Ayer asked the STB to reconsider its action.

4 June Judge orders Guilford to maintain the status quo at its site.

12 June GRS motion to vacate 4 June order denied.

19 June GRS motion to stay 4 June order denied.

10 July US Court of Appeals for 1st Circuit denies GRS request for stay pending appeal.

22 August Court of Appeals vacates 4 & 12 June orders and remands.

13 Sept. Both sides ask for a clarification of Court of Appeals ruling.

Jocelyn M. Sedney, counsel for Ayer, explained that the Court of Appeals apparently thought the STB action was completed, while in fact Ayer’s request for reconsideration is still pending. {ANR&P discussion 25.Sep.01; PACER website}

### NEW HAMPSHIRE

#### NHVT/NEW HAMPSHIRE CENTRAL

31 August. **THE STB GAVE NOTICE THAT NHCR WAS ASSUMING COMMON CARRIER OBLIGATION:**

New Hampshire Central Railroad, Inc. (NHCR), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to operate approximately 36.1 miles of certain rail lines owned by the State of New Hampshire by and through the New Hampshire Department of Transportation (NHDOT). (1) The subject lines consist of railroad lines lying in Grafton and Coos Counties, NH, comprising a portion of railroad rights-of-way known as the Berlin Branch and Groveton Branch as follows: (a) from milepost 113.0 in Littleton, NH, to milepost 125.0 in Whitefield, NH; (b) from milepost 125.0 in Whitefield to milepost 130.9 in Jefferson (Waumbec Junction), NH; and (c) from milepost 130.9 in Jefferson (Waumbec Junction), to a point in Groveton (Northumberland), NH, at the Whistle Post located south of the West Street crossing, that point being the point of intersection with tracks of the St. Lawrence & Atlantic Railroad Company.

{STB Finance Docket No. 34084, decided 30.Aug.01; service date 10.Sept.01}

### VERMONT

#### BANGOR & AROOSTOOK

25 September, Northeast Kingdom. **VAOT IS ‘PREPARING TO DO THE APPRAISAL ON THE PROPERTY’** of the Northern Vermont Railroad, which Iron Road wants to sell [see 18 September issue]. It ‘will proceed with the purchase arrangements once the railroad’ and AOT have each completed an appraisal. ‘There are no plans set yet for the rebid.’ {e-mail to ANR&P from Charlie Miller, head of the Rail Division}

#### NEW ENGLAND CENTRAL

25 September, Essex Junction. **THE RAILROAD WILL PERMIT COMUTTER TRAINS** from Burlington to this town. Charlie Miller, head of AOT’s Rail Division, wrote: ‘Rail America is really not interested in selling the line to the State at this time but is willing to allow Commuter Rail to operate over the line (with needed improvements). The process is moving forward with the [Chittenden County Metropolitan Planning Organization, which has the lead for the project] holding a public meeting tonight to discuss the preferred alternative supplied by

Traffic

On 24 September, Ed Jeffrey, principal of the railroad, while attending the Auburn ceremony [see Maine], said an inspection train had run on 20 September, with NHDOT’s Kit Morgan, Jim Marshall, Bill Boudreau, and John Robinson.

He expected the first traffic to come from Presby Environmental, a producer of septic system inserts from recycled plastic, at the Whitefield Eco-Industrial Park [see 15 June issue].

Commonwealth Lumber (wood treatment), now under new owner Land and Sea, will also provide more traffic. It will begin transloading from Whitefield, some five miles away, rather than transload from the SLR in Groveton [see 8 January 1998 issue]. In 1997 it had planned a rail spur to a facility in Bethlehem [see 4 December 1997], and Jeffrey expected the company to build a spur there next spring. {ANR&P interview}

Jim Cross, a member of the Whitefield Planning Group, updated his discussion of other rail customers [see 15 June issue]. An industry-grade wood pellet plant could be on line in less than a year, as it is a relatively mature technology [see CCRR customer in 18 September issue]. The liquid biofuel will take more than a year. The fibreboard plant was deemed ‘not timely’ by the New Hampshire Department of Resources and Economic Development. Whitefield Power and Light, a woodchip-burning plant and not a rail user, is now for sale and the Planning Group is helping a local group of investors to buy it.

Rail access

While the park does not now have a spur, an active rail line runs along its border, Cross said. {ANR&P discussion 24.Sep.01}
AOT is paying for a power switch here because, Miller wrote: The train is delayed by the manual switching that disrupts traffic through the "five corners" intersection. {e-mail to ANR&P}

VERMONT RAIL SYSTEM

15 March 2001, Montpelier. THE US DISTRICT COURT DISMISSED OMYA’S CLAIM that Act 250 violated the supremacy clause, the commerce clause, the equal protection clause, and the due process clause of the US Constitution. OMYA wants to increase its truck traffic beyond the limits set under Act 250.

The Court granted the state’s 5 September 2000 motion to dismiss under Rule of Court 12(b)6 for failure to state a claim under which relief could be granted. 49 USC 14501(c) limits state authority to regulate price, route, or service of motor carriers. The Court found that Act 250 was not a transportation regulation, but a land use statute, and burdens on interstate commerce are incidental. {text of opinion} [See 30 January issue for background.]

25 June, Boston. OMYA APPEALED TO THE US COURT OF APPEALS for the Second Circuit, which sits in New York City to cover Vermont. Number: 01-7445.

The Court of Appeals scheduled argument no earlier than the first week of October. {RACER website for Vermont District Court–unfortunately RACER does not cover the Second Circuit}

3 August, Montpelier. GMRC ASKED THE COURT TO REFER THE ROCKINGHAM MATTER TO THE STB. The state opposed the referral [concerning whether it can regulate the rail business at the Rockingham Industrial Park–see 31 July issue]. At the same time, Vermont is proceeding with its motion to dismiss the case, or to abstain, based in part on this same Court’s OMYA ruling in March that Act 250 does not violate federal law. {RACER website]

Dates
At this point, with both motions fully briefed, the parties will await the judge’s decision. Rebecca Ellis, the assistant attorney general on the case, believed that a decision would probably require at least two months. {ANR&P discussion 19.Sep.01} [The judge in the OMYA motion to dismiss case above got the last brief on 26 October 2000, and issued his decision on 15 March 2001. Editor]