REGIONAL ISSUES

**PW:** Notes from the annual meeting on coal, autos, financials, Wethersfield Secondary, haulage to New York, Amtrak, Class I mergers, New Haven subsidy.

**B&A:** Sale still pending, cash situation, GWI showing interest, sale procedure. [No change from e-bulletin.]

**Amtrak:** Mail and express. [Correction from e-bulletin.]

**Guilford:** Layoffs.

**CONNECTICUT**

**CNZR:** Contractor of the year award to Belliveau.

**CSO:** Suffield embargo. 286 and paper barriers.

**MAINE**

**Legislature:** Limits power of railroads to prevent utilities from crossing their lines.

**BAR:** No new potato plants.

**Calais branch:** MDOT proposes to lift a section for a trail. Adverse reaction.

**MASSACHUSETTS**

**Intermodal:** PW traffic and aims.

**HRRC:** STB sets price for CSXT stub purchase. [No change from e-bulletin.]

**MCER:** Finger Lakes assumes operation. Bids due 1 May.

**NEW HAMPSHIRE**

**CCRR:** Lafarge traffic arrives in West Lebanon.

**CSRX:** DeAngelis let go, Pike hired.

**NHN:** Farmington customer too far.

**RHODE ISLAND**

**PW:** One current and one new debris shipper.

**VERMONT**

**Lamoille Valley:** Preservation uncertain despite local endorsement.

**Maritime/Quebec**

**CBNS:** Files to abandon Cape Breton line.

**QSR:** Interchange with CN closed briefly. Court protection due to expire. Giguere interested.

**Halifax:** Halifax lifts down, income up.

**Sydney:** PEV leases Sysco pier. Plans to transload coal.

**PEOPLE, POSITIONS, EVENTS**

Burt Russell, John Didier, Paul Crawford.

**FROM THE PUBLISHER**

A fascinating experience

While on holiday in the funky town of Belfast, Maine, my wife and I were invited by subscriber John Worth for a trip on one of his tugboats. Literally in the middle of the night, we went out into Penobscot Bay to bring in a 900-foot ship to Mack Point. Routine for John and his polite crew and partner, but for us: never to be forgotten.

And others

Trips to Saint John, Worcester, and Newport revealed a variety of rail-served businesses. Readers will find descriptions of some of them in this and future issues. Nothing like actually seeing the Pond View facility [see Rhode Island] to start a story going.

- Chop Hardenbergh

Next issue: 17 May
REGIONAL ISSUES

PROVIDENCE & WORCESTER
24 April, Worcester. NOTES FROM THE ANNUAL MEETING OF SHAREHOLDERS. Chair Robert Eder led the way through the formal part of the meeting (re-election of directors, etc) in ten minutes, and then conducted a ‘shareholder assembly’ for discussion of issues.

Last year’s dissidents
Dissident shareholders last year wanted the railroad to sell itself, or buy back stock, or in other ways seek to raise the price of the stock [see 1 May 2001 issue]. Eder said, “We were wise that we did not follow that suggestion,” referring to disasters for shareholders which occurred recently: Enron, Global Communications, Williams.

Buying other railroads
In response to a question, Eder stated: “If we approach other railroads, we will pay too much. We wait for them to approach us.”

Operating Amtrak
Eder said the Company had met with the group seriously looking at privatizing Amtrak, which includes an “international engineering group. We told them that we were interested in Amtrak east of Penn Station.”

Class I mergers
Eder predicted that UP and BNSF would each take over one of the eastern carriers, and CN would take over CP, leaving three cross-country carriers.

Trackage rights to Long Island
The railroad’s director of marketing and sales, Frank Rogers, told the meeting that CSXT is still moving 10-15 cars a month for PW on PW’s haulage rights between Connecticut and Long Island. PW is working with US Representative Jerrold Nadler’s East of Hudson Task Force to get CSXT to permit PW to run the traffic in its own trains, or improve service. Rogers said CSXT service now goes from New Haven via CSO to Springfield, over to Selkirk, then down the east side of the Hudson. If CSXT provided daily service along the Northeast Corridor between New Haven and New York, he could improve the traffic. Now, CSXT runs switchers New York to Darien, and New Haven west to Bridgeport, but they don’t meet.

“‘They’re losing money on the haulage now, but just want to keep us out,’” Rogers commented afterward.

New Haven rail subsidy
The Port of New Haven provides 500 jobs, said Rogers. “We’re getting somewhere on keeping the subsidy [see 29 March issue],” he told the meeting [see 29 March issue]. “Gateway and Logistec have taken the issue to their representatives. I think we’ll have it until the rail goes back” down Waterfront Street.

Intermodal traffic
[See Massachusetts.]

Financials
One shareholder asked about improving the stock price, currently about $10. He noted that the book value came to about $16/share, and that the South Quay development could provide another $5/share. He also noted that the directors of the company did not hold many shares, and asked whether a stock analyst was following PW.

Eder replied that for an analyst, “there’s not enough flow. Nobody wants to follow the stock.” As for directors, “we pick them on their capability, each has her or his own option to invest.”

One director, Richard Anderson of Massachusetts Capital Resources, said his company had a large position in the stock. He praised management for looking at the long term, which will show “much more value in the stock.” He did not favor stock buyback programs.

Interchange
Harrold said PW traffic, via CSXT, reaches NS in 24-36 hours. Frank Rogers told the meeting that ten years ago, 90% was interchanged with Conrail, Now, 60% of the traffic goes to CSXT, 40% to CP (via haulage), NECR, GRS, and CN (via NECR). “We have our largest growth with CN.”

Amtrak arbitration
The Annual Report noted that PW is disputing an Amtrak claim for rate increases on its track. The dispute, worth a few million dollars, has gone to arbitration. Eder said he expected a decision in the “next several months.”

The coal move
President Orville Harrold described the coal move going on. “There’s now a 25,000-ton ship unloading coal in the Port of Providence, and we are hauling it to Mt.Tom in Holyoke. We did 52 cars last night, we’ll do another 52 tonight, and we will run three more trains. This is not steady traffic, though, it’s still hit and miss.

“In the autumn, another ship will come from China, bringing 50,000 tons.” Whether the ship would call New Haven or Providence was still not determined.

Wethersfield Secondary
Harrold pronounced this work done. The state had paid for two-thirds, the railroad one-third, of the cost. “We are now hoping for customers.” [See Connecticut.]
Clearances to Rhode Island
Harrold said: “We now have Phase I double-stack [19’6’’, enough for mixed doublestack or tri-level auto carriers, as compared with Phase II of 20’6’’ inches which will carry two domestic doublestack containers each 9’6’’ high. Editor] between Worcester and the South Quay, and to our interchange in Central Falls with Amtrak.

“The freight rail improvement project [FRIP] from Central Falls to Davisville is supposed to provide Phase I, according to the governor, by the end of next year, but in reality it’s a few years down the road.”

Auto traffic
“We hope for auto traffic at Davisville, autos are lucrative traffic [right after the meeting I witnessed a 46-car unit auto train moving through Union Station enroute to the Ford auto facility on GRS in Ayer. Editor]. Volkswagen decided to move to Davisville [from Charlestown–see Rhode Island in 12 April issue] in part because we could provide rail service. Right now, Ford uses a facility in Ayer, Chrysler in Westboro, and General Motors in Framingham.”

South Quay
Robert Eder explained the decision to seek commercial development for this former industrial site. “In 1973, when we bought it, the South Quay represented the only port with which we had connections. Now, we have Providence, Quoosnet Point/Davisville (QPD), and New Haven. QPD is much larger.” PW owns 33 acres between the track and the river, and 13 on the land side of the tracks. ChevronTexaco owns the parcel to the east. The two companies are splitting equally the cost of initial studies on developing the property.

PW is taking the lead in developing the land, but is willing to sell also, said Eder. The next step requires the construction of a road.

Dredging material for the South Quay
The Annual Report notes that PW was asked to accept up to 350,000 cubic yards of dredged material on the South Quay. Tanona later noted that the company is working out an agreement with the Corps of Engineers and the state. Eder said PW would neither pay for, nor receive money to obtain, the fill. It would consist of clean materials dug out of the riverbed to provide a vault into which contaminated material from the dredging would go. The quay would thereby be raised from the current 14 to 16 feet above water level to 18 feet. Dredging will begin in autumn 2002.

Autos to the South Quay
The Annual Report states: ‘The Company is considering a proposal to develop the site to provide freight service for the transport of automobiles along the Company’s Main Line to and from East Providence, pending the development of the Quoosnet Point-Davisville Industrial Park.’

Neither the dredging material nor the commercial development possibility will block the possible auto use, said Eder in response to a question.”The water is deep enough for an auto port at thirty feet. Scott Conti [PW’s vice-president for engineering] is working on a plan for temporary auto use.”

Award
Bill Radcliffe of the Providence and Worcester Railfan Club gave Harrold and Eder each a framed photograph of the club’s caboose (donated by PW) in appreciation of 25 years of railroad cooperation with the 50-member club. {ANR&P coverage}

**BANGOR & AROOSTOOK**

22-25 April, northern Maine. **GWI OFFICIALS HY-RAILED THE BAR LINE**, including President Charlie Marshall. Jim Howard, BAR trustee, explained later that GWI had requested updated financial information on the railroad, and the opportunity to hy-rail. “We asked them [before the hy-rail] if they were going to make a proposal, and they said probably not. They know that we continue to negotiate with Ed Burkhardt.” {ANR&P discussion 29.Apr.02}

29 April, Boston. **THE PROCESS OF SELLING THE RAILROAD IN BANKRUPTCY** was explained by Trustee Jim Howard. Immediately after the owners have agreed with the Burkhardt consortium (“I continue to maintain that we’re very close to a deal,” he said), Howard will file a motion with the court requesting approval of the sale, and a request for a procedural order outlining how other parties may make an offer for the property.

[Under bankruptcy law, the trustee may sell (a ‘section 363 sale’) the railroad only with notice and an opportunity to be heard. Anyone with a property interest in the railroad is entitled to adequate protection. Michael J. Herbert, Understanding Bankruptcy section 9.03(C).]

Howard anticipated that the order on other offers would issue right after he files his motion for it, and that the hearing on whether to permit the sale would occur within 30 to 60 days after he files his motion. Generally but not always, the procedural order states that any other offers submitted to the court must state a price higher than the original offer. The judge then decides which offer to accept. [So...perhaps GWI will make a separate offer? Marshall declined comment. Editor]

**The cash situation**
According to an annual budget filed with the Bankruptcy Court on 22 February, railroad revenues come to over $3 million per month, and operating expenses slightly more than that in most months, so that the railroad will have an operating shortfall of $1.97 million at the end of 2002. Added to that, the company needs $663,000 for capital expenditures [presumably maintenance - editor] and $898,000 in capital leases, for a total 2002 shortfall of about $3.5 million.

Howard said the company had cash to cover the shortfall for some of the year, but not all of it. Hence he is preparing a motion
for debtor-in-possession financing. “This will provide an insurance policy to draw on if we have cash problems caused by an unforeseen event such as a big derailment, or timing swings unanticipated. I hope we don’t have to use it.”

After the sale
Once the company has banked the funds from selling the actual railroad, Howard will draft a plan for disbursement of the proceeds among the creditors. “The plan is not integrated with the sale.” [This resembles the pre-bankruptcy plan. See 24 October 2001 issue et seq.] {ANR&P discussion 29.Apr.02}

AMTRAK MAIL & EXPRESS
18 March, Springfield MA. THE VERMONTER BEGAN HAULING ADDITIONAL MAIL from Philadelphia, thus altering its schedule very slightly as of this date. Mail originates in DC and Philadelphia and terminates in New York City.

Rich Slattery, Amtrak senior director - rail and state policy, said the additional revenue for the train did not redound to Vermont's benefit. "The state does not benefit from the revenue, nor does it pay for the cost of the traffic south of Vermont."

Express
Springfield formerly handled express traffic. Slattery explained that express now terminated and originated in Albany-Rensselaer on the Lake Shore Limited. {ANR&P discussion 18.Apr.02}

GUILFORD RAIL SYSTEM
2 April. THE RAILROAD LAID OFF UP TO 200 WORKERS, citing lower traffic. Workers report management referring to a budget crunch, and layoffs in the sales, mechanical, and dispatching departments.

One worker stated that he knew first-hand that Pan Am owed the railroad over $25.5 million. Despite the problems, he said, ‘I don’t want to work for NS or CSX they both have worse working conditions than us.’ {e-mails to ANR&P}

A short line operator said his service turned bad after the layoffs. “It was going well until then.” {ANR&P discussion}

CONNECTICUT SOUTHERN
12 April, Suffield. CSO WAS FORCED TO EMBARGO TRAFFIC to the Laureno Stevenson Lumber Company here, after a bridge finally proved inadequate. Mark Bromirski, CSO marketing and sales, explained that over a year ago, repairs to a local street caused the bridge to sink. “We’ve tried to get other people to pay for the repairs” and the lawyers are working on that. Up until now, trains could creep across the bridge. The lumber company receives 80-100 carloads a year. {ANR&P discussion 2.May.2002; Embargo No.1-2002 on AAR CS #36}

2 May. THE RAILROAD HAS WEIGHT AND PAPER PROBLEMS. According to Bromirski, CSO has potential traffic on 286,000-pound cars, particularly for Anastasio in New Haven [see 29 March issue], which Amtrak will not permit on the Springfield-New Haven line without significant track upgrades. “They’ll permit 263,000 pounds now.”

Paper barriers
Now that PW has connected the Wethersfield Secondary to CSO in Hartford [see Regional], the paper barrier erected when Conrail sold the trackage rights on the Springfield-Hartford line to RailTex has come into play. Bromirski echoed Rogers [see 29 March issue]: if the traffic could have moved via CSXT, a significant penalty is charged if it moves via PW. The parties are working on this barrier right now. {ANR&P discussion 2.May.2002}

MAINE
LEGISLATURE
3 April. THE LEGISLATURE GAVE UTILITIES EMINENT DOMAIN TO CROSS RAILROAD RIGHTS OF WAY, under a bill sponsored by Chris Hall (D, Bristol) and signed by the governor this day. The summary of bill LD 1973 stated: ‘Traditionally, railroads in the State have issued licenses rather than deeded easements to public utilities to permit them to place lines across railroad rights-of-way. When a railroad company abandons or transfers its rights to another party, the utility may lose its license for its structures across those rights-of-way. This bill establishes that utilities would retain the same rights when a railroad is abandoned as when a public way is abandoned.

‘The bill also clarifies that electric utilities can take necessary rights to cross railroad property unless the crossing would interfere with rail operations and clarifies the approach for determining the value of the land or easements.’

Explanation
CMP approached Hall. According to a spokesperson for Central
Maine Power, David Allen, CMP was concerned with how to negotiate with railroads which were not required to negotiate. If a railroad wanted to cross a utility line, Allen pointed out, it would have eminent domain, but the converse was not true.

Representative Richard Crabtree (R, Hope), a retired former CMP chief financial officer of Central Maine Power, gave his colleagues on the Utilities and Energy Committee graphic examples of how Guilford, in particular, would often simply refuse to negotiate with the utility. The committee heard that one major transmission line project was cancelled because Guilford would only grant a licence revocable at will, making it impossible to finance the project.

While past Maine law provided for utilities to appeal to the Public Utilities Commission, it did not state what remedies the PUC could impose. As a result, no utility ever sought PUC intervention, assuming it would simply trigger further litigation.

Statutory framework
Under Title 35-A, section 3136, public utilities in the state have the right of eminent domain except over ‘lands or easements owned or used by railroad corporations.’

Bill 1973 amended that section so that public utilities now have eminent domain except under one condition. It now reads ‘D. Lands or easements owned or used by railroad corporations if the proposed or existing utility structures would substantially interfere with the provision of railroad services over existing railroad lines.’ (Underlined language added.)

The bill also added a new subsection: ‘5. Railroad ownership; value. The value of land or easements owned or used by railroad corporations that are not excluded from eminent domain rights by operation of subsection 2, paragraph D and that are taken under this section is the difference between the value before and after the taking of the parcel from which the land or easement was taken.’

Effect of bill
Prior to the enactment of the bill, CMP and other utilities had to negotiate with railroads for the price of an license to cross the right-of-way, since they could not exercise eminent domain. Under the new language, CMP may apply to the PUC for the right to use eminent domain if it cannot reach a reasonable price for the license.

Guilford resistance
Allen remarked that all the railroads testified against the initial version of the bill, which was subsequently modified. During the legislative deliberation on the bill, Guilford lobbied hard against it. {ANR&P discussion 22.Apr.02; text from legislative website}

PLANT CONSTRUCTION ON HOLD. McCain USA had planned a second plant, and rival Lamb Weston its first, in Limestone. But those plans have been postponed because the skyrocketing growth hit a plateau, leaving processors with a glut of capacity. Lamb Weston, a subsidiary of ConAgra Foods, relinquished its option to build a french fry plant at Loring Commerce Center [see 24 October 2001 issue]. Lamb Weston would have created another major processor in a state where McCain, the state’s only major french fry maker, buys about 40% of the crop.

Potato crop
Maine grew more potatoes than any other state before World War II but the state has sunk to eighth place today. Acreage peaked in 1946 when more than 23.5 million tons were harvested from 219,000 acres. That dropped to 800,000 tons harvested from 62,000 acres in 2001. Over the past two decades, about 800 potato growers gave up their farms as cheaper potatoes from the West and Canada made it harder for Mainers to compete. Today, Maine has about 400 growers. Half the remaining Maine acreage is devoted to potatoes for fries. {Ann Kim of AP in Mainetoday website}

BAR reaction
Both new plants would use rail. Fred Yocum, BAR president, called the news “disappointing.” {ANR&P discussion 30.Apr.2002}

CALAIS BRANCH
22 April. MDOT SENT A FOUR-PART PLAN FOR THE BRANCH to the Hancock and Washington County legislators this week.

Brewer-Ellsworth. This would carry passenger rail, fitting into the Strategic Passenger Plan. If passenger trains did not look feasible under a current study, this could become a trail.

Ellsworth-Machias. Rail would remain on this section (beginning at Washington Junction), for both freight and passenger traffic. A trail need not run along the rail here, as bicyclists could use the paved shoulders of nearby roads, according to a recent feasibility study.

Machias-Ayers Junction. Melrose proposed to turn this into a trail, seeing few opportunities for freight customers in this area. “[W]e feel we can pull up the track...[and]...we can economically establish a trail on that railbed.” Salvaging the steel on the tracks may be enough to pay for the cost of removing the rails. Putting a surface on the trail would be an extra expense.

Ayers Junction-Calais. This would serve the port of Eastport, via a transload built at either Ayers Junction or Route One in Perry. Revitalization of Eastport depends on restoration of the rails; MDOT planner Fred Michaud said $2 million was reserved for that. [Melrose apparently suggested that this route be run by one carrier. See below.]

BANGOR & AROOSTOOK
22 April, The County. TWO COMPANIES PUT POTATO
Why this plan
The DOT had considered restoring the entire rail and building a trail alongside it, a plan costing an estimated $85 million to $91 million, according to ‘The Downeast Trail Engineering Feasibility Study’ by Rizzo & Associates. However, getting permits for trails with rails would be difficult, Melrose said. Sections of the rail are in marshy, wetland areas and in areas with ledge cuts where there might not be enough room for both uses.

Melrose characterized his proposal as “the best shot at consensus” between trail and rail proponents. The DOT does not have a time frame for the projects.

Next step
DOT now wants to hear opinion from the legislators. Representative Eddie Dugay (D, Cherryfield) has been working on rail issues since he was elected and helped Melrose on the proposal. “It’s premature to put any real, tangible value on that report,” Dugay said. “We really need to wait until January. The dynamics will really change with the next administration.”

{Jennifer Osborn in The Ellsworth American no date given}

Reaction to the freight part
A Bangor Daily News editorial:

[Freight via New Brunswick] is certainly a more roundabout route than going directly from Ayers Junction to Ellsworth and then to Brewer, but mileage is a considerably less significant cost factor in freight rail than it is in freight trucking. The cost driver in rail is handling by multiple carriers; Mr. Melrose’s suggestion to have one carrier provide service on tracks owned by several different companies in two countries will require some deft negotiation but it is doable and will result in the needed efficiencies.

There are two additional issues of concern with this plan. The first is that trade relations with Canada are always shaky; the current fight over lumber makes them downright fragile and the possibility that a better-connected Eastport would take cargo from ports in New Brunswick and Nova Scotia could turn the two border crossings into political pawns. The Melrose plan solves an immediate problem, but the long-term answer is the Ellsworth-Brewer route.

The second concern is domestic. Any rail route from Eastport to the rest of the world will involve the use of tracks owned by Guilford Rail. The federal and state negotiations with Guilford for the re-establishment of passenger rail from Boston to Portland were extremely difficult and the results still unsatisfactory. Delays, uncertainties and unanticipated changes — such as the most recent failure to open a planned Amtrak station in Old Orchard Beach — are, in passenger rail, nuisances. In freight rail they would be unacceptable. Whatever ails the relationship between the state and Guilford must be remedied for this plan to succeed.

Peter Dearness, owner of the New England Southern Railroad and a long-term campaigner for return of rail service to the Calais branch, said the following language from the editorial captured his response:

The part of the Melrose plan that is of questionable value would remove the tracks from Machias to Ayers Junction so the rail bed could be converted to a hike-bike trail. The justification, that this section is remote and offers few freight opportunities, merely describes the current economic condition of Washington County which the track removal would only perpetuate; expecting the investment in restoring this section to provide immediate and sufficient return is a standard not applied to transportation improvements elsewhere in the state and it should not be applied here. This restoration need not be undertaken now, but removing the tracks — even if the right of way is retained — would make their replacement later unlikely.

Further, this section is far from suitable for recreation. It is a narrow swath through dense boggy woods, there are no views or tourist accommodations, the insects are ferocious. Routes 191 and 86 from East Machias to Dennysville run parallel to the tracks, they are scenic roadways running along ridgetops. A recreation trail placed safely along the shoulders would be more appealing for users and profitable for merchants along the way. Upgrading these roads for this purpose would be expensive, but it would improve transportation in the area, create business opportunities and save the cost of tearing up tracks needlessly.

{Bangor Daily News 24.Apr.02}

MASSACHUSETTS

PROVIDENCE & WORCESTER

24 April, Worcester. Comments on intermodal were made by President Orville Harrold and Chair Robert Eder at this day’s annual meeting [see Regional]. Asked if the railroad is considering an intermodal TOFC facility in Rhode Island, Harrold said not. “The mix has changed to containers. There’s not much success with RoadRailers.” Worcester is centrally located. “For us to trundle traffic down to Rhode Island is a losing proposition.”

As for the terminals in Worcester, Assistant General Counsel Marie Angelini told the crowd that the efforts of another company to obtain part of the landfill next to the Wiser Avenue area where Intransit Container Terminals will expand has held up the entire effort. Even though the part ICI wants is already carved out, the city wants to make a complete deal for the former landfill area. “We hope to conclude the deal in the next few months.”

After the meeting, Tanona wrote: ‘PW owns the land under ICI’s Southbridge terminal, while ICI owns the land under the Wiser Avenue terminal. PW is negotiating to purchase the acreage, and will be the party who acquires.’

The traffic to the container terminals has dropped, said Harrold, from a high of 70,000 two years ago in part, because K-
Line moved to Ayer. “That’s beyond our ability to control. We act only as an agent for CSX.” The big railroads make a company-wide contract for carrier services.

Moreover, containers provide only 12% of total revenue. QPD cannot now do container ships. Containers will continue to go to New York/New Jersey because of the draft. Auto traffic provides much higher revenue for the railroad.

Beacon Park

Eder predicted that CSX will move out of its intermodal terminal in Beacon Park within five years. “That will help us.” After the meeting, he predicted that Harvard University, which owns the underlying real estate now, would buy out CSX’s perpetual lease for $40 million to $50 million, money which CSX needs. He believed the Worcester terminals had the space to accommodate the current Beacon Park traffic. {ANR&P coverage; e-mail from Tanona 2.May.02}

HRRC - CSXT

18 April, DC. **THE STB SPLIT THE DIFFERENCE ON THE PRICE FOR THE PITTSFIELD STUB.** after HRRC asked it to set terms and conditions [see 12 April issue].

Price

The STB under applicable law sets the price at the net liquidation value (NLV) for a non-railroad use. ‘Absent detailed evidence supporting the offeror’s estimates and contradicting the carrier’s estimates, we accept the carrier’s estimates in a forced sale context.’

Both parties agreed the NLV of the track and materials came to zero. HRRC’s appraiser reached a value of $23,742 for the land. CSX put it at $450,000. The STB, after detailed, parcel-by-parcel analysis, reached a value of $215,053. [Thus the STB did not merely split the difference, but $215,000 is just south of halfway between the two appraisals. Editor]

Other conditions requested by HRRC

The STB rejected other conditions.

Closing conditions. HRRC requested some conditions differing from the usual Offer of Financial Assistance points.

Choice of segments. ‘We are denying Housatonic’s request that it be afforded a right to choose which segments of the Line it wishes to purchase. Segmentation may be appropriate in an OFA context where it would facilitate continued rail service. Here, however, Housatonic has not identified any traffic or operational considerations that it wishes to take into consideration, nor has it explained why it has not yet been able to determine what portions of the Line it would need in order to provide for continued rail service.’

Incidental Trackage Rights. ‘Housatonic has requested a grant of incidental trackage rights running on the

North Adams Secondary Track from MP 0.59 to MP 0.0, and thence over CSX’s Boston & Albany Main Line from CP 147 to the connection with Housatonic’s Berkshire Line at CP 150. We will not grant this request. The goal of the OFA process is to facilitate the continuation of rail service. The trackage rights sought here are not necessary to meet this goal because traffic on the Line could access other portions of the national rail network, or reach the Line from other portions of the national rail network, other, less intrusive means – here through an interchange with CSX at MP 0.59 on CSX’s North Adams Secondary Track. Of course, if Housatonic proceeds to purchase the Line, the parties will be free to negotiate other arrangements that may find suitable for moving traffic to and from the Line.’

Consideration As Part of Housatonic’s Berkshire Line. ‘Finally, we will not grant Housatonic’s request that we require that the Line be considered a part of Housatonic’s Berkshire Line for traffic and ratemaking purposes. Housatonic has not explained the basis for this request nor has it justified such action on our part.’

Contract option to buy at $11,367

HRRC contended that it succeeded to the 1982 Boston and Maine Corporation contract with CSX predecessor Conrail, under which Conrail granted B&M the right to buy the stub for $11,376, as part of a larger transaction. The STB was not convinced that the contract provision applied here. ‘However, our decision here is without prejudice to Housatonic’s right to seek a determination in an appropriate judicial forum, that as a matter of state contract law, it can now exercise the Agreement’s purchase option and ask the court to order an appropriate adjustment in the price that Housatonic will have paid for the Line.’ {STB Docket No. AB-565 (Sub-No. 3X) service date 19.Apr.02}

HRRC decision

Ed Rodriguez, executive vice-president at HRRC said the railroad had accepted the decision in a notice to STB and CSX on 26 April. Under applicable regulations, the two parties have 90 days to consummate the transaction. HRRC will not pursue the 1982 contract right at this time. {ANR&P discussion 6.May.2002}

MASSACHUSETTS CENTRAL

30 April. **FINGER LAKES HAS NOT BOUGHT THE RAILROAD.** An official with the company explained that “Finger Lakes executed an incentive management contract with MCER to revitalize the company. Ownership remains the same. The railroad needs marketing expertise, hopefully we have it....Our mission is to streamline the company and reduce expenses, but most importantly to grow business.” Finger Lakes is given a “substantial incentive to grow the business.”

On 23 April, Paul Crawford, executive vice-president and chief operating officer, was let go.

Mike Smith of Finger Lakes is handling marketing, communications, public relations, and overseeing operations as well—at least at this point. Gary Hoepner, who has worked as
MCER chief financial officer since 1998, continues to handle accounting, payroll, billing, and the like.

According to the official, “Finger Lakes has reason to want this venture to succeed, and not only because of the financial incentive. I hope we have a reputation to protect too.” [ANR&P discussion 30.Apr.02]

Other parties were also interested
Ed Rodriguez, executive vice-president at HRRC, said his company had also expressed interest in buying MCER. “If Finger Lakes is successful in acquiring MCER, then we will not bid on the Ware River Secondary. We were only interested if we could also acquire the railroad.”

When the railroad was offered for sale in 1999, HRRC looked at it, but found the price too high. [ANR&P discussion 29.Apr.02]

NEW HAMPSHIRE

CLAREMONT CONCORD
7 May, West Lebanon. *THE RAILROAD AND LAFARGE CEMENT WILL HOLD A GRAND OPENING* of the new facility here, the first active customer on this end of the former B&M Northern line in several years.

On 1 May, CCRR President Lori Barnes said her crew had already brought in 14 cement cars. “We’re testing the unloading equipment now, and fine-tuning over the next week.” The cement goes into a 100-ton storage tank aboveground.

The players
Lafarge North America will send in the cement from Canada. Eagle Leaf Transload, formed by CCRR, will run the facility. (Barnes explained the name combined the American eagle and the Canadian maple leaf.) And Carroll Concrete of Newport NH will become the transload’s biggest customer. “They have facilities all over New Hampshire and Vermont.”

Future transload in Claremont
Barnes reported that Eagle Leaf will operate a salt facility for American Rock Salt [currently serving Vermont out of Albany–see 6 December 2001 issue] in Claremont, which will serve New Hampshire and Vermont. [ANR&P discussion 1&2.May.02]

CONWAY SCENIC
2 May. *MAINE TRACK MAINTENANCE TOOK OVER FROM DEANGELIS BROTHERS* to relay the Mountain Division track here [see 15 March issue]. Bruce Knox of Alvin Coleman and Son, the general contractor, said DeAngelis missed the work schedule and he was forced to find a new contractor. “Maine Track Maintenance is on site now. East Coast Signal will handle that part.”

Knox explained that East Coast of Rochester NH has done a major portion of the highway traffic signals in northern New England, and a few railroad crossings. [ANR&P discussion 2.May.2002]

NEW HAMPSHIRE NORTH COAST
30 April, Farmington. *THE RAILROAD HAD AN INQUIRY ABOUT RAIL SERVICE* about a month ago from one of the rubber companies in Farmington, according to NHN Operations Manager Steve Arnold. However, the customer lies at the end of the former branch line. Restoring the track, now a trail, would require $5.4 million, meaning the branch would have to generate a large amount of traffic to make restoration worthwhile.

Kit Morgan of NHDOT noted NHN decided to pull up the track in 1995, and the state bought the right of way.

Arnold said he had no firm line on additional customers at this date. [ANR&P discussions]

RHODE ISLAND

PROVIDENCE & WORCESTER
26 April, East Providence. *PW INSTALLED A SPUR TO A NEW CUSTOMER* this past week: Pond View, to handle demolition and construction debris (“debris”). The facility opened in 1997 to handle debris by truck.

More on Pond View
Ken Foley, president, said on 1 May that his facility chiefly recycles the debris. Some 60% consists of wood, which is chipped on site and sent to Maine as fuel for a generating facility. Another 10% consists of metals, and 20% aggregate (rock, stone, and dirt) and plastics. The last 10%, which cannot now be recycled, is sent to landfills. The new spur will move only landfill material; all recycled material goes out by truck.

Cleaning the material and recycling makes economic sense. When his facility sent “dirty” wood (nails still in it etc) to Maine, he paid the Maine receiver $10/ton, the trucker $15/ton to ship it, and processing it in his facility costs $15/a ton “for anything.” Contractors paid him $45 a ton to take the wood.

Now, his workers clean the wood and chip it; the Maine receiver pays him $22.50 per ton. That improves his margin considerably, though it costs more to clean the wood.

Foley will send out small gondolas of roofing shingles “as early as Monday”, 6 May. He needs more cars to increase his rail shipping, and expects those within 30 days. The debris will go to at least one of several landfills in Ohio by rail [via PW and CSXT—editor].

In contrast to Connecticut [see 12 April issue], Rhode Island does not require enclosed transhipment facilities, but Foley does
use a canopy for truck loading, and will erect a second canopy for the rail loading. “This keeps material from blowing around.”

The facility employs 65 people and, said Foley, has a great relationship with the city. Originally from East Providence, he is proud of the 2001 business recognition award from the East Providence Chamber Commerce.

**Throughput expansion**

According to DEM [see box], Pond View has applied to expand its licensed throughput from 150 tons a day to 500 tons a day. At the same time, according to City Manager Paul Lemont [see 12 April issue], the company is going before the City of East Providence Zoning Board for a variance to change the throughput.

Foley believed that rail transport adds to the application, because Pond View has a better ability to dispose of the material. “Rail is a thing of the future. We hope to be here for a long time. Do it smart, do it right, do what’s right for everyone.”

When he gets the license, Foley expects to send 20% of his inbound material to landfill, because the rail transportation will cost less. That will increase his outbound rail to about one a day, versus one a week now. {ANR&P discussion 1.May.02}

**RHODE ISLAND LICENSING OF DEBRIS FACILITIES**

An official in the Rhode Island Department of Environmental Management, waste management division, said the state had ‘registered’ one facility for rail transfer [Coastal, see text], and Pond View will become a second (Pond View already has a ‘license’ to move debris by truck). “The licensing process is very involved and detailed.” The applicant receives a ‘license’ if moving over 50 tons per day, and a ‘registration’ (no public hearing and notice) if under 50 tons per day.

Several others have licenses or registration to move product by truck. If a company added rail, it should send a notice of amendment to DEM. “We’re happy to see rail,” said the official.

**Pond View example**

The official said the department is now reviewing the Pond View license application. The process of increasing tonnage on the license could take six months. DEM will publish its notice of intent to issue or deny the license, and hold an informal hearing within 15 days. Sixty to 75 days later, the department will hold a formal public hearing. Rhode Island law then allows a 30-day period for written comments, and finally DEM has 90 days to respond to the comments and issue or deny the license. {ANR&P discussion 30.Apr.02}

30 April, Providence. **COASTAL RECYCLING OPERATES THE STATE’S ONLY RAIL-SERVED DEBRIS FACILITY.** Anthony Davidson, the principal of the company, said he left Pond View more than a year ago to begin his own operation, which opened on 23 March 2001. He has ‘registration’ to handle 50 tons a day, which does not include concrete and rebar, which are not regulated.

Located on Allens Avenue just north of ProvPort and adjacent to the J.Broomfield and Sons scrap yard, the facility is “very well hidden on a site designed and chosen not to be an eyesore.” Like Pond View, Coastal “recycles everything. On cardboard and wood I lose money. The light metals market recently came back due to the war,” Davidson said.

What he cannot recycle, he sends out by rail on PW to CSXT which moves it to Ohio. “I hope everyone [getting the debris license] is going to be recycling. I fear if we stop recycling, the outlets may be closed [because they will be filled]. Landfills are a vital resources.”

**Rail operation**

The facility has two spurs and its own trackmobile and a train scale. Using the trackmobile, Davidson pulls the empties to a loading spot; when full, the trackmobile moves the car to the second spur. The PW switcher drops the empties on one spur and pull the fulls off the other. He ships five to seven carloads a week.

**Potential expansion**

After struggling at the beginning, in part because the tracks needed a lot of work, Davidson now anticipates seeking an expansion from his current 50 tons. “We’ve proven we can do it. DEM has been very good to work with.” {ANR&P discussion}

**VERMONT**

**LAMOILLE VALLEY**

18 April. **THE LAMOILLE ECONOMIC DEVELOPMENT CORPORATION** endorsed joint use at its monthly meeting. According to a statement issued this day: ‘LEDC supports a cooperative use of the corridor for both rail and trail. We encourage all parties interested in the corridor to cooperate for the mutual benefit of each. Projects involving the use of the rail corridor should be evaluated based on the potential to facilitate growth and should maximize return on investment.’

**Why preserve rail**

Vermont Rail Link, the organization fighting to preserve at least part of the rail corridor [see 4 March and 29 March issues], stated in a press release: ‘Lamoille is Vermont’s only county currently without active rail service and has no direct access to any of
Vermont’s interstate highways. Auto and truck traffic counts conducted by VTrans during the past 25 years on Lamoille County’s two primary state highways, VT Routes 15 and 100, indicate a 300% growth in daily traffic patterns. According to the most recent Census, Lamoille County is also Vermont’s second fastest growing county, adding to the need for rail infrastructure preservation as part of the county’s long term planning.’ {Rail Link press release 22.Apr.02}

30 April. **PRESERVATION OF THE RAIL LOOKS UNCERTAIN**, after the House and Senate of the Vermont General Assembly finished their versions of the transportation capital budget bill, H.764. The Senate version will permit AOT, after completing the formal abandonment process at the Surface Transportation Board, to take up the track on the entire former Lamoille Valley Railroad. The House bill will permit track removal between Morrisville and St.Johnsbury, but not between Morrisville and East Swanton; in fact, rail advocates beat back an amendment which would have permitted all the rail to be lifted.

**The Vermont Rail Link attitude**

Brad Worthen of Rail Link said passage of the House language would achieve one of the three goals of his outfit, which he characterized as “preservation, resurrection, operation” for at least the west end. He believes the players should let the situation rest awhile. Due to lack of funds, nothing will happen in any case: the state has no money to lift the rails.

Even if the Senate language passes, Worthen believed the lack of money will hobble the state in taking up the track quickly.

Next year, he hopes for a governor who wants to preserve the rail for the reasons stated above, and for a new attitude in the Senate.

**Opposition in Johnson**

State Senator Susan Bartlett has proved Rail Link’s key opponent. Her opposition, per Worthen, stems in part from the need to represent the town of Johnson. The Town years ago ripped up 500 feet of track to install a salt shed, and is chary of paying $50,000 to relay the rail. Since Johnson sits on the west end of the track, any operation on that end will require that outlay.

**Next**

The bill will go to conference committee, within days. In the long term, said Worthen, if the players cannot cooperate to preserve the rail, Rail Link is prepared “to petition the STB for continued operation, not to permit the abandonment.” {ANR&P discussion 2.May.02; legislative website}

**TSRD**

19 April, Gilman. **THE AMERICAN PAPER FACILITY CLOSED INDEFINITELY**. Keith Isham, vice-president of the Paper, Allied-Industrial, Chemical, and Energy Workers International Local 41, said workers were not paid this day, and were told they would have no work until further notice.

Until recently all production was sold to American Pad and Paper, a sister company. Union officials said the Gilman facility has no money because it has not been paid for its product. {AP in *Maine Sunday Telegram* 21.Apr.02}

**Rail service**

The plant stopped using rail when a previous owner closed it; it was the last active customer on the TSRD [see 15 February 2002 issue].

**VERMONT RAIL SYSTEM**

15 April, DC. **THE STATE ASKED THE STB TO ABSTAIN** from ruling on whether federal pre-emption applied to the Riverside Reload Center [see 29 March issue]. It noted that it had begun to move forward in the US District Court by initiating discovery proceedings on 29 March.

On 18 April, Green Mountain Railroad ‘strenuously opposed’ the request to abstain. It noted that the uncertainty surrounding the issue had led, and continues to lead, to loss of business. {filings on STB website}

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**QUÉBEC / MARITIMES**

**CAPE BRETON AND CENTRAL NS**

12 April, Cape Breton. **THE RAILWAY APPLIED TO DISCONTINUE SERVICE AND ABANDON THE LINE** east of St.Peter’s Junction to Sydney, identified as the Sydney Subdivision, milepost 17.02 to milepost 113.9. The railway also applied for approval of the length of notice required before it can discontinue service and abandon the line.

The Utilities and Review Board may require no more than six months notice. The railway stated it wanted to stop service by mid-June (60 days’ notice).

In the early 1990s 13,000 rail cars a year ran on the line, today fewer than 1000 with the closure of Sydney Steel and the coal mines of the Cape Breton Development Corporation.

**Response**

Copol, the manufacturing plant in North Sydney which complained about service loss during the strike, will be affected. “We won’t be able to establish new facilities or expand without rail service, it’s that vital,” said company official Dave Sawlor. It will hurt the island’s entire economy.

Gordon Balser, head of the Nova Scotia Department of Economic Development, said: “This announcement is significant, but it doesn’t [presage] the end of the railroad.” The province isn’t willing to put any money into the railway, but a number of companies are looking seriously at shipping their goods by rail,
including PEV [see Sydney}. Balser said his department is hoping over the coming weeks to drum up enough new business to keep the rail line open. {Frank King in CBC 12.Apr.02 website}

29 April, Halifax. THE UTILITIES AND REVIEW BOARD SET A HEARING ON THE CAPE BRETON LINE for 29-30 May, at the Days Inn on Kings Road in Sydney. In the order which issued this day, the board stated that CBNS will present its evidence first, the hearing is open to all, and anyone may appear and cross-examine witnesses. ‘Evidence, oral presentations, or comments should address the adequacy of the discontinuance and/or abandonment plans and the adequacy of the length of notice proposed by CBNS.’ {text of order from board}

QUÉBEC SOUTHERN

3 April. QCR’S OWNER IS INTERESTED IN ACQUIRING QSR. In a recent newspaper interview, Jean-Marc Giguere indicated he wanted the municipalities and business interests affected to give him some sign of support. Speaking in French, he said, "It's now or never... At 63 years old, I don't have the time to waste with bad decisions. If the people want this, I'd be the first one to want to buy it, but if nobody supports me, I'll just let it drop.”

He deplored “the fact that the Americans have more and more a monopoly chez nous, yet no investor or group of Québécois investors or equally Canadians have signified a desire to buy the Québec Sud...Two groups have signified their interest up to now.” Québec Gatineau, owned by the American company GWI which also owns SLR, and CFQ which is a group of Québec , Canadian, and American investors, equally. {Josianne Lussier in La Tribune of East Angus PQ, courtesy of Gerry Burridge–editor’s translation with assistance of TrainsCan 5.02}

16 April, St-Jean PQ. CN’S INTERCHANGE WITH THE CDAC RAILWAY here was closed while CP repaired the CDAC line. Fred Yocum, B&A president, explained that CDAC and QSR had trackage rights over CP at this point, approximately 20 miles due south of Montréal. A CN notice said: ‘For the time being, the backlog of St-Jean interchange traffic - both to and from the CDAC - will be rerouted via the CPR at the Parsley (Montréal) interchange point.’ On 30 April Yocumsaid the work was finished. {CN e-mail notice; ANR&P discussion}

30 April, Bedford PQ. THE COURT PROTECTION WILL SOON EXPIRE, according to B&A President Fred Yocum. The railroad initially invoked the protection on 29 November, and it can last only for five months without the permission of creditors [see 16 January issue].

The trustee in Québec, Noubar Boyadjian’s office, has a good relationship with BAR Trustee Jim Howard, Yocum said.

{ANR&P discussion 2 May.02}

HALIFAX

2 May. HALTERM ANNOUNCED A DIP IN LIFTS but an increase in income. ‘Earnings before depreciation, amortization and taxes rose by 36% in the quarter to $2.0 million compared to $1.3 million in 2001. The increase was achieved on a volume of 39,618 containers which represented a decline of 13% from 2001's first quarter volume of 45,518 containers...Looking forward, the volume outlookis uncertain. Independent studies forecast ongoing growth in global container volumes. Halterm's policy on maintaining the current level of distributions is closely linked to cash flows generated from container volumes, particularly in light of increased costs associated with the new cranes and the lease renewal with the Port Authority. The company's business plan, which includes the maintenance of stable distributions, is based upon the recovery of container volumes to the year 2000 levels.

‘While the 2001 quarter was negatively impacted by terminal congestion and harsh winter conditions, our operating costs per container were lower due to significant improvements in both vessel and terminal productivity this year,' said Patrick Morin President of Halterm. ‘Looking forward, industry insiders project that volume will strengthen in the latter half of the year though the downward pressure on freight rates is expected to continue.”’ {Halterm press release}

SYDNEY

7 March. A DRAFT PLAN FOR RE-USE OF THE SYDNEY STEEL PIER was presented by Environmental Design Management, Limited, the consultant, to the Cape Breton Regional Municipality. The proposed plan calls for the property and remaining industrial buildings to form the core of a new industrial park, tentatively called the Sysco Industrial Park.

The report points to Sysco’s infrastructure as its strength for attracting new businesses. This includes a fully functional wharf; flat back lands; quality warehouses, some with overhead cranes; good access to power; large volumes of process water; and road, rail and sewer infrastructure.

The 445-acre site is best suited to industrial uses, namely port-related industries such as a bulk commodities terminal, environmental remediation businesses, modern manufacturing and fabrication, and light industrial. {Sysco news release}

12 April. AMCI COMPLETED THE LEASE OF SOME OF THE SYSCO PIER. Subsidiary Provincial Energy Ventures Limited (PEV) created the Atlantic Canada Bulk Terminal (ACBT) and opened it for business. Ernie Thrasher, PEV president, said: “We are committed to helping develop and promote Sydney as a world-class port and to making a positive contribution to the economy of Cape Breton. All due diligence conditions have been met, we have made our initial lease payment, and we will soon begin upgrading of the site to commence business. ACBT is proud to be the anchor tenant of the new development planned for the former Sydney Steel site.”
Due diligence included obtaining reasonable water and electricity rates, a title search, and conducting an environmental baseline study.

Operating plans
PEV hopes to begin operating ACBT by late spring, and to reach full-scale production by mid-2003, employing 50 people. ACBT will transship coal, blast furnace coke, and steel products. The company will bring in large amounts of coal, land it on the pier, blend it if necessary, and then reload it onto smaller vessels for customers on the Great Lakes and down the East Coast.

Lease terms
PEV is leasing the two 700-foot piers and 90 acres of land in three ten-year phases. PEV must invest at least $20 million in upgrades and improvements. It will pay $3.5 million in rent over the initial ten years, as well as business occupancy tax.

PEV - AMCI
‘PEV is a stand-alone company with connections to American Metals and Coal International (AMCI), headquartered in Greenwich CT. With coal-mining operations around the world, AMCI produces 17 million tonnes and trades another 15 million tonnes. AMCI current supplies coal to Nova Scotia Power and New Brunswick Power, among other customers.’

Public outreach
To explain its work, PEV held two informal presentations in Sydney on 19 and 20 April. Joe Phillips, PEV vice-president, attended to answer questions. {PEV press releases; ANR&P discussion 29.Apr.02}

Impact on Nova Scotia Power and Emera
Emera, the parent of Nova Scotia Power (NSP), owns and operates the International Pier just adjacent to the ACBT. At the International Pier, NSP receives coal for its plants on Cape Breton Island. Alison Gillan, Emera spokesperson, said NSP had not contracted with PEV or the railway [see CBNS] to move coal from Sydney to the mainland for the NSP plants there. {ANR&P discussion 29.Apr.02}

PEOPLE

Sprague has a new director of terminal marketing. Burt Russell, who lives in a wonderful town: Yarmouth Maine.

John Didier is now Sprague’s manager of terminal operations.

With the sale of the Massachusetts Central Railroad, its former executive vice-president and chief operating officer Paul Crawford is open to new opportunities. He’d like to continue in the industry. Contact him at: pecrawford@earthlink.net