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

**Regional Issues**


**New Haven:** Port Authority coming. Comment on Logistec traffic.*

**Connecticut**

**Rail Task Force:** Final report suggests how the state could get more funds for railroad projects. *BAR/CN: Fraser resisting discovery in the trackage rights dispute. BML: No freight, lower passengers, possible closing. Turner's Island: Added services.* Amtrak: Englert notes funding issues, possible auto train to Montreal, express to Boston.*

**Massachusetts**

**MBTA:** Selects MassBay over Guilford to run trains. *New Bedford: Progress on EPA rail facility. PW: Waste industry attacks proposed customer LB Railco.**

**New Hampshire**

**NHDOT:** Governor-elect likes commuter rail. *Nashua Commuter: Truckers go to court to stop use of highway funds. TSRD: GRS seeks adverse discontinuance.**

**Rhode Island**

**PW/Seaview:** Ocean State Oil customer.* QPD: Go slow on barges from New York.* Provo: Expect two more coal ships early in the year.

**Vermont**

**NECR:** Moving CN interchange. *VRS: WACR will take over the NVR on 1 January.* No further cooperation with NYSQ. *Bill to exempt railroads from Act 250 coming, again.*

**Maritimes/Québec**

**CN/Halifax:** Meets with ocean carriers on intermodal changes.*

**Rail Shippers/Receivers**

A cross-reference to companies mentioned here. *People, Positions, Events* MDOT mentions. EOTC mentions.

**From the Publisher**

Nine years after In 1994, I began this newsletter writing about those who wanted to purchase the Bangor & Aroostook. Now, the seminal event of this month will take place

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when MMA purchases the B&A assets and the name becomes another fallen flag.

   Here's to a Happy New Year to the new owners. May it bring success to them and the customers in northern Maine and eastern Quebec who depend upon them.
- Chop Hardenbergh
Next issue: ~10 January 2003

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**REGIONAL ISSUES**

**NEW ENGLAND CENTRAL**

18 December, St.Albans. **GENERAL MANAGER MIKE OLMSTEAD IS RESIGNING** effective 31 December ‘to pursue other opportunities’ wrote RailAmerica’s regional vice-president Atlantic lines Charlie Moore. Olmstead has 28 years of service, beginning with the Central Vermont, then Canadian National, Railtex, and finally RailAmerica.

**Assistant general manager also resigning**

NECR Assistant General Manager Bill Magee will be resigning effective 20 December. ‘Prior to coming to the NECR Bill had worked for the [B&A System] in Newport managing the line between Farnham and White River Junction. Bill will relocate to Iowa where he will work for Dan Sabin managing the Mechanical/Maintenance departments on the Iowa Northern Railway.’

Moore seeks people to fill both positions, and has several resumes in hand already.

**Marketing bright**

‘Jack Dail continues to be a driving force on the marketing side. In addition to being very creative to grow the business, the NECR is working closely with existing customers to look at new business opportunities which are outside the box. We must be creative in an effort to increase carloads and revenue.’

**Dispatching center seeks more work**

‘Effective 5 January, RailAmerica’s Atlantic Region Dispatching Center [in St.Albans] will begin dispatching the Nebraska, Kansas & Colorado Railnet Inc. railroad located in Grant, NE,’ wrote Moore.

The 440-mile line increases the total miles dispatched to approximately 2000 miles, 12 railroads operating in 15 states. ‘We continue to market this service to other shortline and regional railroads across the country, including non-RailAmerica lines.’ {e-mail to ANR&P}

**Atlantic region versus Canadian for RailAmerica**

Moore handles the Atlantic region (NECR - CSO - NCVA - CARR - VSRR - SCRIF - CPDR - EARY - AGCR), while Jan Polley handles the North/Eastern region (OVRR - CBNS - SORR - MMRR - MS - GR - SGVY - HESR - GEXR). {RailAmerica website}

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**MONTREAL, MAINE, & ATLANTIC/BANGOR & AROOSTOOK**

11 December, Portland. **THE BANKRUPTCY COURT AGREED TO THE PAYMENT OF RETENTION BONUSES TO TWO B&A EMPLOYEES.** Richard Rushmore, vice-president of finance, will receive $7000 for agreeing to remain with the system until closing, in addition to his regular salary. Pursuant to compromise of pre-bankruptcy agreements, he will also receive a severance package of one year’s salary ($121,000) unless he finds work within twelve months.

Raymond Goss, vice-president of operations, will receive $6,000 for agreeing to remain with the system until closing, in addition to his regular salary. [He apparently does not have a severance agreement. *Editor*]

Both employees, whom Howard deemed vital to the continuing operation, agreed to stay on early in the bankruptcy proceeding, but the press of other business prevented the trustee from drawing up formal bonus papers and presenting them to the court for approval. {court website}

18 December, Portland. **THE BANKRUPTCY COURT GRANTED A DELAY OF THE CLOSING BY ONE DAY** and two other matters, under a motion filed by Trustee James Howard on 13 December.
Closing delay
The Asset Purchase Agreement calls for a closing by 30 December. All parties have agreed to close on 31 December [see 28 November issue], and need court approval to change the date.

New purchasing entities
The Asset Purchase Agreement named the purchasers as Montreal, Maine, and Atlantic Railway LLC (a Delaware limited liability company) (MM&A) and Montreal, Maine, and Atlantic Canada Company (a Nova Scotia unlimited liability company) (MMAC). The parties have agreed that MM&A will assign its rights as purchaser to two new companies: Montreal, Maine & Atlantic Railway, Limited (MMARL), and LMS Acquisition Corporation (LMSAC). LMSAC will acquire all rights to the assets of Logistic Management Systems, Inc. MMARL will acquire all other rights.

Montreal, Maine, and Atlantic Corporation, a Delaware corporation, will as parent to MMAC, MMARL, LMSAC, and other entities related to the rail operation.

Right to use deposit money
The estate wants access to the $1.5 million in deposit: ‘The Trustee believes that, under the terms of the APA, the Deposit now constitutes property of the estate and is non-refundable. Closing was initially scheduled for December 2, 2002, but was unexpectedly delayed. Because of these delays, the estates may face temporary cash shortfalls pending Closing. Accordingly, the parties have entered into an Agreement Regarding Use of Deposit Funds.’ The parties obtained court approval to use the money.

Approval of office lease
Last, the parties got approval of the lease of the B&A headquarters building in Hermon for a period of two year. [motion and draft order from court website]

20 December, Texas. THE ACADIAN WILL OPERATE OVER THE CDAC IN 2003. Randy Parten, owner and operator of the Acadian Railway, said while the numbers were not as high as expected in 2002 (its first year), advance bookings and the response of the riders gives him optimism. Travel will start later in June than in 2002. [Diana Bowley in Bangor Daily news 21.Dec.02]

B&A BANKRUPTCY
16 December, Portland. THE BANKRUPTCY ESTATE IS PROPOSING TO PAY MUNICIPALITIES 65% OF TAX CLAIMS, under a motion filed this day. Out of a total secured amount due of $765,000, municipalities will receive only about $500,000.

Trustee Jim Howard is asking the court to approve the deduction of a ‘surcharge’ for the cost of keeping the railroad running after it went into bankruptcy in December 2001 [see 6 December 2001 issue]. Howard justified the surcharge of 35% in his motion to approve the payout:

37. In these cases, costs substantially in excess of the total Surcharge Amounts have been incurred. In particular, the Trustee has expended considerable resources in preserving the railroad as a going concern, as mandated by Code section 1165, all of which were unavoidably incurred. These expenditures include (1) insurance premiums paid to ensure continued operations pending sale; (2) payments to suppliers made to ensure the continuing viability of the BAR System; (3) employee benefits paid; and (4) reasonable and necessary, but significant, administrative fees and expenses incurred both in connection with the negotiation and sale of the BAR System, and the preservation of the operating railroad as a going concern pending Closing.

For the 10 months ended October 31, 2002, the Bangor and Aroostook System companies have expended a total of approximately $33,870,176; in addition, a total of approximately $18,207,585 in unpaid administrative claims are estimated to have accrued as of October 18, 2002. All costs expended and all efforts undertaken inured to the benefit of all secured creditors, including the entities asserting Allowable Secured Claims.

The expenses unpaid must be paid under bankruptcy law because they were incurred after the petition for bankruptcy, and they amount to about 35% of all expenses. The motion argues that the municipalities benefit from the continued operation of the railroad:

34. In a non-railroad bankruptcy case, the requested 35% surcharge might be questioned. In these railroad cases, however, for the reasons set forth above, granting this surcharge request would be fair, equitable, and reasonable, and in the best interests not only of these estates and their creditors, but the affected municipalities.

Absent the Trustee’s efforts and expenditures, all affected property taxing entities might well have permanently lost not only a critical future tax base, but a crucial component of northern Maine’s economic and transportation network. The Trustee has met his burden of demonstrating significant benefits received by the affected property taxing entities on account of the reasonable and necessary expenditures made by the Trustee in preserving the value of the Subject Property. [text of motion from court website]

17 December, Chicago. MMA WILL EMPLOY SIX-AXLE GENERAL ELECTRIC LOCOMOTIVES, a change from the B&A use of four-axle General Motors Diesel division (GMD) locomotives. Ed Burkhardt, president of Rail World (the impetus behind MMA), wrote: ‘In my
experience, every introduction of six-axle power in previously four-axle territory was met with concern from the local railwaymen. After awhile, the reverse was true, and it would be hard to take their six-axle brutes away from them!

Although CDAC has significant curvature, Burkhardt described it as no more so than his previous domain, the Wisconsin Central, and he ran six-axle power there. "It is essential that we obtain a reduction in the number of units in service, and two of the six-axle units will replace three four-axle units."

While he confessed to being a GMD man, he was 'impressed with how well our [General Electric] C36-7 and C30-7 units are doing in Estonia [Rail World has an operation there—editor], in equally cold weather. This is a matter of economics: good GE power is available for less than the EMD equivalents, and we are impressed with GE's level of support to our maintenance operations.' {e-mail to ANR&P}

**HIGH-SPEED RAIL**

October. *A SIERRA CLUB GROUP TO ADVOCATE FOR HIGH-SPEED RAIL* received a second endorsement. The Northeast Regional Conservation Committee (NERCC) a long-standing multi-state/province aggregate of Sierra delegates, met in Pennsylvania in October 2001 to vote support of the High-Speed Rail project (NERCC - HSR). NERCC again endorsed HSR at its 2002 annual meeting this month in Vermont.

The project, under the name Re-Rail America, has representatives from the New England states, headed by Nancy Reed of Bolton, Massachusetts. According to Reed: ‘Our goal is to educate the public of the benefits of supporting HSR (which will include the infrastructure improvements), to create the need for legislation for those states without any governmental structure to support HSR, and to promote HSR appropriations (specifically dedicated funding such as highway and air enjoy) in Congress for the NE Corridor.

NERCC HSR has also endorsed the high-speed corridor from Boston to Montreal. Reed notes: ‘Vermont is particularly supportive of rail initiatives and without the support of our sister NE states, the improvements needed will be unlikely to come to fruition with just Massachusetts leadership alone. We need the NE Governors Association support as well as the full NE delegations.’ {e-mail to ANR&P 11.Dec.02}

**FEDERAL TRANSPORTATION APPROPRIATIONS**

16 December, DC. *THE REGION AWAITS NEWS OF EARMARKS*, since the annual transportation appropriations bill has not yet passed. Projects awaiting dollars include the high-speed rail corridor, the Boston North Shore transit project, Bridgeport intermodal corridor, Burlington-Middlebury commuter rail, Lowell-Nashua commuter rail, MBTA layover yard in Pawtucket, study of a turning basin in Portsmouth, Cape Cod rail bridge, and dredging of Providence Harbor [see 30 August issue for details].

According to a staffer who watches the federal government for the Northeast, Congress has three choices when it returns in early January:

- Pass the transportation and other appropriations bills individually. This gives the best chance to get the most dollars for the earmarks.

- Combine the appropriations bills into an omnibus appropriations act. This bill could have some earmarks, but probably not as many as originally planned.

- Pass a continuing resolution, which would provide basic funding but no earmarks.

**The changed scene**

The slow economy, the possible war on Iraq, and the November elections resulted in a sea change for the budget. According to this staffer, the appropriations committee employees are already rewriting the bills to come in at lower numbers. Congress desires to show it can complete tasks, and so will have the appropriations process done by the president’s State of the Union address in late January.

This, she believed, would not leave enough time for individual bills, and predicted an omnibus bill will result, and “not every earmark that was there before” will survive. Making it harder for the Northeast: the shift to Republican control means less clout for the more Democratic states here.

**TEA-3**

The Transportation Equity Act for the 21st Century (TEA-21) expires on 30 September. Conventional wisdom, as relayed by the staffer, says Congress will have a hard time passing the re-authorization, nicknamed TEA-3 as the third broad transportation authorization bill (the first, ISTEA). AASHTO and USDOT performance reports have documented major needs in funding, a need to increase the pie. Yet the Administration wants a lot of fiscal discipline, because it wants tax cuts and war funding. Hence, TEA-3 may not satisfy those major needs. {ANR&P discussion 16.Dec.2002}
NY/NJ BARGE FEEDER SERVICE

13 December, NY. **THE FIRST BARGE FEEDER SERVICE WILL GO TO ALBANY** from the Port of New York and New Jersey, according to an announcement by the Port Authority. Under the nascent Port Inland Distribution Network (PIDN), regional ports will contract with private barge operators to carry containers, which will charge shippers for the service. The Port Authority will provide financial support to make the service even more appealing to shippers.

PIDN aims to reduce the heavy reliance of port customers on trucks to move cargo. Currently, about 84% of the containers move by truck. When all regional ports come on line by 2020, the percentage of maritime containers moved by truck could drop to 57%. By then, more than 1,000 truck trips a day on New York State roadways would be eliminated due to the Port Inland Distribution Network. By 2020, hundreds of tons of nitrogen oxides and other pollutants will be eliminated as a result of the cargo distribution network.

In September 2002, the Port Authority Board approved up to $6 million to assist with start up costs for the Port Inland Distribution Network. In addition to Albany, the Port Authority is negotiating with port operators in Davisville, RI; Bridgeport, New Haven, Camden and Salem, NJ; and Wilmington, Delaware.

According to New Jersey Governor James E. McGreevey, the next phase of this program will occur in South Jersey. (Port Authority NY/NJ)

Albany served by Columbia Coastal

The Albany service will start in March 2003, operated by Columbia Coastal Transport twice-weekly the 124 miles north of New York Harbor. The Port of Albany said it expects to handle as many as 17,400 containers by 2004. {e-mail to ANR&P from Tom Delaney, Columbia executive vice-president; Chris Dupin in Journal of Commerce 16. Dec.02}

New England service

Bridgeport and New Haven await funding from the Transportation Strategy Board [see 11 October issue]. QPD is taking a go-slow approach [see Rhode Island].

SHORT LINE/REGIONAL TRAFFIC

US Non-Class I Railroads continued their sharp increase in carload freight traffic, up 26.0 percent from the comparable week last year, with 20,120 cars. Through the first 49 weeks of 2002, U.S. and Canadian carloads were down 2.7 percent from 2001, but US Non-Class I carloads were up 5.9 percent. {Views and News 17.Dec.02}

The gain is especially relevant in the Atlantic Northeast, where regionals and short lines rule. As pointed out in Atlantic Northeast Rail and Marine Transport Review 1999, in the region Class Is own only 22% of the trackage. This reverses the situation in North America as a whole: in Canada Class Is own 81%, and in the United States 89% of the trackage.

CONNECTICUT

NEW HAVEN

16 December. **LUMBER IS PICKING UP SOME OF THE STEEL SLACK** for the Logistec/Coastline Terminals operation here. Jim Schine, director of marketing and sales for Logistec Connecticut (which operates terminals in Bridgeport and New London also), said the US tariff on imported steel had reduced that commodity by 30% for 2002. That should turn better in 2003 and future years: the tariff is scheduled for reductions.

Lumber

Starting in 2001, distributors have imported kiln-dried spruce and pine from northern Europe. Volume has reached about 4,000 tons a month; Logistec stores the lumber, which the producer has already wrapped weather-tight, outside.
Copper
Copper imports are showing an uptick, from 176,000 short tons in 2001 to 220,000 tons in 2002, and a projected 286,000 tons in 2003. Some belongs to traders, but the vast majority moves to two customers: Phelps Dodge in Norwich, and Amrod in Newark, New Jersey. New England Rail Shippers (forthcoming) shows Phelps Dodge receiving between 40 and 50 carloads of plate copper a week.

Asked why Amrod would land its cargo in New Haven and truck it to Newark, which has its own port, Schine responded: ‘I think the reason those copper shipments come into New Haven is that New Haven has historically been a very productive, efficient break-bulk facility offering much more flexibility in break-bulk cargo handling than the Port of NY/NJ.’ {e-mail to ANR&P and discussion}

16 December. THE CITY IS PROGRESSING ON CREATING THE PORT AUTHORITY. Mike Piscitelli of the city’s Plan Department said the City Board of Alderman would enact the necessary legislation in January.

According to the draft legislation, the board of the Authority will have seven members. It has the authority to purchase real estate, and take it by eminent domain.

The port district is bounded generally by the east side of the harbor, the Quinnipiac River, Fairmont/Fulton area, Forbes Avenue, and the eastern edge of properties along Connecticut Avenue. It totals 366 acres and has 122 individual properties. [See map in 13 February 2001 issue or www.atlanticnortheast.com] {ANR&P discussion, draft bill, and power point presentation 18.Dec.02}

Port reconfiguration
According to Schine, the effort to swap parcels for a more efficient arrangement awaits the creation of the port authority. The lawyers for the parties have advised them to wait.

The return of rail
Schine said those advocating a return of rail, or at least a rail subsidy, to Waterfront Street sooner than the planned 2004 [see 31 May issue] look to the federal government since the state is now running a budget deficit. In particular, TEA-3, the informal name for the the reauthorization of the Transportation Efficiency Act, may provide an earmark [see Regional].

Logistec, Gateway, and PW are working “to get the message to the state” about the significance of rail. {ANR&P discussion 16.Dec.2002}

MAINE

RAIL TASK FORCE

November. THE FINAL REPORT SUGGESTED SOME FUNDING MECHANISMS to provide more for railroads.

Railroad Excise Tax
Currently, the state collects an excise tax from railroads as a percentage of its gross transportation receipts. The percentage increases as the railroad’s operating income increases, to a top level of 5.25%. (Title 36 section 2624)

The state permits a reduction of taxes, dollar for dollar, of operating investment. It also permits a tax credit of 45% of the capital investments, but caps that at $500,000. [MMA would like that changed—see 28 October issue.]

Each year, $150,000 of the excise tax is placed in the Rail Preservation and Assistance Fund, and the balance goes to the general fund. In FY02, $438,784 went to the general fund, meaning $588,784 was collected from railroads.

The Task Force recommended (#11) that all excise taxes go to the Preservation and Assistance Fund. However, it also recommended (#12) the cap on the tax credit be repealed. [The Lord giveth, and the Lord taketh away. Editor]

Use tax on diesel fuel
Non-highway users of fuel pay a 5% use tax, which goes to the general fund. The Task Force recommended (#13) that the portion paid by railroads go to the Rail Preservation and Assistance Fund. [text of report]

Preference to rail
The Task Force also recommended (#7) that MDOT, DECD, and the State Planning Office ‘coordinate their activities to ensure that transportation improvements and potential use of both passenger and freight rail are considered during economic development activities.’

And it encouraged ‘DECD to review various programs it administers and, where appropriate, establish criteria to give preference to projects that use rail transportation.’ [text of final report]
BAR/CN

13 December, DC. **FRASER PAPERS OPPOSED BAR’S REQUEST FOR DISCOVERY** in the STB proceeding to revoke CN’s trackage rights agreement [see 19 November issue]. Fraser was a party to the BAR proceeding to revoke the notice of exemption, but that failed [see 28 June issue].

BAR has filed with the STB notice of its intent to file an adverse discontinuance action. Fraser has not yet become a party to that action, and argued that the Board has a policy against discovery in adverse abandonment, especially when directed to shippers. {STB Docket Nos. AB-279 (Sub-No.3) CN, and AB-124 (Sub-No.2) Waterloo Railway}

BELFAST & MOOSEHEAD LAKE

22 December, Belfast. **THE FUTURE LOOKS DIM** for the railroad’s current operation.

Cancellation of Kennebec River trips

On 1 December, BML notified MDOT that it was cancelling its lease on the Lower Road from Brunswick to Augusta. During 2002 it had operated trips between Hallowell and Richmond for tourists [see 31 May issue]. In a letter to municipalities along the route, BML President Bob Lamontagne called it the “result of many contributing factors. We continue to feel as we did in the beginning that this area has great potential, however, it is not financially feasible for the Belfast & Moosehead Lake Railroad to continue with this project.” {e-mail to **ANR&P** from MDOT’s Allan Bartlett 12.Dec.02; Keith Edwards of Blethen Maine Newspapers 10.Dec.02}

Lost freight customer

Orion Ropeworks, the only freight customer, was receiving about 12 carloads a year up to mid-2002 [see 31 May issue]. However, according to Purchasing Manager Ed Bower, the company could not work out a deal with BML “this past summer. It just was not worth it to BML” which had provided trucking as well as the railroad service.

Orion is now draying plastic pellets from Mid States Packaging in Worcester on PW. The company, which took over some assets from Crowe Rope, will remain in business next year. “We had a strong 4th quarter,” said Bower. {**ANR&P** discussion 16.Dec.2002}

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Continuing losses
Since the City of Belfast sold the railroad to private owners in 1992, the new owners have kept the railroad alive by covering its losses. A source close to the operation explained that operating the railroad costs about $500,000 per year.

Revenues have always come in well below that figure. Over the last ten years, the owners have lost in the neighborhood of $2 million in operating costs, though they recouped some in December 1996, when the owners sold the line from Belfast to Burnham to the Maine Department of Transportation for $950,000. {ANR&P discussion with source 22.Dec.02}

The losses in recent years were made up by owner Bert Clifford, who grew up in Unity and made a fortune with the Unicel cellular telephone company. “The railroad was one of Bert's toys, if you will,” said Don Newell, a Unity realtor, explaining that Clifford brought the company to Unity more as an amenity for the town than as a moneymaker. “He wanted to bring a diverse level of activities,” and made from-the-heart decisions such as importing a coal-fired steam locomotive from Sweden. “He worked real hard and invested a lot of emotion and energy to make the railroad happen.” {Tom Groening in Bangor Daily News 16.Dec.02}

Death of the benefactor
In August 2001, Clifford died, and left the railroad and his other property to a trust, presumably for the benefit of his wife, Coral Clifford. The managers of the trust, and Mrs.Clifford, reportedly told the railroad that the Clifford subsidy would not continue; the railroad had to stand or fall on its own. {ANR&P discussions with various observers 14-21.Dec.02}

TURNER’S ISLAND
17 December, Portland. TURNER’S ISLAND HAS ADDED ADDITIONAL SERVICES TO ITS TRANSLOAD OPERATION. In addition to the ship-to-rail it has long offered, the short line now advertises warehousing, bulk storage, and a massive crane.

Warehousing occurs at a 10,000SF building off Kelsey Street with a rail siding and access to both sides. Roger Hale, the president, said the building had seen some business, though not rail-related.

The company offers bulk storage on 100 acres it owns next to Rigby Yard, off Pleasant Hill Road and Rigby Road. It was last used by Maritimes and Northeast to store pipe railed in for the gas line it built through Maine.

Turner’s Island a year ago completed a crane a year ago which can handle 500 tons. Hale said he planned on using the crane for transferring heavy high/wide rail loads, and for salvage and pollution response throughout New England.

As for this year’s rail traffic, Hale characterized it as “minimal,” consisting of the occasional car for American Steel, and plate steel for a family-owned 250-ton dry dock “We’ve had slow, but steady, growth.” {ANR&P discussion 17 December 2002}

AMTRAK
5 December, Augusta. ISSUES FACING NNEPRA AFTER THE FIRST YEAR OF OPERATION were addressed by Executive Director John Englert in a speech to the annual Maine Transportation conference, sponsored by the Maine Better Transportation Association.

Funding
NNEPRA is facing the uncertain future of Amtrak. The Downeaster’s ‘free’ equipment [donated by Amtrak] is also a concern as NNEPRA will likely have to pick up the tab for future trainsets. Also, the fact all mechanical work on equipment has to now be performed in Boston presents another possible problem.

Opportunity, however, abounds, he added. In southern California, “people would have laughed ten years ago if asked if they would ever ride a train,” pointing to the phenomenal success Amtrak and Caltrans has experienced. As in California, Englert says NNEPRA must start small, have dedicated (future) funding, protect freight investment, create intermodal connections, and provide good customer service.

Auto train to Montreal
One such opportunity: Englert sees potential in putting automobiles into railcars with their owners in passenger cars between Montreal and Portland/Old Orchard Beach, particularly during the summer months when Canadians flock to southern Maine beaches. The SLR tracks are already cleared for doublestack freight. After the speech, he suggested such a service was still five to ten years away.

Express trains to Boston
Answering an audience question, Englert said that if the current Portland-Boston Amtrak service continues to be successful, he would like to see express trains to the Hub, making only stops at Maine stations, bypassing New Hampshire stops. Right now, capacity is a major
issue preventing further discussion. \{ANR&P coverage by correspondent Fred Hirsch\}

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**MASSACHUSETTS**

**MBTA COMMUTER RAIL**

9 December, Boston. *Budget woes may ax Fall River/New Bedford but not Greenbush*, according to transportation officials and analysts. State Transportation Secretary James H. Scanlan said restoration of the “Greenbush commuter train between Boston and Scituate is on an irreversible track. Quite honestly, the Fall River-New Bedford project is way back behind Greenbush. I would clearly say to the incoming governor that Greenbush is a very good project, it’s great for the South Shore. It has a legal commitment and it has good momentum. It would be a disservice to reverse that course."

Charles Chiappeo of the Pioneer Institute, a member of Romney's advisory transition team on transportation issues, noted the state faces a legal requirement to build Greenbush. That was one of the conditions for going ahead with the Big Dig in Boston. There is no similar requirement to build the New Bedford and Fall River line. \{Tom Benner in Quincy Patriot Ledger 10.Dec.02\}

12 December, Boston. *The T Board selected the Massachusetts Bay Commuter Railroad* to operate the nation’s fifth largest commuter rail system, beginning 1 July. Massachusetts Bay consists of Europe’s Connex, Canada’s Bombardier, and a Boston transportation consulting firm headed by former MBTA general manager James F. O’Leary. John K. Leary Jr., former head of Philadelphia's SEPTA transit system, will serve as the consortium's managing director.

MassBay bid $1.07 billion over five years, while Guilford bid $2.02 billion \[see 6 December issue\]. \{Mac Daniel in *Boston Globe* 13.Dec.02\}

**PROVIDENCE & WORCESTER**

17 December, DC. *The waste industry weighed in against LBRC*, which wants to build a construction and demolition debris facility on PW land and, via federal pre-emption, avoid local control \[see 28 November issue\]. New Bedford Waste Services of New Bedford, Jet-a-Way of Roxbury, and the National Solid Wastes Management Association (together, the ‘industry parties’) told the Surface Transportation Board in a reply to Railco’s petition to lift the STB stay:

‘In its filings with the Board, the Petitioner [Railco] attempts to minimize the nature of the facility proposed for construction by painting a picture for the Board that suggests the proposed solid waste processing facility is an integral part of the interstate operations of a railroad....

‘The Petitioner is actually attempting to substantially disrupt an existing solid-waste processing and recycling industry that currently operates without being co-located on rail lines. The Petitioner has proposed to construct and operate a free-standing industrial facility for the processing and handling of uncontainerized solid waste, and to place that facility next to a rail line so that it can operate without the environmental and public health protections required of all other similarly situated facilities in the Commonwealth of Massachusetts.

‘Such a facility would be capable of avoiding the significant costs of permitting and environmental controls, at a substantial detriment to the environment and public health, and to the lawful operations and reputations of the rest of the industry.’

Massachusetts ban on disposal or transfer

The state has announced a ban on the disposal or transfer for disposal of C&D Debris to be enacted in 2003 \[requiring complete recycling\]. ‘The Petitioner is attempting to bypass the disposal and transfer ban by linking its activity to that of a railroad.’

Transloading or processing

The industry parties rely on an earlier STB case, *Riverdale*, where the NYSQ proposed to construct a truck terminal and corn processing plant in residential area. The STB stated that ‘manufacturing activities and facilities not integrally related to the provision of interstate rail service are not subject to our jurisdiction or subject to federal pre-emption.

They argue that Railco intends to operate a processing facility: ‘C&D Debris and contaminated soils will be handled outdoors outside of containers at the facility and will be aggregated and processed on-site using mobile equipment. Dust generation and spillage are contemplated. \See Petitioner’s Reply Brief, Attachment Three.’ The industry in Massachusetts uses a variety of transportation to move materials, including rail. ‘Consequently, there is no established nexus between the proposed activity at Petitioner’s facility and the provision of interstate rail service.’

While Railco contends it can find no alternative site, the industrial parties pose an alternative: ‘send all C&D debris to a licensed solid waste handling facility for processing, sorting, aggregation and loading, then sending the material on to the rail yard for rail transport.’
Environmental impact statement
Even if the STB finds federal pre-emption, the industrial parties request that the Board require the preparation of an Environmental Impact Statement. They also argue that the statement must consider the ‘significant adverse impact upon the solid waste recycling and handling industry in Massachusetts.’ {Financial Docket 34281 STB webset}

NEW BEDFORD
19 December. The EPA has begun construction of its dewatering facility. Dave Dickerson, EPA’s project manager, wrote: ‘The contractor for the bulkhead is R. Zoppo, Inc. The building and rail contractors have not yet been selected. Note that the rail spur will be done in partnership with the city of New Bedford, since the design will have to be integrated with their new transportation center.

EPA will fund the design and construction of the spur, but the city will select the contractors and direct the work. STV Incorporated has been their rail consultant that we’ve been coordinating with to date.’ {e-mail to ANR&P}

NEW HAMPSHIRE

NH DOT
6 December. Governor-elect Craig Benson said ‘I am a huge proponent of commuter rail service’. He was responding to a notification about the high-speed rail study hearings, sent to him by New Hampshire passenger rail proponent Kenyon Karl. {e-mail to ANR&P from Karl}

NASHUA COMMUTER RAIL
5 December, Concord. Truckers sought a court order barring NHDOT from spending highway funds on the planning and design of the Nashua commuter rail service [see 19 November issue]. NHDOT Commissioner Carol Murray applauded the move by the New Hampshire Motor Transport Association at Merrimack County Superior Court here. “Quite honestly, we do need a court decision that makes it black or white. Either we can or we can’t do this. Either way, we have a clear direction on where to go.” {AP in Foster’s Daily Democrat 6.Dec.02}

Kit Morgan, NHDOT rail administrator, said the department will not re-submit the contract for final design of the Lowell to Nashua commuter service until the NH Supreme Court has ruled on the matter. {ANR&P discussion 20.Dec.02}

TWIN STATES RAILROAD
10 December, DC. Guilford intends to file an adverse abandonment petition on or about 13 January, according to a petition to the Surface Transportation Board to waive certain filing requirements. [See 11 October issue.]

The Lamoille Valley Railroad Company (LVRC) and TSRD (Twin States Railroad) have operated the line between St.Johnsbury and Whitefield NH under a 1984 agreement with the Maine Central Railroad, the owner of the line. GRS argues that the railroads have defaulted.

First, they have not provided any service since 1999, nor made ‘any effort to solicit traffic or re-institute rail service.’ Second, the railroads had the option to renew their agreement when it expired on 31 December 1988, but did not exercise it. Rather, they continued to operate under an expired lease, per Guilford. Third, the railroads have failed to maintain the line as required by the agreement. As a result, the line is embargoed [see 15 February issue].

Transfer to New Hampshire
GRS continued: ‘Pending the approval of its application [for the adverse discontinuance] and consummation of the discontinuance, MEC intends to transfer its interest in the Line to the State of New Hampshire, Department of Transportation. [NHDOT] desires to have LVRC and [TSRD] interests in the property terminated so that it may purchase the Line and institute a new operator, which will recreate a viable freight rail service option in this area.

The adverse discontinuance is necessary to remove LVRC and [TSRD]’s interest in the line from STB jurisdiction so that MEC and/or [NHDOT] can proceed to remove the interests of LVRC and [TSRD] under State law.

The only apparent objection to the discontinuance comes from LVRC and [TSRD], whose principal concern appears only to be the terms of sale of the Line.’ The railroads demand compensation for ending the lease. {text of petition from STB website, Docket No.AB 83 (sub no.17)}
How much does Forbes want?
While declining comment on the amount of compensation asked for by the TSRD and LVRC owner, Clyde Forbes, the NHDOT’s Kit Morgan noted that the department believes that the value of the remaining years of the lease is worth up to $100,000. According to the resolution passed by the governor and Council approving the sale, it has the ability to pay up to that amount [see 19 November issue]. The closing will take place at the end of December, {ANR&P discussion 20-Dec-02}

RHODE ISLAND

PW - SEAVIEW TRANSPORTATION
16 December, Davisville. OCEAN STATE OIL HAS EXPANDED ITS USE OF RAIL, according to purchasing manager Bob Forsyth, after the beginning two years ago. PW and Seaview now bring in about 50 cars a year of finished product, mostly 10W-30 oil from Chevron in Louisville, Kentucky and Shell in Roxana, Illinois.

While rail has some cost advantage over truck, “a few pennies a gallon,” Forsyth finds its major advantage in storage. Often employees arriving for work in the morning find bulk tank trucks waiting to unload, which can take the entire morning. Railcars, on the other hand, may stay for up to seven days without incurring a cost penalty. {ANR&P discussion 16-Dec-02}

MORE ABOUT OCEAN STATE
The company, located at 1331 Davisville Road in the Quonset-Davisville Commerce Park, distributes lubricants of Shell, Texaco, Chevron, Howes, and Stuart. In addition, it manufactures premium quality industrial lubricants marketed under the name New England Industrial Lubricants, ‘NEIL’. Products manufactured include metalworking lubricants, heat treat oils, hydraulic and way oils, as well as many specialty application-specific lubricants. {company website}

QUONSET POINT/DAVISVILLE
18 December. RIEDC IS TAKING A GO-SLOW APPROACH to the barge feeder service from New York [see Regional]. John Riendeau, director of sales development for the Quonset/Davisville Commerce Park, said the Rhode Island Economic Development Corporation, which owns the park, was talking to the Port Authority of New York and New Jersey in the spring and early summer.

However, the board became concerned during the summer that a barge feeder service would look like the precursor to a full-fledged container port. The container operation not only received considerable criticism, but its negative image was affecting a bond issue sorely needed by the park [see 19 November issue]. So the board decided to “take a few steps back to review and discuss the implications.”

New administration
Now, RIEDC will receive a new director. She or he will receive a briefing on all projects the board has underway or plans, and then in concert with the governor the new director will “give us direction on how to proceed.”

Duke Energy
Duke Energy started this week to dray the pipe to pier 2 for loading onto barges. They will convey it to the pipeline construction site [see 02#08B]. The pipe delivery will take place over four months. {ANR&P discussion 18 December 2002}

PROVPORT
20 December. TWO MORE COAL SHIPS ARE EXPECTED early in the year, meaning significant tonnage will move via PW to the Mt.Tom generating plant. A source close to the railroad put the number of carloads at 1400. {NERAIL e-list}

VERMONT

NEW ENGLAND CENTRAL
18 December, St.Albans. CN AND NECR WILL MOVE THEIR INTERCHANGE from the trestle at East Alburgh (the ownership boundary line) to St.Albans [about 20 miles on NECR -editor]. Charlie Moore, regional vice-president Atlantic lines for RailAmerica, wrote:
‘This will be both an economical and safety move that will benefit both companies....Training has been completed and qualification trips are in the planning.’ {e-mail to ANR&P}

VERMONT RAIL SYSTEM

16 December, Burlington. TWO UPDATES.

NYSW cooperation
VRS talked about cooperation with this railroad two years ago [see 17 November 2000 issue]. However, said Wulfson, it extended only to use of a locomotive back then, and has not continued.

Bill for exemption from Act 250
Wulfson said the Vermont Railroad Association will again introduce a bill to exempt railroad operations from Vermont’s Act 250 governing development. Such a bill did not make much progress last year [see 15 February issue.] {ANR&P discussion 16-Dec-02}

18 December. THE STATE BOUGHT THE LINE FROM WELLS RIVER TO NEWPORT. As noted by Charlie Miller, director of rail for VAOT, ‘it is official that the State of Vermont is now the proud owner of the NVR from White River junction to Newport. We...have named Washington County Railroad as the interim operator. This will be effective January 1st.

‘A high rail was done this week by the folks from Vermont Railway to assess the conditions and meet with customers. I predict that this will have a very positive impact to this line and I look forward to working with Dave [Wulfson] and Jerry [Hebda] to increase traffic substantially.

‘Many thanks to Fred Yocum and Jim Howard as well as our own John Dunleavy for making the closing a simple and successful one.’ {e-mail to ANR&P}

[The state will conduct a formal search for a permanent operator in 2003–see 6 December issue.]

Operation until 1 January
VRS President David Wulfson said on 16 December that the B&A will continue to operate the Northern Vermont Railway through 31 December.

Equipment and operation
Wulfson explained that the WACR was already receiving a subsidy to operate between Montpelier Junction and the Bombardier plant in Barre. With that plant mothballed, the railroad can transfer that operating subsidy to the Newport-White River Junction operation. The state has agreed to subsidize the WACR’s interim operation of the line. The WACR has enough equipment, and an existing agreement with NECR to shuttle equipment to White River Junction.

Customers
VRS hopes to contact potential customers as well, those who are waiting for the dust to settle. WACR will build on the MMA’s revival of the Maine-Montreal line to offer new and existing customers service.

Haulage agreements
According to Wulfson, on day one WACR will offer haulage of NECR traffic to Newport for interchange with MMA and forwarding to Maine. NECR will offer haulage of WACR traffic south to Bellows Falls for interchange to VRS.

Eventually, NECR may run its own trains to Newport, and WACR its own trains to Bellows Falls.

Penultimate train?
The weekly Northern Vermont train left White River Junction for Newport at roughly 1 pm on 19 December. Powered by two CDAC locomotives, one painted for Quebec Southern and the other for CDAC, it had a half-dozen cars: three covered hoppers, one empty center beam flat car, and the rest boxcars. {NERAIL post by Kenyon Karl}

QUEBEC/MARITIMES

CANADIAN NATIONAL/ OCEAN CARRIERS

10 December, Montreal. THE MEETING WITH INTERNATIONAL SHIPPING LINES WENT WELL, according to Richard Le Hir, president of the Shipping Federation of Canada [see 6 December issue]. “We reviewed many things, including all of their projected policies.
[CN] was very responsive, which is a change.”

As an example, Le Hir pointed out that CN had put into effect increased tariffs for car storage in August without consultation, and had planned further increases as of 1 January. Now, the railway is postponing the implementation of the January tariff until 1 March, after internal examination and discussion with its customers in January 2003.

**West coast and Gulf coast**

Le Hir pointed out that the Federation is representing the West coast in the meetings with CN: “there’s no one out there to do that.” Many of his members have West coast operations as well. But on the Gulf coast, where CN has a much smaller intermodal operation, “that’s out of my jurisdiction.” {ANR&P discussion 17 December 2002}

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**RAIL SHIPPERS**

As a precursor to our forthcoming *Directory of Rail Shippers & Receivers: Southern New England* this section lists the companies discussed in this issue.

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**PEOPLE**

Put John Simko, town manager of Greenville, down as a possible Maine DOT commissioner. But not Rob Elder, current head of the Office of Freight Transportation. Elder tells us he is not in the running.

Massachusetts insiders say Dan Grabauskas, former director of the Registry of Motor Vehicles, is a candidate to be secretary of transportation. Governor-elect Mitt Romney surprised the environmental and transportation community by naming Douglas Foy, head of the Conservation Law Foundation, as his ‘chief of Commonwealth development’. Foy will coordinate the departments of transportation, housing, and environmental affairs.

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**Atlantic Northeast Rails & Ports**

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Purpose

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

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Rail Shippers & Receivers
Southern New England

A directory of the 400 shippers, receivers, and transload facilities on the rail lines of Massachusetts, Rhode Island, and Connecticut. Coming in early 2003.