operating railroads + their intermodal facilities, ports, and government environment

A semi-monthly trade newsletter dedicated to the preservation and extension of the rail network in the Atlantic Northeast.

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Coal to Bow, Mt. Tom: More details
B&A: Refinancing done.
FTR: PW quarterly income, CSXT development, Wilner defamation suit.

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VERMONT

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FTR: Simpson mill future, GRS traffic diversion,

EDITORIAL

Listen up, Massachusetts!

New correspondents
A thank-you to rail-fan correspondents who have helped with stories in this and past issues, including Charles Bury, John Spence, and Mike Scholz. The observations of the rail fans, scattered across the Atlantic Northeast and supplied via e-mail lists, have improved my coverage considerably.

I also want to thank Sara Goo, Wall Street Journal New England edition reporter, for her work on the Lewiston Lower Road and Quonset Point stories.

Shipper revival
The industry depends on shippers, so I am always glad to hear about traffic moving from truck to rail. This issue
describes one actual instance on the SLR (Noranda clay) and one good possibility for MBRX (Monadnock Paper). I hope next issue to describe a new shipper for CCRR.

Halifax Port Days
On 12 and 13 September I’ll attend this conclave, featuring Madeline Paquin of Logistec and Paul Tellier of CN. If you’re interested, call 902-429-1400, the Halifax-Dartmouth Port Development Commission.

- Chop Hardenbergh

Next issue: 10 September.

REGIONAL ISSUES

NNE PASSENGER RAIL
16 August, Worcester. TRANSPORTATION CHIEFS OF NORTHERN NEW ENGLAND met here to coordinate efforts on passenger rail. John Melrose, MDOT commissioner, had volunteered to take the lead in following up the Durham meeting [see 23 June issue], and met with new VAOT Secretary Brian Stearns, NHDOT Commissioner Leon Kenison, and EOTC Secretary Kevin Sullivan.

According to Melrose, he presented the concept of a train through Worcester and Palmer, between Maine and New York, which could coordinate all four northern New England states. This would present Vermont riders with the possibility of getting off the Vermonter in Palmer and travelling to Maine without changing stations in Boston, give New Hampshirites and Mainers a direct trip to New York, and mid-Massachusetts people a direct trip to Maine.

Melrose and others described the meeting as “good.” The idea needs analysis to ascertain whether travellers between New York and Maine will actually save time via Worcester, versus a ride via Boston in view of the startup of high-speed Acela service on the Shore Line this autumn. It will, however, meet Amtrak’s expressed requirement to consider new service not state-by-state, but regionally.

The chiefs also toured the new, “impressive” Worcester Union Station. [ARW discussion 23-Aug-99]

COAL TO BOW AND MT.TOM
20 August, Hartford CT. MORE DETAILS ON THE COAL DELIVERY FOR THESE TWO PLANTS [see 22 January and 13 August issues] was provided by Bill Ormsby, who handles rail for Northeast Utilities. Northeast owns both Public Service of New Hampshire (PSNH, which operates the Bow NH power plant) and Holyoke Water Power (which operates the Mt.Tom power plant).

Bow
Northeast is sourcing coal for Bow from Bailey Mine, Federal, and Emerald Mines on NS, in the Pittsburgh coal seam about 40 miles south of Pittsburgh. PSNH owns two 100-car trainsets which until the Conrail split were operating on seven-day turnarounds. When NS took over the Conrail tracks out of Pittsburgh, it ran the trains (symboled 8859 north with loads and 8858 south with empties). However, NS was not making the seven-day turnaround running via Enola (Harrisburg) and Sunbury to Mechanicville.

Ormsby made arrangements with CSXT to move the coal for Bow during the month of August. CSXT picks up the train in Newell Yard or Shire Oaks Yard near Brownsville, south of Pittsburgh, and moves it to Rotterdam Junction NY where GRS picks it up.

In September, Northeast will turn the PSNH train sets back to NS. Bow receives about two 100-car trains a week, equal to 10,400 carloads a year, or about one million tons.

Mt.Tom
Coal for Mt.Tom comes out of Kentucky and western PA via NS symboled 8860/8862 to Columbus OH then Buffalo NY, where CP takes it to Mechanicville NY for interchange with GRS. NS is using its own cars to service Mt.Tom, which receives about one train a week of 85 cars, or a total of 3640 per year, or 400,000 tons.

Note: my comment last issue that CSXT coal trains would run via Worcester was wrong.

BANGOR AND AROOSTOOK SYSTEM
18 August, New York. IRON ROAD RAILWAYS COMPLETED A REFINANCING DEAL totalling about $45 million, with the assistance of Credit Suisse First Boston, its investment banker.

Debt refinancing. One of the top 50 banks in the world, Bank Austria/Creditanstalt of Vienna, is providing loans to IRR. Originally founded to finance rail construction in the Austro-Hungarian Empire, the bank has held a locomotive lease for IRR for several years and participated in the refinancing of the Fieldcrest Cannon (the former owner of the Bangor and Aroostook Railroad) debt. Its US offices have long been active in railcar equipment leasing for the industry.

MORE ON PROGRESS RAIL
Progress Rail Services, located in Alabama, is a wholly owned subsidiary of Electric Fuels Corporation, the leading company in the Energy and Transportation Group of Florida Progress Corporation. Progress Rail, and its sister companies in the Energy and Transportation Group, are committed to providing quality products and services to the rail and marine transportation industries.

Electric Fuels Corporation has companies in rail services, energy services, marine services, and ash management. In
turn, Electric Fuels Corporation is a wholly owned subsidiary of Florida Progress Corporation, whose common stock is traded on the New York Stock Exchange (symbol FPC). Subsidiaries of Florida Progress Corporation consist of Florida Power Corporation, Electric Fuels Corporation, Mid-Continent Life Insurance Company, and other diversified operations.

For the second quarter of 1999, Florida Progress reported earnings of $76.6 million, or $.78 per share. (fpc website)

On 3 August, Progress Rail announced it will open a new maintenance and repair shop for railway cars and locomotives which will primarily serve the Quebec, Ontario and Northeastern U.S. markets. Progress Rail will occupy a portion of CP’s St. Luc Yard facilities which includes part of the present Locomotive Repair Shop and additional space in the rail yard. (CP press release)

Equity financing. Progress Rail Services [see box] purchased preferred stock of Iron Road Railways. A subsidiary of the publicly-held utility holding company Florida Progress, it supplies rail, track, and equipment to railroads. B&A has long had a commercial relationship with the company, and B&A officials have longstanding personal relationships with Progress Rail officials.

According to Schmidt, the two companies could achieve further synergies. Progress Rail has just set up a repair facility in CP’s former shops in St. Luc Yard in Montréal [see box]. Since B&A runs into Montréal, Progress could do work for B&A there. In addition, Progress Rail sells rails, track components, track machines, and other parts and supplies which the B&A System needs.

The result
This transaction completes most of the refinancing for the company, and the Mack Point deal [see Ports 13 August issue] covers the rest. “We have completely paid off all the initial seller financing and have some additional capital to work with,” said Schmidt. {ARW discussion 18.Aug.99}

FOR THE RECORD:

REGION

PW INCOME FROM OPERATIONS DECREASED in the second quarter of 1999, from $787,000 in 1998 to $466,000. The decrease in income from operations is entirely attributable to the decrease in operating revenues. The Company estimates that approximately half of the reduction in operating revenues is the result of delays and other service problems attributable to the split-up of the rail lines and operations of Consolidated Rail Corporation between CSX Corporation and Norfolk Southern Railroad which took place on June 1, 1999. While some of this lost revenue may ultimately be realized by the Company from receipt of delayed shipments in July, most of it represents shipments which were diverted to truck and thereby permanently lost. Operating problems related to the split-up appear to be steadily improving and the Company does not anticipate any permanent negative impact upon its freight operations. (PW press release)

CSXT ANNOUNCED RECORD INDUSTRIAL DEVELOPMENT IN 1999. It facilitated industrial development expansion that attracted $680 million in investment capital and helped create 2,754 jobs through 55 projects in 17 states, a 30% increase over the first six months of 1998. For example, in Massachusetts, CSXT undertook eight projects attracting close to $40 million in investment capital to the state. (CSXT press release)

FRANK WILNER DID NOT DEFAME GRS, DC Superior Court Judge Ellen Huvelle ruled from the bench in January (the transcript became available in June). David Fink, president of Guilford Transportation Industries, and Timothy Mellon, controlling shareholder, filed suit in 1999 alleged that the column in the Journal of Commerce discussing the history of Guilford, the company’s labor relations, and the backgrounds of Fink and Mellon had defamed them. At the time, Wilner was a political appointee at the STB who frequently wrote opinion columns. (Clayton Boyce in Traffic World (sister publication to JOC) 21.July.99 in The Callboy 8.99)

CONNECTICUT RAILROADS

NECR/PW:

CONNECTICUT EXPANSION PART I

Note: some believe that Amtrak charges too high a rate (90 cents per car mile) for track access on its line, and that if PW reconnects Hartford to Cromwell, freight could run via PW’s Wethersfield Secondary (Hartford-Middletown) and Middletown Secondary (Middletown-New Haven) between Hartford and New Haven. If NECR/CSO could connect from Willimantic to Hartford and then use the PW trackage, NECR/CSO could avoid the Springfield-New Haven Amtrak corridor. Finally, if PW could reopen its line from Plainfield to Willimantic, PW could avoid Amtrak trackage rights for traffic via Worcester to New Haven for at least some of its traffic.

Part I of a series on this question looks at the legal background, status and activity on the Wethersfield Secondary and the Middletown Secondary. Later parts will examine the Willimantic Secondary, the Plainfield to Willimantic section, the blocking provision preventing NECR/CSO from using other Class Is, and interest in future commuter service.

Legal background: trackage rights on Amtrak
In 1976, when creating Amtrak and handing it the Northeast Corridor (Washington to Boston including New Haven-Springfield), Congress did not dictate any method of deciding what fees freight railroads should pay in order to use the Northeast Corridor. Amtrak and the railroads had great difficulty reaching agreement.

To assist, Congress passed the 1981 Northeast Rail Service Act, which in section 1163(a) required the Interstate Commerce
Commission (ICC - predecessor to the Surface Transportation Board) to determine a ‘fair and equitable costing methodology for compensation [to Amtrak]...for the operation of rail freight service over the Northeast Corridor. In 1983, the ICC determined that freight railroads should compensate Amtrak only for the avoidable costs. \{Ex Parte No.417 ICC Reports 1.Feb.83\}.  

In 1986, Congress amended the Northeast Rail Service Act to tell the ICC to require freight to pay fully allocated costs: ‘The Commission...shall assign to a freight railroad obtaining services pursuant to this paragraph the costs incurred by [Amtrak] solely for the benefit of that railroad, plus a proportionate share of all other costs of providing services covered by this paragraph that are incurred for the common benefit of [Amtrak] and such freight railroad. The proportionate share of such other costs assigned to a freight railroad shall be based on relative measures of volume of car operations, tonnage, or other factors that reasonably reflect the relative use of the rail properties covered by this paragraph. Nothing in this paragraph shall be construed to prohibit parties from entering into an agreement under this paragraph either before or after a determination of the Commission under this paragraph.’ \{Budget Reconciliation Act section 4016, amending 45 USC 562(a); current law is codified as 49 USC 24904(c)(2)\}

**Factual background: some trackage rights fees**

Two independent sources, Ray Godcher of ConnDOT and a consultant who prefers to remain anonymous, state that Amtrak is charging 90 cents per car mile for use of the Northeast Corridor. While this sounds high, it does not hugely exceed recent STB statements. Furthermore, no freight railroad has challenged the Amtrak rate.

**UP/SP merger** Numerous protestants in this case argued that the trackage rights fee to be paid by BNSF to UP/SP for trackage rights awarded by the STB as a condition of the merger was too high to allow BNSF to compete. BNSF and UP agreed on a fee of 3.0 to 3.1 mills per gross ton-mile. This translates into about 31 cents per car mile. [If a car = 100 tons, that’s 300 to 310 mills or 30 to 31 cents per car mile.]

The STB noted that if a fair market value for the property is not available, other methods of determining the compensation per gross ton-mile would yield a rate much higher than that agreed to by the railroads: 8.23 or 9.05 mills, or around 80 to 90 cents per car mile.

**CP-CSXT east of Hudson** In May 1999, the STB re-resolved (on a petition for reconsideration) how much CP would pay to CSXT when CP ran trains between New York City and Albany: 52 cents per car mile. The Board used a method of two components: a pro-rate share of all the landlord’s ‘below the wheel’ operating and maintenance costs (20.2 cents per car mile in this case), as well as a pro-rate share of the rate of return on the capital, the ‘road property’ (31.8 cents per car mile in this case). \{STB Finance Docket No.33388 20.May.99\}

**What PW might charge - an ARW analysis**

Both Godcher and the consultant indicated that PW might charge something closer to the BNSF fee of 30 cents per car mile, if CSO had trackage rights over the Middletown section. How much would that save CSO on, say, a 50-car train each day for a year? Hartford-New Haven on Amtrak equals 37 miles, so CSO would pay $1,665 each day, for say 300 days a year equals $499,500.

If CSO ran the Middletown route on PW (assume slightly longer at 40 miles), it would pay for the same train each day $600, or $180,000 per year, saving $320,000 per year.

How much would PW net on the deal? If we use a 20-cent fee for ‘below the wheel’ actual costs incurred by PW, it would net only 10 cents per car mile, or $60,000. That alone would not justify spending the estimated $2-$3 million to rebuild the line, so PW must anticipate its own traffic would grow as well. \{ARW analysis\}

**New Haven-Hartford status**

Perhaps looking not only at generating its own traffic, but also attracting CSO overhead traffic, PW is rebuilding the section from Cromwell to the interchange with CSO in East Hartford. Starting from Cedar Hill Yard in North Haven, the track runs thus:

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### MIDDLETOWN AND WETHERSFIELD SECONDARIES

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<td>Active</td>
<td>Conrail</td>
<td>Conrail - PW has overhead rights</td>
</tr>
<tr>
<td>North Haven</td>
<td>Reed’s Gap</td>
<td>4.9</td>
<td>Active</td>
<td>Tilcon</td>
<td>PW - Bought from CR 1993</td>
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</table>
When PW acquired CCCR, it also acquired CCCR’s lease not only of the active ConnDOT-owned line from Wallingford to Cromwell, but also the ConnDOT-awarded right to restore and operate between Cromwell and the interchange with CSO in Hartford. {ARW discussion with Ray Godcher of ConnDOT; ConnDOT map 1998; ConnDOT State Rail Plan 1996}

Wethersfield secondary. PW can serve customers about one mile into the Town of Cromwell, as far as the so-called Sludge Siding, the location of a water treatment plant. From there to just south of the Route 99 crossing in North Cromwell (about 0.75 miles), PW has removed the track structure apparently in preparation for relaying [see 13 August issue], according to one rail observer on the scene on 18 August.

At the north end, CSO has active track for about two miles south of Hartford Yard. It serves the Farmer’s Market under I-91 and may still serve a liquor distributor, according to Godcher. The state has paid to rebuild five grade crossings south of the CSO track, and has agreed to replace the grade crossing on Route 3 in Wethersfield as part of a highway project. The Route 160 crossing in Rocky Hill leading to Glastonbury was recently rebuilt as was the track about 100 yards on both sides of the crossing. However, several grade crossings were removed in the southern end of the Wethersfield secondary without a commitment by the state to replace them, and PW will have to do that work. {ARW discussion with Godcher and NERAIL e-mail}

PW has frequently said it wants to complete the link in 1999, though as late as July it was still seeking $2 million for installing the rails and ties which ConnDOT had supplied gratis [see ARW 98#23]

Next: the NECR/CSO proposal to revive the Willimantic Secondary.

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### MAINE RAILROADS

#### CALAIS BRANCH

24 August. **MDOT IS PURSUING FOUR INITIATIVES ON THE BRANCH.**

**Rail from Ellsworth east**

MDOT is awaiting more information from its rail experts on exactly how much rehab money Bill McDonald, a former Amtrak engineer, would have to pay to bring the line up to operating standards [see 23 June issue]. Roy underlined that the department would put any possible excursion use of this section of the Branch out to bid, and not automatically award it to McDonald.

**Rail from Bangor to Ellsworth**

Ron Roy, head of the Office of Passenger Transportation, said the department’s plan to provide tourist-oriented rail service on this section awaits passage by Maine voters of the transportation bond and a possible chunk from the FY2000 federal transportation appropriation bill. The federal money, which would be included as an earmark, would pay for some feasibility work.

Bill McDonald reports the bus system on Mount Desert Island packed with riders on a recent weekend. The enthusiasm for the bus means the planned train-bus connection should prove popular.

**Rail to Eastport**

MDOT is funding a study looking at the possible location of a transload facility [see Eastport].

**Trail from Bangor to Calais**

According to John Balicki, the department’s pedestrian and bicycle coordinator, MDOT is beginning the study to pin down the location of the ‘Downeast Trail’ which will utilize the ROW as much as possible, but diverge from the ROW where necessary. This week Balicki is conducting a series of public hearings on the question. Rizzo Associates of Boston is acting as a consultant on the project. {ARW discussions}

#### MOUNTAIN DIVISION

24 August. **MDOT IS NOT FORSAKING RAIL USE** but moving ahead on trail use for this section of track, between Windham and the state line. Balicki noted that the department had decided to work on rail projects on the Rockland branch and the Calais branch first. Since funding for the rail part of the Mountain Division would come later, the department decided not to do rail planning at this point.

Trail planning has moved into the second, project phase, most probably still using TAMS of Boston as consultants. The Mountain Division Alliance, the advocacy group, is aiming to open a first section of the trail, through Windham and Gorham. {ARW discussion}

**Possible rail shippers**
MDOT has received significant interest from “more than one” freight shipper who would like to use the Mountain Division, according to the head of the Office of Freight Transportation, Rob Elder. While declining to provide further details, he did say that MDOT wanted to back the shippers: “It’s a question of money.” {ARW discussion 26.Aug.99}

SLR - MAINE

24 August. SRL CONTINUES TO HANDLE MEAD PAPER PRODUCTS despite the closing of the Mountain Valley Warehouse in Oxford, at which SLR had transloaded paper from Rumford. Ed Foley, vice-president marketing, said Mead had always used SLR traffic lanes for some direct rail shipments, moving via Danville Junction to the SLR. He expects to open discussions with Mead about transloading at Atlantic Storage, which recently leased the former Mountain Valley facility. [See also Canada and Regional]. {ARW discussion}

FOR THE RECORD: MAINE

GRINNELL LOST THE FIRST ROUND in its lawsuit against GRS which claimed that the railroad did not fulfill its duty to provide service. Gene Carter, federal district judge in Portland, on 26 July agreed with GRS that the issue should be raised before the STB. GRS, seeking documents about MDOT’s interest in reviving the Lewiston Lower Road and connecting to SLR, filed a Freedom of Information request on 4 June. MDOT agreed to make all except 13 documents available. James Smith, department counsel, said on 23 August that Guilford attorneys had examined the documents. Guilford had also on 28 June filed a suit in Kennebec County Superior Court to look at the other 13; nothing further has happened on it. {Sara Kehaulani Goo in Wall Street Journal 28.July.99} ********

INEXCON OF MAINE officially became the new owner of Great Northern Paper on 17 August, the fourth owner of GNP in 10 years. Bowater sold its Maine subsidiary, GNP, to Inexcon for $250 million, which includes both the Millinocket and East Millinocket paper mills, more than 400,000 acres of woodlands, and a massive hydroelectric system on the West Branch of the Penobscot River. Inexcon plans to spend $75 million to $100 million in the next two years to upgrade the mills to produce specialty grades of paper. {BDN 18.Aug.99}

PROVIDENCE AND WORCESTER

23 August, Worcester. THE RAILROAD RECENTLY OPENED ANOTHER RECYCLING EFFORT in the Worcester rail yard. Frank Rogers, director of marketing, said two to three carloads of glass cullet (“refuse glass added to new material in glass-making” - Concise Oxford Dictionary) are moving daily in CSX equipment to a point on the NS system in the near South.
Other good news: expanded container facilities

Containers through the two yards in Worcester set a record in July and were on track for another record in August, Rogers said. A week and a half ago, PW put into operation a second parallel track at the Wiser Avenue terminal, and operator Intransit Containers Incorporation (ICI) acquired a reach stacker which can reach over one track to another [see Presque Isle’s similar acquisition - 18 December 1998 issue]. Expansion work is continuing [see 23 June issue].

First overhead traffic

Rogers also said the first car of a five-car trial move of overhead traffic for PW is enroute to PW New Haven, having moved from the mid-Atlantic via the New York Cross Harbor Railroad and CSXT. PW will provide further details on this move after the trial. {ARW discussion}

Waste disposal

In its winning entry for the Regional Railroad of the Year 1999 from Railway Age [see 13 August], Rogers described how PW played a major role in waste disposal. First, in the past two years, ICI has handled close to 2,000 containers of waste, a large number of which contained PCB-contaminated building debris destined for Clive Utah.

Second, PW in 1998 moved more than 100 gondolas of low-level radioactive soil (packaged into boxes and supersacks) from PW’s Worcester yard to a Western landfill.

Third, in February 1999, PW opened an enclosed bulk-material transload facility operated by MHF Logistical Solutions in Worcester. Former PW marketing representative Clyde C. Adams Jr noticed a large amount of waste, not appropriate for container shipping, was moving in bulk over the road to out-of-state landfills. MHF’s John Evanko provided the expertise to get approval for a facility at which trucks could dump the waste into waiting gondolas. By July, the facility has handled nearly 20,000 tons of material for several different remediation companies, and first-year volume will come to about 80,000 tons.

Rogers wrote that PW’s reliable, flexible service, along with its multiple routings to CSXT, GRS, and Canadian Pacific at New London enable it to win this business. {Railway Age 8.99}

FOR THE RECORD: MASSACHUSETTS

A CONSULTANT IS STUDYING THE SCIUTATE ROUTE one last time [see 13 August], to determine what kinds of mitigation the MBTA must do in order to provide commuter rail between Braintree and Scituate. Joe Pesaturo, T spokesperson, said results should emerge in September. {ARW discussion 16.Aug.99}

13C COULD LOSE THE MBTA LOTS OF MONEY, after it switches the commuter rail maintenance contract from Amtrak to Bay State Transit Services - or so say Amtrak supporters who believe the so-called ‘13C’ federal statute requires the T to pay up to six years of severance pay to the Amtrak workers. Bay State, a partnership of Herzog Transit Services of St. Joseph MO, and Boise Locomotive Company of Pittsburgh, bid $35 million a year for the work, compared with Amtrak’s bid of $58 million. {Thomas Palmer in Boston Globe, 25.Aug.99}

However, in another transit case, the T is challenging the federal Department of Labor interpretation of the so-called 13C statute, which requires that workers who lose their jobs when federally-funded transport services supplant their work. The T believes the department interprets this far too broadly; a T win could considerably reduce the amount it would have to pay to laid-off Amtrak workers. {ARW discussion with counsel}

NH RAILROADS

COMMUTER RAIL - PLAISTOW

10 August, Plaistow. DISCUSSION OF EXTENSION OF COMMUTER SERVICE to this New Hampshire town from Haverhill Massachusetts took place, sponsored by PATAC (Plaistow Area Transit Advisory Committee) and the New Hampshire Railroad Revitalization Association (NHRRA). Advocates see Plaistow service as the first step in getting commuter service to Dover. The approximately dozen attendees included the chair of the selectmen in Plaistow, the head of NHRRA Peter Griffin, Bill Boudreau of NHDOT, David Fink of GRS, state representatives, and others.

Hasty Evans, the MBTA’s chief planner, said service of four round trips a day on an extended line would cost about $434,000 a year, including maintenance. She added that service to Haverhill has grown 18% since last year. Fink, the railroad executive vice-president, did not oppose the idea, but noted the T would need an agreement with GRS to operate on the line, for which the Amtrak-GRS agreement could serve as a template.

Chris Hrones, a planner for the Rockingham County Planning Commission who worked on a study for commuter service to Portsmouth via Newburyport MA [see 23 June issue], said required capital costs might come to only $150,000 to build a mini-high platform for handicapped access. An upgrade of the line will occur when Maine improves it for the Amtrak service. One now-old ridership estimate indicated fare revenue would come to $100,000.

Next step

PATAC is following up this meeting, looking at a source of funds to cover the estimated $334,000 shortfall. The state could spend some of its CMAQ funds as the commuter rail service would (in theory) improve air quality. PATAC will also sponsor other public hearings in surrounding towns this autumn.

Other commuter service

Of other MBTA possibilities in the Granite State, Evans noted that Lowell to Nashua “is moving along the fastest, really has a good chance.” Hrones reiterated that the Nashua service has priority for state and federal dollars. If anything is left over, it could go to the Plaistow service. {ARW discussions; Thomas Palmer in Boston Globe 23.Aug.99}

MILFORD-BENNINGTON

17 August, Milton. THE RAILROAD MAY SERVE
MONADNOCK PAPER, said owner Peter Leishman. Currently MBRX trains do not run past South Lyndeborough, and have never served Bennington, the location of Monadnock’s paper mill. Recently NHRRRA members visited the paper company and received a positive response to the idea of using rail.

According to Leishman, Monadnock and MBRX are considering serving a complex of four warehouse buildings in Greenfield, south of Bennington, to which the company trucks and stockpiles finished paper. The company could use the warehouse to store rail-delivered raw materials, which now arrive “all over New England” by rail and then are transloaded and trucked to Bennington.

The track to Greenfield rates “a good Class 1,” said Leishman. MBRX did rehab work in 1996 as far as Greenfield. Though the railroad’s current lease only covers as far as South Lyndeborough, MBRX has the right to serve customers as far as Bennington, and has recently sprayed the track that far.

Leishman described a second possible customer for Greenfield: a pole yard. {ARW discussion}

24 August, Milford. THE FIRST GRS TRAIN HAULED 25 COVERED HOPPERS OUT OF SOUTH LYNDEBORO. Leishman said earlier that the NHDOT had okayed the agreement between MBRX and GRS [see 13 August issue].

Jim Marshall, director of public works and transportation, said the state had held up the trackage rights agreement as it wanted to ensure that as the owner of the tracks it had indemnification and protection, and it wanted an explanation of why MBRX could not handle the traffic itself. {ARW discussions 20&25.Aug.99}

WEST LEBANON
20 August. NHDOT HAS SOUGHT EXPRESSIONS OF INTEREST FROM NINE RAILROADS to operate the newly-acquired line from West Lebanon to Vermont: NECR, GMRC, HRRC, NHC, NEGS, SLR, NVR (B&A System), CCRR (Claremont and Concord Railroad), and Mascomo Valley Railroad (a paper railroad formed by one Dan Nash to operate on the Northern Line). Kit Morgan, rail administrator, said he had requested the railroads respond by 27 August. He will hold a pre-proposal meeting in early September.

The trackage rights agreement
Morgan said the department would begin talks soon with GRS to draw up the trackage rights agreement under which the new operator will operate over GRS property to interchange with NECR in White River Junction. {ARW discussion}

FOR THE RECORD:
NEW HAMPSHIRE
COMMUTER SERVICE TO PORTSMOUTH: The legislative study committee authorized by the Legislature [see 3 June issue], composed of three senators and three representatives, will hold an organizational meeting on 14 September in Concord. It will utilize the work done by Chris Hrones of the Rockingham Planning Commission. {ARW discussion with Representative George Katsakouris 24.Aug.99}

AT LEAST TWO RAILROAD BILLs will get attention this autumn when the Legislature re-convenes soon after Labor Day. Representative Bill Mosher said he will seek action on the resolution supporting the Northern Line [see 16 July issue]. He is also introducing a new two-person crew bill, modified from the last session to meet GRS objections. It will require two only on road jobs, and not in yard or switching operations. {ARW discussion 24.Aug.99}

THE RAIL COUNCIL “is actively being reviewed,” said Jim Marshall. NHDOT wants an active board, not just ceremonial, and is looking at what groups should get representation. {ARW discussion 19.Aug.99}

VERMONT RAILROADS

COMMUTER - ESSEX JUNCTION
19 August, Burlington. THE FEASIBILITY STUDY EMERGED, as done by a consulting team headed by R.L. Banks & Associates of Washington DC [see 23 June], of extending the Charlotte-Burlington commuter service to Essex, on NECR tracks.

Travel scenarios/ridership
Banks, based on the advice of the Chittenden County Metropolitan Planning Organization (CCMPO - the group which funded the study) working group, looked at three:

All-day scenario would provide service every 30 minutes from 6AM to 9PM seven days a week, with reduced service weekends and holidays. This would require four trainsets [as opposed to the one trainset now acquired to operate just the Charlotte-Burlington stretch]. Banks estimated ridership at 1,350-1,700 per day, or 4% of travel demand in the corridor during the peak hour.

Moderate scenario would provide three departures from Burlington and Essex, hourly, only during the morning and evening peak traffic periods on weekdays. This would require two trainsets. Banks estimated ridership at 590-650 per day, or 2% of travel demand in the corridor during the peak hour.

Extended service would add service to Montpelier and St. Albans, with hourly trains on weekdays only between 6AM and 8PM. Ridership would come to 1,700 to 2,000 total. Banks did not estimate the number of trainsets needed, nor the capital improvements, though since Amtrak operates in this corridor, the capital costs may be minimal.

Riders would pay only one dollar for each ride, with monthly tickets available. Banks assumed five stations (Burlington, Winooski, Fanny Allen, Essex Junction, and Essex Park and Ride) with two potential future stations (Intervale and Fairgrounds).

Infrastructure/operating costs and sources
FOR THE RECORD: VERMONT

THE FUTURE FOR SIMPSON’S MILL looks brighter [see 13 August issue], said Charles Carter of the Northeast Vermont Development Association. State officials, he, and officials from the Centennial Mill in Gilman met last week. He expected to hear soon that a buyer was found for the mill who would keep it open, albeit probably with financial assistance from the state to purchase new machinery. {ARW discussion 26.Aug.99}

SLR - QUÉBEC

24 August, Richmond. THE RAILROAD HAS ADDED A LONG-AGO CN SHIPPER SITE to its customer list by transloading here.

Effect on transportation policy
According to the advocacy group Transport 2000, ‘public transport users were left out of the Nova Scotia provincial election. Not one of the parties saw the opportunity to offer voters a meaningful alternative to the legacy of funding cuts, neglect, and procrastination arising from the Liberal government’s attitude to public transport.’ The Progressive Conservative transportation platform called for dedication of all license and fuel taxes revenue for use on provincial highways. ‘Railroads, ferries, and airports were also mentioned, but with no financial commitment of any kind.’ {Marcus Garnet in Transport 2000 Atlantic Bulletin 8.99}

Effect on rail policy
Don Stonehouse, the civil service director of the DOT’s public policy group, expected that the recommendation for passage of the Short Line Railway Act [see 12 May issue] will reach the government for a decision. The deputy minister for transportation and public works, Bill Hogg, will be briefed. But the public will see the proposed bill only when the government introduces it into the House. {ARW discussion 24.Aug.99}

NOVA SCOTIA DOT
16 August. THE NEW PROGRESSIVE-CONSERVATIVE GOVERNMENT TOOK POWER from the minority government led by the Liberals, following an election in early August. New Premier John Hamm announced Gordon Balser as minister for Transportation and Public Works, as well as other portfolios: Economic Development, the Petroleum Directorate, the Business Development Corporation, the Innovation Corporation Act, and the Sydney Steel Corporation. {government press release}

Quantification of benefits
The commuter rail service would boost the region toward achieving its specific goal of attracting 6% of peak hour trips to transit, and would support growth-center-based development, specifically in Burlington, Winooski, and Essex Junction.

For the Burlington-Essex service, annual automobile ownership, congestion cost, and safety benefits could range from $2.3 million (all-day service) to $1.1 million (moderate service). One-time land-use benefits could range from $10.9 million to $4.4 million (though the land use benefits cannot be added to the annual benefits, as certain double-counting is implied). {text of Executive Summary}

Next steps
Peter Keating of CCMPO said the CCMPO board would meet 22 September to consider the recommendation. {ARW discussion 26.Aug.99}

SOME 4500 TO 5,000 RAILCARS currently operate in the Burlington-Essex corridor, at Class 1 speeds. To achieve auto-competitive train schedules and avoid conflicts with the wood-chip trains in the corridor, the moderate scenario would require $23 million in improvements, while the all-day scenario would require $37 million. Annually, the moderate scenario would require $3.09 million, and the extended service $6.66 million in operating expenses.

Banks noted that the county could probably obtain capital funding, primarily federal, more readily than long-term operating funds. ‘Federal sources for operating funds have become increasingly scarce over the years, thus underscoring the need to seriously assess and consider the availability and sustainability of local and state operating funding sources in the long-term.’

‘The local property tax base is not sufficient to fund expansion of bus service, much less the implementation of a new passenger rail system. One or more new, dedicated funding sources are required if Chittenden County public transportation is to attain the goal and objectives set for it in county and state transportation plans.’

The railroad has added a new shipper site to its customer list by transloading here.

THE ETHAN ALLEN CONNECTION began between Burlington and Rutland on 16 August, using ex-Virginia Railway Express cars [see ] . {NERAIL e-mail list}

THE RAILROAD HAS ADDED A LONG-AGO CN SHIPPER SITE to its customer list by transloading here.

Background
Johns Manville owns the Jeffrey Mine in Asbestos PQ, called by a sign at the tourist outlook the ‘largest open pit in the free world,’ 2000 meters across and 350 meters deep. The company can produce 28,000 tonnes of ore a day from the pit, which is moved to a crusher and then to fiber production, which comes to 1,025 tonnes a day. The finished product, asbestos fibers for manufacturing, is shipped in bags via truck.

At one point, rail served this mine, first via the Asbestos and Danville Railway, from Asbestos to Danville, and then via the CN Danville (aka Charny) subdivision to Richmond or north to Charny. Both track sections have become bike-snowmobile trails.
Noranda, the giant Canadian company, plans to open a ‘Magnola’ foundry to extract magnesium from the huge asbestos tailings piles, huge steep mounds of crushed rock looming 600 to a thousand feet above town and countryside.

**Current Noranda rail service**

SLQ transloads clay from Wyoming at one track in the middle of the Richmond Yard, using a farm tractor to drive an augur unloading covered hoppers. According to Ed Foley, SLR’s vice-president for marketing and sales, the clay is used to fill the test holes Noranda is now boring. He estimates the traffic at about 100-125 carloads. SLQ also has brought into Richmond construction machinery and transformers for the foundry.

While direct rail service to Asbestos remains a “possibility,” Foley said no party had looked at the project which would require rebuilding 14 miles of rail line at a cost of at least $1 million per mile.

Once the Magnola foundry begins operation, it may well be processed into finished or semi-finished products in the region, rather than move out as ingots. Ingots would more likely move by rail.

**Other new Québec customers**

Since January, SLQ has delivered carbon black for Degussa, whose facility in Waterville PQ (south of Sherbrooke on the SLQ) makes gaskets for automobile car doors. And for the R.C.Pelletier lumber company in Coaticook [also a facility in Island Pond VT], SLQ is looking at bringing in lumber.

**SLR progress**

Foley extolled the work by the crews in taking over the line in winter conditions (December 1998) and in completing tie projects this summer, to get the line’s track speed up. “It’s going well. Existing customers are getting good service, and we’re presenting possible new customers with an alternative means of moving product” though they are careful not to infringe on CN’s market.

System-wide, the company has added 15 new sidings in the last 24 months, and 34 new customers. Foley expects further growth when a sales person for Québec comes on board. [ARW discussion; Asbestos information from Charles Bury via pqrr e-mail]

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**FOR THE RECORD:**  
**QUEBEC/MARITIMES**  

**NO RAIL SHIPPING FOR THE FONDERIE POINTRAS in L’Islet PQ, on the CN’s line north of Québec City.** The foundry has new markets in the United States, weekly shipping auto parts ($8 million of this traditional railroad staple the first four months of 1999), Company President Claude Massé said his customers work on a just-in-time basis with 24-hour delivery. Railroads cannot match that service. [ARW discussion 20.Aug.99; Canadian Ministry of Foreign Affairs and Trade e-mail 17.Aug.99]

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ASSISTANCE TO CBCN could come from the Nova Scotia Department of Economic Development (formerly Economic Development and Tourism but the new government split off Tourism from Economic Development). Bob Stevens of the department said he found the initiatives propounded by CBCN for extended the rail network [see 16 July issue] “very exciting.” His department will examine whether and how the province can help CBCN once it receives formal proposals, which will first go to DOT. {ARW discussion 26.Aug.99}

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**ATLANTIC NORTHEAST PORTS**

**HALIFAX**

17 August. PORT VOLUMES ROSE 5% FROM LAST YEAR for the first six months of 1999. Exports increased by 7% to 3.6 million tonnes and imports accounted for 3.2 million tonnes [see 16 July issue].

**Containers**

Container traffic came to 229,296 TEUs which represents an overall increase of 9%; export containers rose 14% to 1,123,735 tonnes while container imports accounted for 728,627 tonnes. During the first five months of this year, the port handled 30,023 Midwest containers, an increase of 12% over the same period last year. Chief David Bellefontaine said it is too early to determine if that CN’s acquisition of Illinois Central earlier in 1999 has had any effect on the container increases. However, a new service started last October by K Line, Yang Ming and China Ocean Shipping Company (COSCO) may be having some positive effects on container numbers. The three lines, which have vessel-sharing agreements, call Halifax weekly on the eastbound leg of their Europe-North America trade.

**Bulk**

This rose 4%, with sulfides, forest products and rubber showing increases of 25 per cent, 23 per cent and 20 per cent. {Halifax Herald 18-Aug-99}

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**SAINT JOHN**

16 August. MORE COMMENT ON THE DROP IN FOREST PRODUCTS [see 16 July issue] from Paul Doiron, Logistec general manager which operates both the forest products terminal (Fortem) and the container terminal (BTI). Three factors decreased the break-bulk shipments [see 16 July issue]: (1) a strong domestic market; (2) a weak Asian market; and (3) a very low rate for shipping via container.

With volumes down, exporters would naturally turn to containers, and with the lower container rate a fortiori [all the more so, as we in the law biz used to say]. Doiron sees the trend reversing at this point, and expects to return to normal shipping levels at the end of the third quarter and into the fourth quarter.

**Any effect from the suspension of the intermodal train?**

None, said Doiron [see 11 August issue: regional]. Nor have containers begun to move over CN as an alternative route. A small number of containers do arrive via CN; NBSR picks them
up in Island Yard and delivers them to BTI. \{ARW discussion\}

**EASTPORT**

10 August. **THE PORT AUTHORITY SHOULD HIRE A FULL-TIME MARKETING DIRECTOR**, according to a 28-page draft study produced by Tactical Business Solutions of Mount Desert ME and examined by the Port Authority board on this day. The port relies almost exclusively on outbound shipments of pulp and paper from Georgia Pacific’s mill in Woodland. Due to the weakness of Asian markets, outbound Georgia Pacific shipments have dropped from 201,000 tons in 1996 to 168,000 tons in 1998, to an estimated 125,000 tons this year.

The port needs to attract other shippers to gain some financial stability; the study suggests looking in areas such as:

- forest and agricultural products outbound, including wood chips, dimensional lumber, blueberries, and frozen potatoes.
- pulp shipments from mills other than Georgia Pacific, such as Fort James of Old Town, which currently ships by rail to Saint John.
- fertilizer and road salt inbound, for Washington County, Aroostook County, and nearby areas of New Brunswick. Lynn Jebbia, principal of Tactical Business Solutions, said her research indicated that northern and eastern Maine used 50,000 tons of fertilizer per year, while western New Brunswick used 75,000 tons per year.

Skip Rogers, head of the stevedoring company Federal Marine Terminals in Eastport, said he is talking with an overseas company about moving fertilizer through Eastport, for truck delivery. That effort is currently on hold because the US government has received a complaint that the company is selling at below-market prices.

**Impediments and competition**

Eastport has lower stevedoring costs than Searsport or Saint John, but higher than Bayside.

The port suffers from a lack of rail service \{see below\}, as well as relatively high costs for pilotage, towage, and berthing fees. ‘To compete for the target and possible market cargo identified, Eastport should try to reduce these fees wherever possible.’ John Sullivan, the port’s executive director, said if the number of ships increased, the port could spread towage and berthing fees over more ships.

Bayside, Saint John, Searsport, and Portland also compete directly with Eastport, with all but Bayside having direct rail access. Fort James pays less to ship by rail via Saint John than it would pay to truck its pulp to Eastport. ‘Perhaps the $2.19 difference per ton Fort James would pay to ship through Eastport could be made up by cheaper port-related costs.’

**The short-term improvement**

Eastport City Manager George ‘Bud’ Finch, a member of the Port Authority board, noted earlier studies dealt with large-volume shipping, something the port is not ready for. ‘We all know that big shipping out there is based on the future of rail \{for Eastport\}, but the future of rail is not a short-term solution to the port.’ Rail can’t be built that quickly.

Finch agreed that marketing was crucial to the port. The board is looking at several options for doing that.

If rail is to reach the pier, MDOT Commissioner John Melrose cautioned Finch in a June board meeting, Eastport must start reserving land for port access. Otherwise, future development could bar a rail route.

**Container service**

Sullivan said Eastport could feed containers to the major shipping lines in Halifax, a role already played by Portland. All containers through Portland move by truck. Sullivan said a shipping line which owns small US-flagged vessels is looking at starting a feeder-vessel service. ‘This type of feeder service offers the best potential for Eastport to get started in container shipping.’ \{Diana Graettinger in**Bangor Daily News** 23 Aug. 99; ARW discussions 23 & 24 Aug. 99\}

23 August, Bangor. **MDOT WILL FUND A STUDY ON THE LOCATION OF A TRANSLOAD FACILITY** for Eastport. Don Cooper of the Eastern Maine Development Corporation said his agency will receive $15,000 from MDOT, and find a local match of 20% to make a total of $18,750. Observers close to the situation (Cooper, Skip Rogers, Lynn Jebbia, and Chris Hall of Stafford Business Advisors - who did earlier studies about Eastport) agree that the location of the transload site will depend on what materials the facility handles.

At bottom, three different types of traffic could pass through: dry bulk (salt, fertilizer), break-bulk (rolled paper, pulp, lumber), or containers (agricultural and forest products). The observers said that higher-value commodities can withstand the necessarily higher shipping costs involved in a longer dray, and listed four possible locations for the facility [see 13 August issue].

Charlotte, about 20 miles distant. A dray of this distance would probably rule out break-bulk, leaving only containers as traffic for transloading.

**Ayers Junction**, about 15 miles distant. This facility can provide a large area for laydown and warehousing, but on a wet site which would probably cost more to prepare than Charlotte.

**Perry Corner**, about 9 miles distant. This dray is short enough to make break-bulk feasible.

**Moose Island**, where the new pier of Estes Head lies. Rogers mentioned a possible location 3.5 miles distant from the pier, and also one on the bluff above the pier. Since only a conveyor would run cheaply enough to permit bulk to be transloaded, the more distant point could be used for break-bulk but not for dry bulk. Dry bulk would require a location nearly at the pier, but as Jebbia points out, running the rail in that far will cost $35-$40 million, as it most probably would include a new bridge into Eastport, pulling truck traffic off Pleasant Point Reservation.

While Eastport already has two studies (by Jebbia and Hall, respectively), Jebbia said that the consultant in the new study
will need to determine whether Eastport can get its costs low enough - including rail transport - to provide competition with other ports in the Atlantic Northeast. And that will require getting rates from the railroads involved.

If Eastport can present a lower overall price, then the consultant should approach the shipping lines to ascertain their interest in using Eastport. Even if the study shows that carriers are interested, Eastport faces the same quandary as Quonset Point: the difficulty of getting the commitment of a carrier to use the port. Without a commitment, funding organizations will be reluctant to spend much money on a transload facility, but without the transload facility and its connecting rail, carriers will avoid the port.

Next steps
Cooper said Diane Tilton, executive director of the Sunrise County Economic Council, is looking for the $3,870 in matching funds, and Rogers said he is about to submit a grant application to the Maine Community Foundation.

With the match in hand, EMDC will issue a request for proposals from developers to do the study. Cooper believed that the organization supplying the local match would have the chief say in the scope of the study. {ARW discussions 23&24.Aug.99}

PORTSMOUTH
25 August. THE AUTHORITY HIRED VHB TO DO A MASTER PLAN, following an RFP. According to Bob Snover of Appledore Engineering, vice-chair of the New Hampshire State Port Authority Board, the Authority wanted an examination of how the port could play a niche role in maritime transportation in the next century. Board members knew they would go through a public process to select an operator for 2000-2002, because Bulkloader’s contract expires on 31 July 2000 [see 23 July issue]. The plan will show the board what kind of expertise the future operator (which could be Bulkloader) should have, and show the operator what the board is looking for.

According to the RFP, the plan will describe the best possible uses for the five-acre site, and the proposed additional 15 acres. To be completed by 15 March 2000, it will cover the next five years of the port.

Snover said the board had interviewed three “well-qualified” firms and made a “difficult choice” among Vanasse Hangen Brustlin, Louis Berger, and Stafford Business Advisors of Portland.

Would the board ever let the facility go? Snover said the master plan should entertain the null option, but he strongly doubted the board would move away from a maritime use. George Bald, state commissioner of resources and economic development and a board member, in July said the board is willing to look the state’s relinquishing its operation of the facility.

Outreach position
Recently the board eliminated the position, operations manager, for which Geno Marconi was hired: to diversify the port cargoes. Snovers said Marconi had done “exactly what he was hired to do” three years ago, bringing in a variety of ships, so the authority did not need to continue the position. {ARW discussion 26.Aug.99; text of RFP; Jenn Vento in Portsmouth Herald 22.July.99}

However, Marconi said on the day he was dismissed: “I was shocked. The director walked up to my desk and told me he was restructuring his staff and eliminating my position.” {Bob Tis in Portsmouth Herald 4.Aug.99}

QUONSET POINT
18 August. THE LACK OF A COMMITTED CARRIER MAY SINK THE BID of Quonset Point Partners (QPP) to develop the port [see 13 August]. Point 27 of RIEDC’s questions to QPP asked for detail on the commitments. Nolan Gimpel, vice-president of Stevedoring Services of America, one of the partners, called “a pipe dream” the expectation that shippers would commit to a multi-year project that hadn’t been approved by the state. “The state ought to be damned happy we got what we got” - letters of interest from major shipping companies.

But John Swen, director of RIEDC, said the state made clear from the start it would not move past the design stage unless the developers proved the project was economically feasible and privately financed. Without the carrier commitments, QPP’s project will not pass muster, he believed. {Sara Kehaulani Goo in Wall Street Journal New England 18.Aug.99}
LISTEN UP, MASSACHUSETTS

Local, loud opposition has sunk one rail project in the Commonwealth, and threatens to sink three others. This issue covers the demise of a waste transfer station in Attleborough, plus ‘concern’ about Fletcher Granite’s reopening its private line in Westford-Chelmsford. Previous issues contained the news that Hingham opposition may sink the T’s proposed Scituate commuter line, and Easton doesn’t want T service through its neighborhood.

Ironically, the opposition raises two issues: environmental damage, and quality of life. Yet by using rail instead of road transportation, the companies involved are helping, not damaging, the environment.

As for quality of life, Westford abutters, like those in other locations, claimed, “We didn’t move here to live next to a railroad.” And what were they thinking when they looked at the tracks next to their house? Trains would never appear? Personally, I prefer three trains a day to 50 trucks, anytime.

Finally, these self-same suburbanites are probably choosing to drive SUVs and power lawn mowers, ignorant of the significant damage those two machines are doing to both the quality of life and the environment. And why beholdest thou the mote that is in thy brother’s eye, but considerest not the beam that is in thine own eye?
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