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**Issue 05#02A 16 February 2005**

*Article unchanged from e-bulletin.*

**REGIONAL ISSUES**

[No report.]

**CONNECTICUT**

Salt: Highway salt contracts.*

**MAINE**

Legislature: More on testimony about rail service.* Governor proposes transportation bond.*

BML: Unity Foundation foreclosed.* Railroad wants another three years in Belfast.*

**MASSACHUSETTS**

HRRC: Mead Specialty Papers not sold.*

WWTR: State effort to block transfer station.*

Boston: Increase in cargo volume.* Table.*

**NEW HAMPSHIRE**

Nashua-Boston: NH turns project over to Nashua.

**RHODE ISLAND**

PW: Parties look to state court about operating a transfer station in Pawtucket Yard.*

**VERMONT**

NECR: State legislators look at Bellows Falls tunnel.

**MARITIMES/QUÉBEC**

CBNS: Coal contract.* Complaints about pulp shipments.* Cape Breton abandonment hearings postponed at request of railway.*

QCR: Giguere would like to sell to local investors.*

Halifax: Maersk Sealand drops only call, at Halterm.* Is CN to blame?

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**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

Rich Tetreault, George King

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FROM THE PUBLISHER

**Early issue**

This issue went to the printer on 16 February, two days earlier than I expected. I figured that in putting out e-bulletins d, e, and f I had compiled enough information to fill an issue, so why wait?

For those who receive the e-bulletins, this issue will disappoint: nothing new, except the stevedores’ complaint that CN caused Maersk to leave Halifax, and CN’s response that the stevedores should examine themselves. Oh, and a bit more about the Nashua commuter contract, and the Vermont news.

**Highway salt**

I am very aware that I have not yet published the Massachusetts results. Ron Whitaker, the diligent fellow who handles the procurement for the Commonwealth, and I have tried for two months to talk together. Maybe for next issue?

- Chop Hardenbergh

Next issue: 4 March.

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Common abbreviations:  
BCLR - Bay Colony RR,  
BML - Belfast & Moosehead Lake RR,  
CBNS - Cape Breton and Central Nova Scotia Ry,  
CCCR - Cape Cod Central RR,  
CCRR - Claremont Concord RR,  
CFQ - chemins de fer Québec System,  
CMAQ - congestion mitigation air quality (money from the US federal government for these purposes),  
CN - Canadian National Ry,  
COFC - Container on flat car,  
CPR - Canadian Pacific Ry,  
CSO - Connecticut Southern RR,  
CSRX - Conway Scenic Railroad,  
EOTC - Mass. Exec. Office of Transportation & Construction,  
GRS - Guilford Rail System,  
GWI - Genesee & Wyoming Inc,  
FHWA - Federal Highway Admin.,  
FRA - Federal Rail Admin.,  
FRTC - Fore River Transportation Company,  
FTA - Federal Transit Admin.,  
HRRC - Housatonic RR,  
PW - Providence & Worcester RR,  
QCR - Quebec Central Ry,  
SLQ - St.Lawrence & Atlantic RR (Québec),  
STB - Surface Transportation Board,  
TIRR - Turner’s Island LLC,  
TEU - twenty-foot equivalent unit (measure of container traffic, equal to a 20x8x8 foot box),  
TOFC - Trailer and flat car,  
VRS - Vermont Rail System (Green Mt. RR Company  
GMRC + Vermont Ry  
VTR + Clarendon & Pittsford RR  
CLP + Washington County RR  
WACR),  
WHRC - Windsor and Hantsport Ry.
CONNECTICUT ROAD SALT CONTRACTS 2004-2005

The contracts were awarded in autumn 2004—see 04#07B. For comparison with 2003-2004, see 03#08A. My apologies for the delay.

<table>
<thead>
<tr>
<th>District</th>
<th>stores location</th>
<th>bid winner</th>
<th>2004 price per ton delivered</th>
<th>2003 price per ton delivered</th>
<th>estimated volume ConnDOT</th>
<th>estimated total ConnDOT + municipalities</th>
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<td>131</td>
<td>Darien</td>
<td>Morton</td>
<td>$44.34</td>
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<td></td>
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<td>58,403</td>
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</tbody>
</table>

Changes from 2003-2004

Only two districts changed suppliers. Morton won Milford (ISCO supplied before), and ISCO won Old Saybrook (Morton supplied before).

Salt piles

American Rock Salt supplies rock salt from its mine in Hampton Corners, NY. Piles are located at Hartford (served by CSO, our Directory #571) and Taunton, Massachusetts (served by BCLR, our Directory#283-2).

International Salt supplies rock salt from Caleto Patillos, Chile. Piles are located at Gateway Terminal in New Haven (our Directory #544) and 182 Calcutta Street, Port Newark, New Jersey.

Morton supplies solar salt from Inagua, Bahamas. Piles are located at Gateway Terminal in New Haven (our Directory #544) and the Sprague Pier at 114 Allens Avenue in Providence. {Connecticut Department of Administrative Services website, contract 04PSX0209}
Representative Randy Hotham

Hotham, who sponsored LD230 [see 4 February issue] at the request of the Rail Consumer Cooperative, noted that recent rail service had become a serious concern, with a key issue the timeliness of bulk shipments. “This is an important issue to Maine.”

He recited a passage from the 2002 Maine Integrated Freight Plan compiled from a shipper survey: ‘Over 30% of respondents cited the lack of adequate and consistent rail service within Maine as a major concern. Though Maine is served by six railroad companies, many Maine businesses do not have easy access to their services. This is the result of abandoned rail sidings and short lines, and lack of interest by the railroads in providing specific shippers with rail service.’

Hotham also noted the November 2002 Rail Task Force report. {ANR&P coverage}

Testimony for Maine Rail Consumer Cooperative

Tony Buxton of the law firm Preti, Flaherty, Beliveau, Pachios and Haley presented testimony on behalf of his client, the Maine Rail Consumer Cooperative, making these points:

The problem. ‘The Cooperative asked Representative Hotham to sponsor this legislation because of continuing and significant problems with the quality, availability, and dependability of rail freight service in Maine. The legislation sought the involvement of the Public Advocate in federal rail rate proceedings before the Surface Transportation Board of the federal Department of Transportation. As Representative Hotham has indicated, our further work, and that of others, has led us to conclude that such participation would be prohibitively expensive and likely unproductive....

‘Rail freight service is extraordinarily important to Maine’s economy. Our mills are highly dependent on rail for the acquisition of raw materials and for the transportation of finished product to market. The inability to rely on the acquisition of raw materials and the transportation of product for sale has a significant negative effect on the ability of Maine’s remaining manufacturers to do business in Maine. Some manufacturers estimate that, with proper service, they could increase their rail freight business by 50% or more.

‘Some facts are clear: it is indisputable that Maine’s rail freight service is inferior to that enjoyed most of the rest of the United States, with the obvious exceptions of Hawaii and Alaska. It is obvious that mills which cannot guarantee the delivery of their product to market on a timely basis or in proper condition cannot compete with foreign or domestic competitors who have good rail service, or even with their own sister companies which enjoy better service in other states. You know well the social harm which has occurred with the loss of tens of thousands of manufacturing jobs in Maine over the last decade. It is unquestionably true that some of that loss has been caused by the transfer of production to areas with better and more dependable rail service.

10 specific problems, but no railroad identified. ‘So what is the problem to be addressed? My testimony will refer to no specific railroad. Rather, we ask that you, through your own independent inquiry, determine the extent to which these problems exist in particular areas. Further, we make no proposal that would apply to only one railroad. The legislation we propose would apply to all Maine railroads. Some may fear it; some may not. You might ask them why. We are certain your inquiries will demonstrate to your satisfaction that a problem exists and that reasonable, small steps can be taken to begin to eliminate the problem.

‘Let me briefly inventory the problems consumers experience. First, deliveries by one or more rail companies do not arrive on time and in some cases not at all. Second, when deliveries do not arrive on time, one or more rail companies lack the technological means or the will to locate the lost shipments and to arrange for their prompt redirection to minimize late
delivery times. Third, when shipments arrive, they sometimes arrive in poor quality, diminishing or lowering the value of the materials. Fourth, one or more railroads failed to timely switch cars in and out of receiving and shipping areas. Promises are made on switching and not kept, all too frequently. Fifth, service during and around holidays is poor and sometimes nonexistent, indicating a shortage of personnel at those times and perhaps year round. Sixth, it often appears there is an absence of the cars necessary to meet the commitments of service contracted for by customers. This includes both deliveries and shipments. Seventh, it frequently appears that congestion in switching yards presents significant problems and is at the very least a frequent excuse for delays and failures to make deliveries. There is apparently an absence, with one or more railroads, of modern technology to track the location of cars, be aware of their contents and to be able to plan their delivery. We ask you to compare this circumstance to UPS or FedEx, which can tell you the location of your package on the face of the Earth at any given moment through computerization and tracking codes. Eighth, for one or more railroads it appears that crew sizes and crew availability are significant problems. Ninth, on occasion, there is a shortage of locomotives by which to move cars. Tenth, because of these problems, manufacturers must compensate by renting warehouses to store their materials so that they can be held for the time when cars actually do appear; it is not uncommon for cars to be delivered ten to fifteen at a time, as opposed to two or three over each of several days when they were required.

Attempts at solution. ‘These are not new problems. They have occurred for at least a decade or more and have been addressed in a variety of ways. Some manufacturers have dedicated employees solely to the task of managing relationships with the railroads. In other cases, railroads have placed personnel inside manufacturing facilities to help, a circumstance which brought some improvement until the deterioration occurred again and the railroad employees became so embarrassed they resigned. The practice of cross-docking has developed, in which manufacturers truck around some rail lines in order to get their products to market on time....’

‘The secondary aspect of compensation for this problem has been the development of extensive political involvement to obtain the cooperation of one or more railroads in Maine. Congressmen, and even several Governors have spent time on the phone cajoling rail executives to ensure that Maine manufacturers receive proper rail service. Political intervention at the highest level should not be required on a day to day basis to ensure proper service. With all respect, that is no way to run a railroad. And, when this occurs, the results are predictable: there is a temporary improvement in service, perhaps with service shifted away from someone who had not been complaining and then, over time, a gradual return to the status quo of inadequate service.

‘Common sense indicates that there are simply too few rail employees, too few rail cars and too little necessary technology to provide the service Maine’s economy requires. In economic terms, this circumstance can occur only when there is a monopoly or near monopoly for certain kinds of service to deliver and move certain kinds of product. It is this monopoly or near monopoly circumstance, at a minimum, that justifies your involvement.

Why not truck. ‘Having listened to this array of problems, you are probably asking why such manufacturers do not use
trucking instead of rail. Some do. Some have abandoned rail completely, but many manufacturers cannot move their materials by truck. Some raw materials are too heavy or cumbersome to move by truck to Maine plants. Some manufactured products are too bulky or heavy to move in any way but by rail. More importantly, because rail is such an important part of the rest of the nation’s economy, some customers require the product be shipped to them only by rail. If Maine mills cannot do that, Maine mills cannot supply those customers.’

Fear of retaliation. ‘But an additional, an unusual matter complicates this problem. I have encountered fear among those who must have rail service. The fear is not just a fear of poor service; rather, it is a fear of retaliation for complaints about service. Imagine yourself as a mill manager whose mill depends upon a raw material which can be transported only by rail and whose mill comes within a few hours of shutting down its 24-hour a day, 365-day a year operations because the cars containing the materials are lost.

‘The involuntary shut down of a mill of this magnitude echoes to the president of even the largest corporations. It is a career-risking event for the mill manager. If it happens repeatedly, it endangers the status of the manufacturing facility as an operating facility in Maine. Why do business where you cannot get raw materials to make your product?

‘I have been informed that when one Maine mill engaged in a dispute over demurrage, or car rental fees, a train moved into the yard of the mill and the crew went “on break” for a day with the train blocking shipping by the mill, until the matter was resolved. I have been informed that one Maine rail customer was denied service because of continuing disputes with the railroad, sought redress with the Surface Transportation Board and won, receiving an order that service must be given him, is still attempting to get service.

‘Finally, you will note that few industries appear here today. I urge you to determine why that is the case. There are many people with whom you may speak who are knowledgeable about this topic. Some are former DOT Commissioners. Some are present and former legislators. Some of them may tell you that a battle with a hostile railroad is not worth the cost. Some may say they fear being sued for what they do as government officials. Some may say that Maine manufacturers fear being cut off or being damaged by poor service as a means of retaliating for public protestation for the lack of quality of rail service. These people, men and women of both political parties, will tell you that this problem is not new, that it has to be solved and that it will only be solved by those who have the courage to move forward, take small steps and move Maine in the right direction.

Why not the STB. ‘As Representative Hotham also said, the federal government has generally preempted the setting of rates of the nation’s railroads. The result is that rail rate proceedings at the Service Transportation Board are few, extremely lengthy, complex and have little to with actual service in Maine. Most Maine service is taken by contract, that is by rates negotiated between the railroad and the customer. Some contend that it is possible to complain about quality of service to the Surface Transportation Board. Maine consumers compare this to a shout into the darkness; it is a matter of luck whether one’s shout receives more than an echo.’

The new bill
The existing LD230 [see 4 February issue] would permit the Maine Public Advocate to represent rail consumers before state and federal regulatory boards. The Rail Consumers proposed a substitute which would do three things.

- Amend ‘existing Maine law to make it unlawful for a railroad to discriminate in the provision of service to customers.’

- Require MDOT’s freight division to ‘track deliveries and shipments at manufacturing and other industrial facilities, with the cooperation of those facilities, as to the number of shipments or deliveries contracted and the number that were performed on a satisfactory basis.

‘To make this truly effective, we recommend that a report be generated annually to the Governor and the Legislature indicating by railroad the on time and other quality performance of railroad service to those facilities. To ensure that the information is not used to harm those who provide it, the information should be protected from the Maine Freedom of Information Act and should be allowed to be collected on an anonymous basis. This will allow the same kind of public recognition and pressure on the quality of service as it occurs from the publication of utility rates for electricity and telephone service, bank interest and mortgage rates and airline on time performance. It is difficult to understand why any railroads would oppose records of performance being public.

- ‘Finally, in the model of the whistleblower statutes that are more famous at the Federal level, we have provided legislation to prohibit the retaliation by any railroad against a customer for complaining about the quality of service. This would be
subject to enforcement by the Attorney General and will provide the kind of protection that would in fact allow people whose service is being performed poorly and continuously to be present here today. Without this kind of protection, there will be no change in rail freight service in Maine.’ {text as supplied at hearing}

Testimony by Chop Hardenbergh
Your editor spoke in favor of the bill, making these points:

- Publicity does get results. When in 2002 Georgia-Pacific wrote a letter to GRS President Tom Steiniger, copied to twenty Maine legislators, the switching problems improved. [See 02#02B which contains text of the letter and a list of switching problems.]

- Customers fear retaliation. I recounted instances in which customers asked me not to use their name, or even mention the company, fearing retaliation. {ANR&P coverage}

Maine Potato Board - intermodal effort in Presque Isle
A sheet distributed at the hearing recited the position of the Board supporting ‘timely and affordable rail service in Maine.’ It noted that 50 years ago, ‘the majority of the potatoes grown in Maine were shipped by rail to East coast markets. Today very little of Maine’s potato crop, fresh or processed, is transported via rail. There are many reasons for this, but the foremost was the inability of the railroads to provide regular, timely, and affordable delivery of Maine potatoes....’

During the same 50 years, Western states increased potato production, and ‘rely on the railroad to ship fresh and processed potatoes to the East coast. Rail service from the west to the east allows those areas to compete in our traditional markets of Boston, New York, and Philadelphia. This leads us to ask why rail service can be timely and affordable for our competition in the West, and not for Maine potato growers and processors.

‘Recently, the City of Presque Isle and the Presque Isle Industrial Council invested over a million dollars to develop an intermodal facility. One of the major goals of this facility was to create capacity to move northern Maine natural resources to market, helping to make us more competitive. This goal has not been met, as very little production has moved from this facility, due to lack of timely and affordable connecting rail service.’ {text of sheet}

Guilford opposition
David Fink, executive vice-president, opposed the bill. He made these points:

Railroad standing and performance. Current owners [Fink, his father Dave Fink serving as president of parent company Guilford Transportation Industries, Richard Kelso, and principally Timothy Mellon - editor] have owned the Maine Central Railroad since 1981, and the Boston-Maine Corporation since 1983. Fink noted it is the only railroad in Maine which has not changed hands since then. [Indeed, in the Atlantic Northeast, only PW remains under the same ownership for a longer period of time; it came out of the Penn Central collapse in 1973. Editor]

Almost the same group own tie plant Perma-Treat [our Directory #618], and, said Fink, they are moving it from Connecticut to Mattawamkeag.

In 2004, GRS operated the safest railroad in the United States, for its size, winning the Harriman Gold Medal. [The railroad has done so in past years as well. Editor]

GRS has the best on-time performance for Amtrak passenger trains with the Downeaster. Fink asked how he could be providing such poor service to his customers, and still provide great service to the Downeaster?

Last year “was our best year in the last 20.” The railroad has about 1000 workers overall, with 400 in Maine. “We receive on the B&M, and originate on the MEC.”

The Surface Transportation Board. Fink said that the STB does have a way to deal with service issues. Shippers with problems should “call Mel Clemens at the Surface Transportation Board. Mel will speak with us.” [MBRX and Granite State Concrete tried that (informal mediation) route—see 03#06B—to no avail in 2003—see 03#07A.]

Talks with customers. He spoke with all his major customers in the last two weeks, and “no one spoke in favor of this bill” including staff at MeadWestvaco. He recently spent “all day with SAPPI” and SAPPI officials felt this bill was not the way to go. He spoke with Georgia-Pacific on 2 February.

Talks with MDOT. Per Fink, he talks “to DOT on a regular basis...I have discussed car supply. I have dealt with Alan Stearns
[Governor Baldacci’s senior policy advisor for transportation]. We feel we are in very good shape.”

New boxcars. GRS recognizes that the national rail system is having problems, especially with car supply. GRS just acquired 150 new boxcars at a cost of $3.5 million. From TTX it has acquired 400 Plate F cars for $20 million. In addition, it is rehabbing 150 cars. It has enough cars to offer Storage In Transit.

Log cars. GRS had 350 log cars, but these were seldom used. A shipper would use them one month, and then not at all for the next three. “With scrap prices reaching $350/ton, we scrapped them.”

Places to talk. Fink said, “Do we have problems, yes. When issues come up, we discuss them with corporate management.”

GRS belongs to the Maine Pulp and Paper Association (MPPA). [It joined last year, according to an official there. {ANR&P discussion 9.Feb.05}] GRS also belongs to the Maine Freight Advisory Committee. It has “not met much” but issues can be addressed there.

Maine Forest Products Council is another place. “Our sawmill is a member.”

SLR opposed bill
SLR’s brief testimony was provided by lobbyist Richard Trahey. {ANR&P coverage}

More on the Maine Rail Consumer Cooperative
The group sponsoring LD230 through its counsel, Tony Buxton, seeks to remain anonymous. It will not identify its members. Moreover, Buxton has refused to identify a particular railroad. He did say that his members “have a great fear of being retaliated against when they complain publicly about rail service.”

Hotham said later that he is convinced that Maine manufacturers and farmers would make greater use of rail freight if service improved. Hotham also declined to identify Guilford as the focus of the bill. Asked why a matter involving freight trains was being steered to state officials [the Public Advocate’s office] who typically worry about electricity and phone service, Hotham said: “We’re trying to enable some branch of state government to get involved in an industry that’s federally regulated. So we had to be innovative.” {Tux Turkel in Portland Press Herald 12.Feb.05}

22 February, Augusta. THE WORK SESSION FOR THE BILL TO IMPROVE MAINE RAIL SERVICE is scheduled for this day at 130PM, with the Legislature’s Utilities and Energy Committee. According to Linda Lockhart, spokesperson for the Maine Rail Consumer Cooperative, committee analyst John Clark will provide some findings, and then the committee will decide how to act on the bill, LD230, and its proposed amendment. {ANR&P discussion 9.Feb.05}

MAINE TRANSPORTATION BOND
9 February. THE GOVERNOR’S BOND FUND PROPOSAL INCLUDED $38 MILLION FOR TRANSPORTATION out of a total of $197.35 million. Under the heading ‘Transportation’ and then subheading ‘Natural Resource-based Industries’, $27.75 million would go for highways and bridges, including $12 million for the new Waldo-Hancock bridge (interest and principal repaid by highway fund); $2 million would go into the Industrial Rail Access Program (interest and principal repaid by general fund). Marine improvements would get $7.5 million, trails and bicycles $1 million, aviation $1.5 million, and transit and bus $1 million (all repaid by the general fund). {governor’s website}

Reaction from the Maine Better Transportation Association
‘This bond represents the smallest biennial transportation bond since the 1993/1994 biennium, despite the fact that Maine voters typically pass transportation bonds with the largest margins of any bond on the ballot....While the transportation package is well-balanced in terms of modes, the total number falls far short in terms of the crushing needs of the state’s transportation infrastructure, particularly at a time when fully one-third of the state-maintained bridges are within ten years of reaching the end of their useful life....Because interest rates are still very favorable, this is an optimal time to borrow and it is widely known that investing in transportation is one of the best ways of stimulating a faltering economy.’ {MBTA press release}

BELFAST & MOOSEHEAD LAKE
8 February, Belfast. UNITY FOUNDATION FORECLOSED ON THE RAILROAD, and has locked the Unity property as well as the Belfast property. {Rail observer report to mainerrscanner e-list} [Apparently the Foundation did not sell the
railroad outright in 2003, but reached a five-year purchase agreement. At a Belfast City Council hearing, Manager Paul Hallett said the Foundation automatically foreclosed on RailStar the moment it learned the city had canceled the lease because of the railroad’s default. But “we have to keep this terminal [Belfast] in the package until RailStar completes its purchase of the railroad.” Railstar bought BML two years ago [see 4 February issue] and would need three years to complete the transaction.

Per Hallett, if the city gave the railroad another three years at the waterfront rail yard it would provide the company with the time needed to relocate its station up the track to City Point. BML could then run passengers from City Point along the waterfront into the downtown.

State Representative Walter Ash (D, Belfast), a former city councilor and former president of the railroad, urged the city to consider a short-term lease with the railroad.

Although RailStar has operated from the rail yard since 2003, its relationship with the city has been troubled from the start. “For over two years they didn't just not pay their bills, they also bounced checks, they didn't return phone calls,” said Mayor Michael Hurley. {Walter Griffin in Bangor Daily News 9.Feb.05}

**M A S S A C H U S E T T S**

**HRRC - MEADWESTVACO**

18 January, South Lee, Massachusetts. MEAD SPECIALTY PAPER WAS NOT SOLD when MeadWestvaco sold its coated paper division. Hence its mills here will continue to receive pulp inbound by rail [our Directory #666]. South Lee also houses the headquarters for the Specialty Paper division, comprising two mills in South Lee and one in Potsdam, New York. {MeadWestvaco website; ANR&P discussion 14.Feb.05 with Mead spokesperson; ANR&P e-mail from HRRC’s Rian Nemeroff}

**WILMINGTON & WOBURN TERMINAL - STILL RESISTANCE**

9 February, Wilmington. STATE REPRESENTATIVE JIM MICELI SEEKS TO BLOCK THE TRANSFER STATION HERE. Representing parts of Wilmington and Tewksbury, he is forming a loose coalition of state environmental officials, members of the Attorney General’s office, and leaders of national trash hauling industry to halt New England Transrail from building the plant on the former site of the Olin manufacturing plant on Eames Road [see 4 February issue].

Conference call with STB officials

Around 2 February, Miceli initiated a conference call with Evelyn Kitay, an attorney in the STB's general counsel’s office, Phillis Johnson-Ball, an environmental specialist, and Vicky Rudson, chief of the Section of Environmental Analysis. After the meeting, Miceli said he had told the STB officials that much has changed in the past two years when New England Transrail showed initial interest in the site. “They said that we could not simply say ‘Not In My Backyard’.... “My impression is that a lot of work is needed to change [STB’s] minds on [New England Transrail].”

But he believes the STB can be converted if the state will come to the assistance of the towns. “We must convince [Massachusetts Department of Environmental Protection Commissioner] Golledge that the state does have some overriding jurisdictional powers in this matter.”

Two weeks ago, the town of Wilmington filed an appeal to the STB, saying the evidence used by the Analysis was flawed and the three dozen recommended mitigation were inadequate. {Franklin Tucker in Wilmington Advocate 11.Feb.05} [MDEP will have 30 days from the date of the Board’s final decision to consult with SEA–see 04#12B.] For further detail on the arguments of Wilmington and WWTR, see the STB website, filings under docket number FD 34391.

**BOSTON**

8 February. THE MASSACHUSETTS PORT AUTHORITY (MASSPORT) REPORTED DOUBLE DIGIT INCREASES in import, export and overall cargo volume passing through its container facilities in 2004, accounting for an 11 % increase in total TEUs. The largest percentage increase showed in export shipments, where a 15% increase in both TEU and tonnage was reported over 2003.

This despite the halt of the feeder service to Halifax for the last six months [see Halifax in 4 February issue].
CKYH growth
The Far East steamship alliance CKYH (China Ocean Shipping Company and its partners, “K”-Line, Yang Ming and Hanjin Shipping Lines) began calling the Port of Boston with direct, inbound service three years ago. Massport reports steady growth: the group moved 60,228 TEUs through the Port of Boston in 2004, compared to 41,225 TEUs in 2003.

MSC growth
Mediterranean Shipping Company (MSC), which has been calling the Port of Boston for 17 years, added a second weekly vessel call in Boston in May of 2003. For the last six months of 2003 versus the same period in 2004, Massport reported a 46% increase in MSC cargo volume. During this time, MSC containers handled in Boston rose to 13,449 TEU in 2004 from 9,216 TEU in 2003. MSC’s slot charter partner is CMA-CGM.

Feeder barge from New York

Record truck move
In 2004, an average of 753 trucks per day were processed through Conley Terminal during one week in October, surpassing the previous record of 740 trucks per day reported during a week in October in 1998. Only six weeks later, this record was again broken when a daily average of 776 trucks was reported at the end of November 2004. Gate moves at Conley Terminal rose 12% in 2004, totaling 164,555 moves, as compared to 146,484 in 2003. This translated into an average of 653 per day in 2004 compared to 589 per day in 2003.

Passengers
2004 closed with a total of 95 cruise ship calls, carrying about 200,000 passengers. [No comparison offered.] {Massport press release}

NEW HAMPSHIRE

NASHUA-BOSTON COMMUTER RAIL
9 February, Concord. THE EXECUTIVE COUNCIL APPROVED A $750,000 ENGINEERING CONTRACT [see 04#07A]. Transportation Commissioner Carol Murray said she set aside money in her agency’s public works budget to contribute the $150,000 state match for this work to move ahead on the commuter service between Boston and Nashua. Earlier, Nashua Mayor Bernie Streeter said that after this study, the city would contribute the 20% local match toward the
entire $70 million effort.

Councilor Debora Pignatelli, a Nashua Democrat, praised Streeter and the Nashua Board of Aldermen for the December vote approving a special tax district to help finance the city’s piece of the project [see 04#11A]. The F.E. Everett Turnpike will have to be widened again in 10 to 15 years if the state doesn’t create incentives for people to use alternative transportation, she warned.

**No gas tax**

The Council rejected a much smaller consulting contract in 2002 because the state money would have come from gasoline taxes. That decision stalled the momentum on the project, and the state Supreme Court ruled last year that spending gasoline tax money on rail projects was unconstitutional [see 04#04B].

Councilor Peter Spaulding, a Concord Republican, had led the Council’s opposition in the past, and advanced the constitutional argument that the New Hampshire Motor Transport Association brought to the state’s highest court. “I do think it’s fair to go ahead with this. If Nashua is prepared to spend their money on this project, that’s their decision and I wish them well with it.” {Kevin Landrigan in Nashua Telegraph 10.Feb.05}

**Gas tax constitutional amendment**

The State Senate Transportation Committee voted as ‘Inexpedient to legislate’ (to kill) the proposed amendment [see 4 February issue] to the state constitution (CACR 8) that would permit gasoline tax money to be spent on rail work. Portsmouth Democratic Sen. Martha Fuller Clark has sponsored that proposal. The State Senate will most probably vote the same way on 17 February. {legislative website}

In November 2004, NHDO T Commissioner Carol Murray said that the highway trust fund lacks enough funds to help alternative modes and to help highways. The highway dollars are already allocated, she told a joint legislative panel studying the funding of the state’s Ten Year Highway Plan. {Warren Hastings in Manchester Union Leader 5.Nov.04}

**More on the contract**

According to Kit Morgan, NHDO T rail administrator, the contract assigned administrative responsibility for the project to the Nashua Regional Planning Commission. The $750,000 will pay for consultant Parsons Brinckerhoff to revise the ridership modelling, to re-evaluate and complete the operating agreements with GRS and the T (Amtrak is no longer the T operator), complete preliminary track design, revise the station design and the layover facility design (since the adjacent chemical plant closed, no need to preserve its siding), and prepare agreements to acquire rail cars.

In particular, PB must re-examine the so-called ‘Tyngsboro curve’ alongside the Merrimack River to ensure that the project can provide double-tracking there. {ANR&P discussion 15.Feb.05, scope of work document}
What about pre-emption?
PTO has formed the Rhode Island and Western Railroad to switch the Pawtucket Yard, where the transfer station would operate, handling a variety of commodities [see 04#09A]. But the railroad withdrew its filing for a Notice of Exemption from the STB until the lease and operating situation resolved itself [see 04#10A].

Daniel Poggi, one of the owners, said the company had discussed proceeding under the federal pre-emption doctrine, but believed that the lawsuits would resolve the situation soon enough. {ANR&P discussion 9.Feb.05}

VERMONT

NEW ENGLAND CENTRAL
13 February, Bellows Falls. OFFICIALS VIEWED THE RAIL TUNNEL HERE, to learn directly about improving the clearance. The Railroad Association of Vermont (RAV), directed by rail lobbyist Anthony Otis, invited members of the General Assembly’s House and Senate Transportation Committee. The general manager of Bellow Falls invited some local city officials.

Proposed adjustment to track
In a first phase developed by RAV and NECR, workers would move the track slightly so trains run under the highest portion, emplace new rail with a lower profile, and emplace new, thinner ties. “We're trying to get every inch that we can,” Otis said.

Via train, the group of officials then travelled to Palmer, Massachusetts to tour yards and look at newer model double-stacked cars.

The state is currently reviewing its rail plan and the final report is expected to be out in April. {Mike Kalil in Bellows Falls Reformer 15.Feb.05}

QUEBEC/MARITIMES

CAPE BRETON & CENTRAL NS
28 January, Sydney. CBNS HAS A COAL-HAULING CONTRACT FOR LAFARGE CEMENT in Brookfield [see 04#12B]: 30,000 tonnes will move over the Provincial Energy Ventures (PEV) terminal. {Wes Stewart in Cape Breton Post 28.Jan.05}

Two coal piers in Sydney
In addition to NSP’s use of Logistec’s International Pier, PEV has established its coal transload business at the former SYSCO pier [see 02#02B]. James Graham, PEV spokesperson, said coal comes inbound from different points, including Russia, Colombia, and western Canada. The Western coal moves by rail to Thunder Bay, and thence by laker to Sydney. PEV then ships the coal to the power plant in Salem, Massachusetts. PEV also transloads coal for other customers.

Graham added that the LaFarge movement would come out of one of the transloading ships. {ANR&P discussion 14.Feb.05}

2 February, Orangedale. THE RAILWAY IS NOT GIVING GOOD SERVICE TO PULP LOGS, said Michael Dan MacNeil, operator of Red Point Export Limited. “At present we have 30 cars loaded, sitting by the tracks between Orangedale and MacKinnon Harbour ready to go. We haven't had a freight in Cape Breton since January 14.”

The company acts as a broker, buying wood from loggers and selling it to end users before it is loaded onto railcars. Red Point railed about 300 cars of pulp in 2004, up 100 cars from 2003. MacNeil estimates Red Point exports $2.5 million in wood just out of Orangedale each year.

MacNeil is sure he could raise that to 500. “If we didn't have to wait for days and days for the railway to take the cars after they're loaded, we could get a faster turnaround in rail cars.” Red Point loads cars within 48 hours of their arrival, but once released to the railway, they sit for five or six days at a time, sometimes for weeks.

“Snowstorms and heavy tonnage are just excuses. Once the train gets outside Sydney, there are smaller businesses like Red Point that are suffering. I’m not complaining because of the previous storm. I’m complaining about this carry on, week
after week. It is about us trying to hold on to this rail service, and them trying to say there is no business for the railroad.

“RailTex [CBNS’ former owner, before RailAmerica bought RailTex—editor] is so determined to close the line, they aren't giving us the service we need. The company wants the business to look bad, to make it look like the line can't be viable....I hope politicians will use the Public Utility Board hearings next week to hammer away at this and question why that rail line isn't providing the kind of service it should be providing to the small businesses to keep the railroad active.”

CBNS response
At the beginning of the month, General Manager Peter Touesnard said the 17-24 January snowfall that hit Cape Breton set the line back on its heels. “We are operating somewhere in the neighbourhood of two-and-a-half trains behind, not just in Cape Breton, but across our properties.” Orangedale was hit hard because the company only operates two freight trains per week in that area. “We are about a week and a half behind in that area. We are hoping to be in better shape next week.”

On 14 February, Touesnard said CBNS is still probably half a week behind. The heavy snow has affected two of his 13 locomotives; also workers suffered a flu epidemic.

End of the daily coal runs
The storm came just at the completion of the NSP coal move from Sydney to Trenton on 20 January. For the previous 12 months, the problem was with tonnage coming out of Sydney, sometimes not permitting the train to pick up additional cars: “Way freight suffers...[Now with only two trains a week] we are back to a more predictable operating mode outside of our winter operations. We are losing money on every train that we move because the overall economics aren't there to operate that section of line. We would love to continue to operate this rail line, but we want to operate it at a profit and that hasn't been happening the last number of years.”

On 14 February, Touesnard added that the traffic of pulp logs is “harder to predict because less frequent.” And if CBNS cannot predict it, then the railway may not have sufficient power to handle it on that particular day. He and the customer (not Red Point, who is only a broker) have discussed this, and CBNS now knows the carloads to expect in the coming month.

CBNS serves both Orangedale and another station where Red Point operates, MacKinnon Harbour. {Julie Collins in Cape Breton Post 3.Feb.05; ANR&P discussion 14.Feb.05}

New business?
On 14 February, Touesnard again declined to comment about the specific opportunities for the line. “We have talked to Georgia-Pacific [see below], the potential operators of surface coal mines [see 04#12B] , and other companies looking at other resources. We have several projects under consideration.” He remains hopeful of concluding a deal by the end of the month. “I am going to work hard for the next few weeks” on this, and he will stay away from day-to-day rail operations. {ANR&P discussion 14.Feb.05}

Possible gypsum move?
In September 2004, NSDOT presented a plan for an eight-kilometer highway to bypass Port Hawkesbury, needed in part to remove the trucks hauling gypsum from the new Georgia-Pacific mine in Melford to the pier in Point Tupper. When the mine began, the province refused to fund a seven-mile spur [see 02#11A], and Georgia-Pacific refused to guarantee traffic if the railway build the spur. {Transport 2000 (Atlantic) Bulletin autumn.04}

QUEBEC CENTRAL RAILWAY
2 February, East Broughton. THE FATE OF THE RAILWAY WAS DISCUSSED BY ITS OWNER, Jean-Marc Giguere, and the mayor of Saint-Lambert, Jacques Pelletier, who also serves as president of the CRE (Conférence Régionale des Élus, where elu means locally elected official) for Chaudière-Appalaches Region, where most of the QCR trackage is located. Pelletier up to his retirement served at MTQ, handling questions of economic regulation of trucking.
A press release issued this same day said that Giguere, following many meetings with the representatives of the regions l’Estrie and Chaudiere-Appalaches and taking into account the will of these representatives to assure continuity of the QCR operation and, looking also at its expansion, has decided to keep conditional a sale to an American group. He would like to ensure continuity of operation for 15 years and retain the tourist trains and, to do this, to grant a longer period for the acquisition of the railway by an organization created by and directed by Quebecoise.

The period will expire on 31 May 2005. Until then, all efforts may be employed to learn the viability of the enterprise and its capacity for development. A plan of action is in the works.

Giguere retains the right to offer, after this extension, the QCR to all enterprises which have signalled an interest.

In conclusion, he mentioned that his greatest desire is to see the equipment in service for the longest possible time and retain the tourist trains. To that end, he is prepared to maintain a financial position in a completely new company. {text of press release}

Pelletier press release

The CREs recognize the importance of the railway to the region, and have told its proprietor that they would do everything possible to prevent its sale to an “American” firm, particularly one which would scrap the track. In particular, they will do the following to lead to a good conclusion by 31 May:

- Create a committee
- Evaluate the railway, including track and rolling stock.
- Create a corporation to permit investment.
- Participate in the development of a financial structure, with risk capital or public participation.
- Demonstrate to the authorities the desirability of railways, for example less road wear and less pollution. {text of press release}

Remarks at press conference

At the press conference, Giguere said eight potential local investors had contacted him, for a total between $7 and $10 million. He thought an equivalent amount could be obtained from a mixed private sector/government endeavor. He would pitch in for another $8 or $10 million in order to keep the QCR under Québec-based ownership.

He added that he would not necessarily sell to the highest bidder. The American group who has offered some $40 million for his railway did not commit itself to operate the QCR for fifteen years.

Giguère reported that QCR’s balance sheet for 2004 is positive, despite the loss of an important wood chip traffic. However, both Giguère and Pelletier stressed that in the future, QC would have to increase its revenues and warned that they would have to put an end to the free crossing rights so far granted to snowmobile clubs. {Le Soleil 6.Feb.05}

Past financial support

When Giguere bought the QCR in 2000, MTQ gave a guarantee of an $18 million bank loan, to last five years. This period ended on 22 December 2004. MTQ has extended this guarantee until a sale, at least until April.

MTQ also agreed to pay the interest on the loan for five years, totalling about $3 million. It will continue to do this until sale.

MTQ also provided a grant of $3 million during the first year of operation, which principally covered the cost of grade crossings. {ANR&P e-mail from Pierre Charron of TRAQ 11 février 2005}

HALIFAX

11 February. MAERSK SEALAND WILL DISCONTINUE ITS LAST HALIFAX CALL, according to an announcement from the Halterm Income Fund. Maersk Sealand advised that, in response to higher operating costs and vessel charter rates, the MEDGULF service has been consolidated with Maersk Sealand's MEDEX service, and that the ports of Halifax and Miami were eliminated from the vessel port rotation. This was the only remaining Maersk Sealand container shipping service calling Halifax. Maersk Sealand's North Atlantic service was previously discontinued in Halifax in April, 2003.

‘The Maersk Sealand service presently represents approximately 17% of Halterm's annual container volume. The Fund intends to continue its policy of distributing all available cash, after reserves for working capital and capital expenditures, as deemed appropriate, and will monitor results in the normal course of business to determine any impact this discontinuance of service by Maersk Sealand may have on such distributions.’ {Halterm press release}

“Shipping lines frequently re-evaluate services which underscores the importance of the work Halifax has been doing with stakeholders to ensure our long-term competitiveness. The Port of Halifax currently serves 18 shipping lines, Maersk being the eighth largest in 2004. Our top priority will be to continue to work to retain, diversify and attract new business,”
said Patricia McDermott, vice-president marketing, Halifax Port Authority. “Maersk operates in a global marketplace and their decision is directly tied to their higher operating costs and vessel charter rates in serving Mediterranean ports. In addition, we have been assured that Maersk is interested in continuing to work with Halifax on future opportunities.” [HPA press release]

**Previous discontinuance**

At the end of 2002, Halterm traffic was shrinking, down to 174,163 containers from 2001’s 181,493 containers [see 03#02B]. In 2003, the number shrunk to 149,450 [see 04#03A]; in March 2003, Maersk announced it would halt its North Atlantic call [see 03#03A]. In the third quarter of 2004, volume had dropped to 26,873 containers [see 04#11A]. If Halterm’s container volume comes to about 120,000, Maersk’s traffic came to about 18,400. {editor}

**Blame pointed at CN**

“It is absolutely disgraceful,” Gerald Murphy, president of Local 269 International Longshoremen’s Association, said in an interview. “This loss is one outfit's fault and only one outfit's fault. CN Rail is giving us poor service in Halifax. “We have boxes sitting on our piers for 15 and 20 days instead of going to rail and directly out of here as it had been done prior to the rail's rationalization program. I blame the loss of this major line strictly on CN and I want to know which line will be next? CN has been announcing record profits of $1.26 billion and they can't service their customers. Everything they have done over past five years since I have been president, has had a negative impact on the Port of Halifax. It has gone from good to bad to worse.”

CN spokesperson Mark Hallman replied, “We must stress that Maersk Sealand has clearly identified that it was higher operating costs and vessel charter rates that prompted its decision. CN has been supplying a good supply of cars to Halterm and in fact the terminal has been flush with CN cars....

“Mr. Murphy ... should be examining the costs and productivity of his own members and that, as we all know, is one of the key determinants of a port's competitiveness.” Hallman said outside of any extraordinary events such as a derailment or snow, CN has been providing an adequate supply of cars to the Halifax terminals.” {Tom Peters in Halifax Herald 13.Feb.05}

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**RAIL SHIPPERS**

Described in this issue.

LaFarge Cement (CBNS, Nova Scotia)  
Mead (HRRC, Massachusetts, #666)  
Red Point (CBNS, Nova Scotia)

Our Directory of Rail Shippers & Receivers in Southern New England has more information on the companies denoted with their directory number.

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**PEOPLE**

Rich Tetreault will become director of program development at the Vermont Agency of Transportation.

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A career VAOT worker, he spent time in both Program Development (Structures) and Operations (Maintenance Programs Engineer), and most recently as district transportation administrator for District 7.

**George King** became chief mechanical officer for the New England Central Railroad. George will report directly to Charles Hunter, general manager, and will be based out of St. Albans, Vermont. He most recently worked at the St. Lawrence & Atlantic Railroad as the CMO.

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**ATLANTIC NORTHEAST RAILS & PORTS**

162 Main Street  
Yarmouth, Maine 04096  
Vox (207) 846-3549  
Fax (845) 818-4913  
Chalmers (Chop) Hardenbergh, publisher and editor  
C_Hardenbergh@juno.com  
www.atlanticnortheast.com
Coverage
The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

Frequency and the e-bulletin
ANR&P appears at least four times a month. We send a formal issue twice a month, via post or e-mail. Between the issues, we send out the e-bulletin, only by e-mail. All information in the e-bulletin is included in the issue.

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Subscriptions cost $375 for professionals, $105 per year for students, young and old. Introductory prices available. The e-bulletin, sent by e-mail as needed between issues, is free of charge to all subscribers.

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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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