

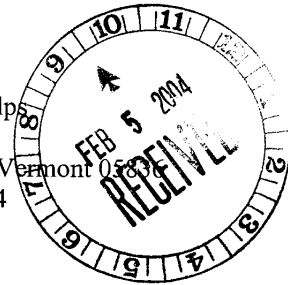
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P. O. Box 67
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February 4, 2004



The Surface Transportation Board
Office of the Secretary,
1925 K Street, N.W., Washington, DC 20423-0001

Re: LVRC and VTrans
STB Docket No. AB-444 (Sub-No. 1X)
Petition for Stay of Abandonment Exemption

To The Board:

The Lamoille Valley Railroad Company (LVRC), acting in cooperation with the State of Vermont Agency of Transportation (VTrans) has filed a Notice of Exemption under 49 CFR 1152 Subpart F (Exempt Abandonments and Discontinuance of Service and Trackage Rights), STB Docket No. AB-444 (Sub-No. 1X), for the 95.26 mile railroad line between St. Johnsbury, Vermont, and Swanton, Vermont, as well as various other short connecting tracks as noted in the Docket, totaling 96.78 miles overall, and collectively identified as the line.

It is my understanding, as per Footnote 1 of the Docket, that the State of Vermont (the State) is the owner of the line by and through VTrans, and that the Leaseholder/operator of the line is considered to be the LVRC, through a lease agreement with the State originally dated December 31, 1977. However, it must also be noted, as was reported extensively in local Vermont newspapers, the LVRC's lease with the State of Vermont was not renewed in July of 1997, so that it is also my understanding that there has actually been no active Leaseholder as far as the State of Vermont is concerned since that time. This is apparently the reason the State has, on at least two separate occasions since July 1997, solicited new "use" proposals for the rail corridor, encouraging proposals for both rail operation and, surprisingly, also for non-rail alternative use at the same time.

It should also be noted that in spite of having received a number of proposals for rail operation, at least one of which had been independently reviewed and the proposer found to be sufficiently qualified to operate the line, the owner (VTrans) has still not selected a new rail operator for the Lamoille Valley rail line, so that as I understand this, there is currently no Leaseholder/operator with a contractual obligation to perform the services of a rail operator on this rail line for the State of Vermont. This situation has continued for over six years now, and has existed throughout the entire two year period used to justify the abandonment exemption.

I had previously filed a letter of protest requesting that the Board disallow the sought after exemption authority in response to the originally published Notice of Intent to File,

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as was described in Footnote 6 of the above referenced STB Docket. Footnote 6 also noted that I may file a petition for stay, in accordance with the concerns raised in my original correspondence to the Board.

With this letter, I hereby file a petition for stay of the abandonment exemption that has been requested by LVRC in STB Docket No. AB-444 (Sub-No. 1X). As demonstrated, based on information contained in the various documents attached herewith, it can be shown that the owner had been made aware of an expressed desire for rail service by a number of shippers on the line, both immediately before and as projected to occur during the recent two year period for which no local rail traffic was certified to have moved. Apparently no attempt was made by the owner (VTrans) or the Leaseholder (LVRC) to actually provide the requested rail service, nor did the owner make appropriate arrangements to replace the Leaseholder with an operator that would actually provide the requested rail service.

On February 23, 2001, VTrans issued a "Request for Proposals" (RFP) for the use of the Lamoille Valley Railroad Corridor from St. Johnsbury to Swanton, Vermont. These proposals were solicited for both rail and non-rail use, in spite of the fact that there was no active abandonment proceeding pending for this rail line before the Board at that time (an earlier request for an abandonment exemption for the west end of this line had been withdrawn in October of 1996, S.B. Docket No. AB-444X, decided October 24, 1996). As part of a rail use proposal submitted to VTrans on March 29, 2001 by Vermont Rail Link, Inc., there were included a set of "Shipper's Best Estimate" forms, which allowed shippers on the line to communicate their projected annual rail shipping needs, based on rail service starting in late 2002. The entire set of "Shipper's Best Estimate" forms from this Vermont Rail Link proposal, as presented to VTrans, is included herewith as Attachment 1. The text description in the heading of these forms clearly indicated to each of these shippers that regular rail service was proposed to begin in "late 2002," that the information was being gathered at the request of the State Legislature (the Vermont Senate Transportation Committee), and these forms were filled out and signed by each shipper desiring rail service. Also included in the Vermont Rail Link proposal of March 29, 2001 was a series of letters, from both shippers and other concerned organizations and individuals, expressing support for the continuation of rail service on this line. These letters clearly depicted a high level of interest along the line for continued rail freight service, and a selection of most of these support letters, as originally presented in the Vermont Rail Link proposal, are also included herewith as Attachment 2. This complete set of completed forms, and the associated letters of interest, were transmitted to VTrans as part of the "Corridor Use" Proposals that VTrans itself had solicited through the previously described Lamoille Valley Railroad Corridor RFP. These forms and letters provided an explicit request from the shippers on the line for rail freight service, as projected for the year 2002 and beyond, that was formally submitted to the owner of the line (VTrans), and these are requests for service that the owner had full knowledge throughout the entire time period for which the LVRC has certified that no local rail traffic was handled. This well documented demand for rail service, as it was made known

to the rail line owner, was also subsequently separately verified by an independent consultant (Stone Consulting & Design, Inc.) retained by the State of Vermont to review the Vermont Rail Link proposal (see Attachment 3, which includes the entire Freight Operations section of the *Vermont Rail Link Proposal, Letter Report* by Stone Consulting & Design, Inc., as submitted to the Vermont Legislature's Joint Fiscal Office, dated October 2001). The discussion of the actual demand for freight service by shippers on the line, and the finding that LVRC had made no effort to contact and serve these shippers, may be found in the first three paragraphs at the top of page 8 of the Stone Consulting & Design Report, Attachment 3. The report indicated that there was a basic latent traffic on the rail line that would quickly climb to about 750 to 1000 carloads per year, which was indeed surprising since LVRC had repeatedly indicated (since at least the mid 1990s) that it had tried to develop the freight traffic but that there was no business to be found on the line (see Attachment 6 for a State letter indicative of this perception, VTrans to T. D. Phelps, dated September 19, 1996). Of course over the last eight (8) years, there has been no incentive for industries that desire a rail freight shipping option to locate along this rail line, because the owner (Vtrans) has strongly indicated it's preference and intent to tear up the rail line and create a Snowmobile/Bicycle recreation trail on this right-of-way. As I had discussed in my earlier letter to the Board, which I will also discuss again later in this document, articles in the press and official statements by VTrans have communicated a message to the public that there was no intent or possibility that rail service would ever be provided on this line again. With this information regularly provided the public by the owner, through both the print and broadcast media, it is certainly no surprise that any firm that either required or desired the availability of rail transportation would locate elsewhere.

I believe that the unique combination of events that have led to the present incompletely resolved owner/leaseholder-operator relationships existing on this railroad have conspired to effectively cause an unlawful impediment to the provision of rail service on this rail line. This is because the owner is not currently able to operate the rail line in it's own behalf, continues to have knowledge of requests for rail service from shippers on the line, yet has failed for the past six years to assign the lease to a qualified operator capable of providing the desired freight service. Since the former operator has for all practical purposes pulled out, in reality there is no operator on the line. Because of this situation, while LVRC is in a position before the STB to file for an abandonment exemption simply by certifying that no traffic has moved in the preceding two years, LVRC had also, by failing to renew it's lease with the State of Vermont in July of 1997, placed itself in the position of not being currently contractually obligated to either operate or to maintain the railroad facilities for the owner, the State of Vermont, as was formerly required by LVRC's original lease agreement dated December 31, 1977. This situation tends to put the rail line itself in a strange kind of limbo, with no contractually obligated rail operator, and with LVRC no longer having any direct involvement with the rail line itself, on the State level in Vermont. This situation follows directly from the fact that the State considers LVRC the "former" leaseholder. This is clearly the way the State is currently proceeding (even publicly describing LVRC to be

acting as VTran's "agent" for the abandonment exemption proceeding, so that it can "rail-bank" the line), and this is the understanding that the shippers currently have, which was reinforced by the State's as yet non-completed RFP process to select a new operator to assume the lease, as was previously discussed. Furthermore, there is currently no expectation by the owner or the shippers that LVRC is to be considered the current operator for the State, and there is apparently no requirement being imposed by the State for LVRC to maintain the rail line or to respond to the shipper's requests for rail service. For its part, LVRC also is clearly making absolutely no attempt to actually maintain or to operate the line, as would presumably have been required by the original lease agreement. The owner/leaseholder-operator relationship has essentially broken down and is non-functioning for this rail line, such that there is no entity maintaining/operating the railroad for the owner, and the owner has not moved to provide a successor to the earlier leaseholder. Regardless of why this situation has evolved, or who is actually wrong or right in this, the effect for the shipper is that the rail freight service that is actually desired, and for which this desire for service has been clearly communicated to the owner (as per Attachments 1 and 2, VRL proposal), is simply not being provided at all, and it is predominantly for this reason that absolutely no rail freight traffic is currently being handled. This absence of traffic on this railroad does not demonstrate a lack of need for freight service, but rather the total inability of the owner and leaseholder to serve the shippers. **In summation, it is my belief that this totally nonfunctioning owner/leaseholder-operator relationship effectively represents an unlawful impediment to the provision of rail service, by totally denying shippers the rail service that they have formally requested through a process sanctioned by the owner (the State). For this reason, the resulting lack of rail traffic should not be considered an acceptable justification for an exempt abandonment under 49 CFR 1152 Subpart F.**

Even if it is presumed that LVRC is supposed to be presently operating the railroad in accordance with the requirements of the original lease dated December 31, 1977, the same conclusion would be reached. In fact, prior to LVRC's decision not to renew the lease in July of 1997, the requirements of the December 31, 1977 Lease and Operating Agreement between the State and LVRC should have been enforced by the owner, and LVRC should have been serving the shippers on the line in accordance with its provisions. As additional supporting information for this discussion, specific excerpts of the Lease and Operating Agreement dated December 31, 1977 between VTrans and LVRC have been attached (designated as Attachment 4), which describe the contractual obligations of the LVRC both to maintain the rail line and to provide rail freight service over the line. Attachment 4 includes the following sections of the lease agreement: Introduction/Section 1 *Definitions*, Section 2 *Property Leased, Term*, Section 3 *Operating Subsidy*, Section 6 *Description of Service*, and Section 9 *Maintenance And Improvements*. Several of the requirements are summarized here, with the complete text available in the attachment. Section 6.1 clearly requires the Leaseholder to provide rail service at least five (5) days a week over the entire line or as otherwise agreed by written consent of the State. Section 6.2 excuses the Leaseholder from the provisions of Section

6.1 only for the period of delay for events beyond it's control. Section 9.1 provides that the Leaseholder shall have the responsibility for all maintenance of the line, and shall maintain the railroad facilities at a satisfactory level to permit operation of rail freight service in compliance with FRA Class I (initial) or Class II (final) Standards. As discussed previously, the SC&D report for the Vermont Legislature's Joint Fiscal Office (see SC&D report for Vermont Joint Fiscal Office, second paragraph from top of Page 8, as included in Attachment 3) provided an independent study of the shippers on the line, and found that the shippers had not been even contacted, throughout the LVRC's tenure, in order that the Leaseholder-operator could serve the needs of these shippers, as required in the Lease and Operating Agreement. For this reason, it is apparent that the lease requirements were not being satisfied even before July 1997. The actual owner/leaseholder-operator relationship, apparently due to the fact that the lease requirements were not being enforced by the State, had realized the same result, a total failure to serve the shippers, essentially representing an unlawful impediment to the provision of rail service on the line.

The above referenced portion of the SC&D report (Attachment 3, second paragraph from the top of Page 8 of the report) discloses that "across the board , we discovered that the on-line shippers had NOT been contacted by LVRC" and further that the shippers "had no recollection of being actively solicited or approached during the previous operator's tenure," adding that "this adequately explained the total lack of previous freight business on the line." These are shocking facts when it is considered that Section 6.1 of the LVRC's December 31, 1977 Lease and Operating Agreement with the State of Vermont (included in excerpts of the agreement, Attachment 4) clearly required the Leaseholder to provide the rail service that was required to meet the needs of shippers, with the consent of the State when the frequency was proposed to be less than a five day a week basis. The specified reference in the SC&D report goes on to discuss the fact that another agreement made in 1993 between the operator and the State had tended to provide "at least the perception" of a disincentive for any further attempts to encourage freight traffic on the Lamoille Valley railroad, and the facts disclosed in the overall discussion clearly establish that the failure of LVRC to even contact and so attempt to serve the significant potential shippers on the line went back to well before July 1997 (when the lease with the State was not renewed), and back to at least 1993. This is especially significant, because considerable washout damage occurred along this rail line in 1995, and the lack of rail traffic at the time was the critical determining factor in the line NOT receiving Federal Emergency Management Agency (FEMA) funds to repair this washout damage (a condition which remains to this day). This issue is discussed in an article from 1996 headlined **Railroad Repairs Halted By Lack Of Traffic On Railway**, which appeared in the *Hardwick Gazette* of July 3, 1996 (article attached, designated Attachment 5). The popular belief that there was absolutely no business to be had on the railroad is also clearly evident in this article. The facts developed in 2001 revealed that there was actually an underlying demand for rail freight service on the rail line, and had the shippers been properly provided rail service in 1995, as required by LVRC's lease agreement with the State, it seems likely that FEMA funding would have been available

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to repair much of the flood damage to the line. The importance of this should not be underestimated by the Board, since the cost to restore the rail line has certainly been a major reason that VTrans now considers rail operation less desirable than conversion of the right-of-way to a trail.

In 1996 VTrans "(see letter, Vermont Agency of Transportation to T. D. Phelps, dated September 19, 1996, designated Attachment 6) did believe that LVRC had "spent considerable time in trying to locate potential shippers who might use the services of the railroad" and that "presently there is (sic) an insufficient number of businesses which would use the railroad," and had concluded "for this reason the State must consider all options and proceed with the most economically viable alternative. This view of the potential freight traffic appears to reflect what LVRC had been telling VTrans, and stands in conflict with the set of "Shipper's Best Estimate" forms (Attachment 1), the actual shipper support letters from the VRL proposal (Attachment 2), and the findings of the SC&D report regarding both the failure of LVRC to solicit business and the independently verified traffic levels (Attachment 3). The final VTrans statement about options for alternative use of the line is an early indication that VTrans had already begun consideration of the conversion of this rail line to a rail-trail, based on the mistaken understanding that there was no potential traffic on the rail line at all. Interestingly, the 1000 carloads/year viability threshold for the rail line that VTrans has stated in the letter is basically the latent level of traffic that has been verified to exist on the line, and while this level of traffic may not be suitable to immediately return the line to private sector viability, it does seem very consistent with operations on several of the other light traffic rail lines elsewhere in Vermont, on which other Leaseholders are providing rail service over public-sector infrastructure owned by the State.

As the preceding discussion suggests, it should not be assumed that rail service was being properly provided to shippers on the line prior to LVRC choosing not to renew the lease in July of 1997. While the SC&D report (see Attachment 3) formally documented what had been happening in regard to the failure to actively solicit business, placing this information squarely in the public record when the document was submitted to the State in October of 2001, this was actually not the first time VTrans had knowledge of failures of the LVRC Leaseholder to provide proper service to shippers on the line. A number of public input meetings concerning the rail line were held in 1996 and 1997 by VTrans. I had the opportunity to personally attend two of these meetings. I specifically recall hearing public testimony received by VTrans that included a shipper complaint regarding extremely poor freight service, and shipper testimony regarding an actual instance of denial of service (an alleged refusing freight service unless the shipper would ship more cars per year). I do not know if VTrans actually followed up on these allegations, however having heard the testimony myself, I do know that VTrans was made aware of these potential problems, on this line, relating to the LVRC Leaseholder. The official minutes of these 1996/97 public meetings regarding the railroad, and the record of specific testimony and subsequent follow-up, were presumably maintained by VTrans, however I did not receive copies of these minutes to attach herewith.

As noted in Footnote 6 of the Docket under discussion, my original letter protesting the abandonment exemption had expressed concerns about the dismantling of bridges and sections of track, the intentional paving over of virtually all of the grade crossings with paved roadways, and of the alternative abandonment process that had been established, which utilized an appointed citizen committee to determine trail use over rail use for this right-of-way with little real study. These activities have made it impossible to serve potential shippers in the isolated portion of line (the segment between the removed bridges) for a period of at least four years now, and have served to continually send a message to the public that the abandonment of the rail line is an already decided fact. This has taken place in spite of the documented demand for rail service, and the earlier public testimony, that indicates this demand has been ignored for at least eight (8) years.

While making no effort to actually provide rail service, beginning in September 1996 the owner (VTrans) began the abandonment of several bridges on the rail line, the dismantling of several sections of track to facilitate highway construction, and also proceeded to totally pave and/or grade over a large number of the highway grade crossings along the rail line. In addition, even as resumption of rail operation was still being discussed, some of the engine servicing facilities at Morrisville, Vermont, were allowed to be removed. This destruction of specific elements of the rail infrastructure communicated a crystal clear message to the public that there was no intent or possibility that rail service would ever be provided again. While it is true that in 1995 flooding had caused a number of washouts along the railroad, the additional, intentional man-made destruction of rail infrastructure absolutely cut the line in St. Johnsbury, denying access to some shippers that could still have been served, and generally served to discourage the resumption of service by substantially increasing the costs to restore the line, over and above those caused by the aforementioned Acts of God. In fact, the costs for replacement of the removed bridges were included in the cost estimates to restore the rail operation, in spite of earlier VTrans promises that the bridges would be replaced if rail freight service was to be resumed, in effect allowing the improperly removed bridges (by artificially inflating rail costs) to help justify abandoning the rail line.

I believe that the severing of the line from Walden, Vermont to St. Johnsbury, Vermont, by the intentional removal of two bridges, effectively represents the equivalent of an illegal embargo, making it absolutely impossible to handle rail freight traffic on the resulting disconnected portion of the line. This condition has existed for at least four years, and for the entire time for which LVRC has certified that no local rail traffic has moved. It is noted that the railroad itself is not listed as embargoed on the Association of American Railroads Embargo Web Site, in spite of these removed bridges and the many washouts that currently affect the line, however, no rail service has been possible in the severed section created by the removal of these bridges for the entire two year period that LVRC, in seeking an exempt abandonment, has certified no rail traffic to have moved. It is important to note that the section of track isolated by the removal of these bridges (identified by LVRC as bridges 13 and 27A in

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the Historic Review section of the Environmental Assessment for this Docket) includes the last shipper reported to have shipped over the rail line (Frey Quarry, Danville VT, apparently in 1995), a shipper that had vocally expressed interest in again shipping by rail. This particular section of line, therefore, could very well have seen rail traffic in the two year period cited for the abandonment exemption, and with shippers on the rail line being properly served, if the removed bridges had not caused this section to be totally severed from the remainder of the line for this entire period of time. **In summation, it is my belief that the severing of the line caused by the intentional removal of bridges 13 and 17A, which has served to totally isolate the portion of line between these removed bridges in St, Johnsbury, and Walden Vermont, making it impossible to provide rail freight service to shippers located between these points, effectively represents an illegal embargo. The total inability to provide any rail freight service to the resulting isolated section of line has completely eliminated the possibility of any freight traffic due to shippers located within this segment, and specifically traffic to an identified potential shipper in Danville, Vermont, that had repeatedly expressed the desire to again ship by rail. This portion of line has remained totally isolated from the remainder of the rail line for the entire two year period for which LVRC certifies that no local rail traffic has moved. For this reason, the resulting lack of rail traffic should not be considered an acceptable justification for an exempt abandonment under 49 CFR 1152 Subpart F.**

The following discussion elaborates upon these issues and concerns. Much of this information was included in my original letter protesting the abandonment exemption, however these facts remain relevant to this petition.

During the time from 1995 to the present while absolutely no rail service was being provided by LVRC, VTrans elected to begin a long, cumbersome process of "best-use" selection, encouraging both rail and non-rail proposals to compete for the use of the rail right-of-way, which effectively initiated an "alternative" abandonment process that was widely reported in the local press. This alternative abandonment process pitted potential rail operators against interest groups that were lobbying the state government specifically for the abandonment of the rail service so the line could be taken and converted to a recreational trail, and as time went on at least two rounds of mixed rail and non-rail "use" proposals were solicited. For the entire time that this rail versus trail evaluation process went on, no effort was made by VTrans or LVRC to provide freight service to the shippers on the line that actually desired rail service. Finally, a citizens group was tasked to evaluate the most recent set of proposals, and to make recommendations for the future use for the right-of-way, which finally was to abandon the railroad service. From what little is known of this evaluation process, it is doubtful that the needs of present and future shippers were fully considered, and no "decision" report documenting the public input received, and defining the details of the process used to arrive at the final rail abandonment recommendation, has ever been made available to the public. This poorly documented recommendation, especially in the light of the failure of the owner and Leaseholder to service the known shippers desiring to ship by rail, along with the

preliminary abandonment of the rail infrastructure (which further increased the cost and difficulty of resuming rail operation), should not be allowed to become a substitute for a proper proceeding before the Board. Additional discussion of these several circumstances, with supporting cross-references, follows.

As noted previously, in October of 2001, the State of Vermont retained an independent consulting firm, Stone Consulting and Design (SC&D), to evaluate a proposal by Vermont Rail Link to operate the rail line. The Freight Operations section of this report (Attachment 3, *Vermont Rail Link Proposal, Letter Report* dated October 2001, pages 7, 8 and 9) The SC&D report verified that of 12 existing on-line shippers, which collectively had expressed an interest in shipping a total of from 750 to 1000 cars per year, none of these shippers had even been contacted by the LVRC.

When it became apparent with the public testimony in 1996 and 1997 that the Leaseholder had not been providing adequate service to the shippers on the line even before the flood damage of 1995, and had no intention of providing rail freight service in accordance with the December 31, 1977 lease agreement between the State and LVRC (see lease excerpts, Attachment 4), it appears that no action was taken on the part of the owner to initiate an Adverse Discontinuance proceeding before the Board in order to replace the non-performing Leaseholder/operator. Because of this, for seven more years those shippers that were known to have been interested in receiving rail freight service were denied this service, and of course absolutely no effort was made throughout this time period to build any additional traffic beyond the already identified shipper base.

It should be noted that the Leaseholder's unacceptable performance in the operation of the Lamoille Valley Railroad is apparently not unique, and the LVRC was also identified by name in an Adverse Discontinuance proceeding (STB Docket No. AB-848, decided June 26, 2003) initiated by the Maine Central Railroad (MEC) and the New Hampshire Department of Transportation in regard to the Twin State Railroad (TSR), which connects with the Lamoille Valley Railroad at St. Johnsbury, Vermont. According to the Board's decision relating to this docket, both LVRC and TSR share the same parent company, the Northern Vermont Corporation. Since the performance of this Operator, at least in the New England region, appears to follow a similar trend, it is noted that MEC and New Hampshire DOT have indicated "that TSR has not provided service on the line since October 1999, and has not made any effort to solicit traffic or re-institute service," that "the line has not been maintained as required by the lease agreement for several years" and proposed to "seek removal of the interests of the LVRC and TSR under state law and obtain a new operator to provide service." Since the conditions appear almost identical to what had been happening on the Lamoille Valley Railroad, it would seem that a similar Adverse Discontinuance proceeding should have been progressed by VTrans in 1996 once it became known by VTrans that the LVRC was failing in its obligation to provide the rail freight service that shippers desired.

As has been noted above, in spite of the fact that there was actually a desire for rail freight service by on-line shippers, the owner and Leaseholder proceeded to allow the removal of two bridges (identified by LVRC as bridges 13 and 27A in the Historic Review section of the Environmental Assessment for this Docket), the removal of track through several grade crossings, and to allow a great many other grade crossings to be totally paved and/or graded over. The attached newspaper item from the *Hardwick Gazette* dated October 2, 1996 (Photo with Caption, designated Attachment 7), shows and describes the Lamoille Valley Railroad bridge over Vermont Route 15 in Walden, Vermont, being removed during the previous week. Subsequently, a similar Lamoille Valley Railroad bridge in St. Johnsbury, Vermont, was also removed, totally severing and isolating the line between these points. The last shipper reported to ship freight on the rail line, and who had on several occasions indicated a strong desire to ship by rail, was located in this particular section. It is understood that these bridges were removed to allow for highway improvements (essentially road widening), and although these were safety related issues for the highway transport function, the costs of replacing these bridges should not be have been allowed to prejudice the future of rail transportation in the region. Unfortunately, this was allowed to happen. Since the replacement costs were actually included in the estimated costs being considered by VTrans to restore rail service, the removal of these structures has already been used to unfairly increase rail costs, making future rail restoration less likely while helping to encourage trail conversion of the line.

This abandonment of bridges and track, along with the other highway crossing changes that caused the rail line to become impassable at these locations, isolated additional portions of line and considerably increased the necessary cost and overall difficulty of resuming rail operation. Ironically, the several highway grade crossings for which track was actually removed (located in the Danville, Vermont, vicinity), had been described as being in excellent condition by independent consultant retained by VTrans itself to study the condition of the rail infrastructure, were actually being torn out by VTrans (allegedly for highway safety reasons) even as shippers were being "lined up" for inclusion in the previously described rail "use" proposals for the line, then being solicited by VTrans! Unfortunately, the public's perception of these VTrans actions, owing to the naturally assumed credibility of any activity undertaken by the State of Vermont as owner, was that the railroad had already been legally and properly abandoned, when in fact there had not been any legitimate process to permanently discontinue rail operation and abandon the line. In addition, these random abandonment activities, the other activities of dismantling and otherwise rendering impassable the track at grade crossings sent a totally erroneous message to prospective businesses that might locate along the railroad expecting to ship freight by rail, and even to the existing shippers that continued to be interested in rail service, that there was to be no chance for rail service in the future.

As I also noted in my earlier letter, these unauthorized (and presumably illegal) facility abandonments have effectively assured that the railroad will eventually be physically abandoned between the specific locations (St. Johnsbury to Walden) where the two railroad bridges have been removed, since there will now be considerable cost needed to

restore these two bridges at a time when there is no funding available for such replacements. In addition, for the two year "test" period for an abandonment exemption, it is clear that the bridges have insured that no traffic could be handled in the severed segment, and I believe this represents an illegal embargo of this portion of the line, as discussed in detail above. With this understanding, these actions have for all practical purposes superceded any legal abandonment proceeding that might otherwise occur before the Board. It is questionable that a private sector rail operator would have been allowed to abandon rail infrastructure in this manner, especially while proposals for rail operation were still being solicited, and while interested shippers were being denied freight service at the same time, on the very line in question. I urge the Board to consider both private and public sector railroad owners equally in this regard, in the interest of fairness in the protection of the public interest.

While the State of Vermont is to be commended for its actions since the early 1960's to save a number of rail lines that would otherwise have been abandoned, thereby enabling these lines to continue in rail operation, facilitating economic development and contributing as an important component of a balanced multi-mode transportation network, the process used to select a non-rail use for this particular rail line was unique and somewhat inconsistent with practices elsewhere in the Vermont. As indicated by a 1996 newspaper article in the *Burlington Free Press* headlined **Caledonia Senator Hopes To Turn Old Rail Bed Into Recreation Path** (article attached, designated Attachment 8), the proponents for non-rail use of this line had set their sights on encouraging the abandonment of this railroad early on, as soon as it became apparent that LVRC had no interest in providing any service on the rail line, even while interested shippers were being denied rail service. This served to redirect the decision making process into more of a "popularity contest" between recreational use as opposed to continued rail operation of the railroad right-of-way. It should be noted that the actual rail traffic (in cars per year per mile of line) on some of the operating lines or branches of other rail lines owned by the State of Vermont appear to currently be equal or *less* than the traffic that has been predicted (and verified by independent consultants, as per Attachment 3) for the Lamoille Valley rail line, yet non-rail use was apparently never encouraged on these other lightly used lines. Examples of these currently operating light traffic rail lines presently owned by the State of Vermont are the former Canadian Pacific/Boston & Maine Connecticut River Line (White River Junction to Newport, Vermont) and the Bennington Branch (Rutland to Bennington, Vermont) of the Vermont Railway. The direction taken in regard to continued rail or trail encouragement apparently reflects purely the intent of each specific rail operator, rather than any uniform statewide policy. If a rail operator desires to operate or simply "keep" a line (such as the presently unused end of the Vermont Railway Bennington Branch), trail use does not seem to be entertained. It is my understanding that only for the Lamoille Valley Railroad line were non-rail proposals encouraged to compete with rail operation proposals, even while shippers still expressed an interest in receiving rail service. And similarly, only on the Lamoille Valley line was a citizen committee created to consider rail abandonment separately and apart from any other formal proceeding (as discussed below), also in spite

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of the documented desire by shippers for rail service. It would appear that a "double standard" was applied for this particular rail line.

For the most recent round of submittals for "use" of the railroad right-of-way, VTrans finally delegated an appointed citizens committee, designated the Mountain Valley Corridor Consortium (MVCC), to recommend the final "use" for the rail right-of-way. The MVCC chose non-rail use over continued rail use, as noted previously, without being required to produce a detailed "decision" report documenting any of the public input received or defining the decision making process utilized, and VTrans subsequently accepted the MVCC recommendation to abandon the rail service. I continue to question how VTrans, having (along with LVRC) failed to provide any rail service to shippers that it had known actually desired rail service, could accept an abandonment recommendation from a committee that surely considered the total lack of rail freight traffic itself the *major* reason for the abandonment recommendation. Would the MVCC have recommended abandonment if 1000 cars per year were being handled? Had a private rail carrier intentionally denied service to shippers and then attempted to use lack of traffic as the reason to abandon service, one would expect that the same agency (VTrans) would have challenged that carrier's actions as being totally illegal, as well as unethical.

The abandonment determination process undertaken by the Owner, which had involved several rounds of mixed rail and non-rail "use" proposals for the railroad right-of-way, starting back in 1998, has been reported for years now in the local press, and this has predictably given the public a somewhat misleading impression that the rail line already has been legally abandoned, when this in fact is not the case. This is clearly evident, for example, in an article from last year headlined **VAST Prepares To Rip Up The Railroad Tracks** from the *Hardwick Gazette* of July 10, 2002 (article attached, designated as Attachment 9), which is typical of many other reports that have appeared in newspapers across the territory served by the rail line. Similar articles with headlines **Lamoille Rail vs Trail Debate Continues** (*Hardwick Gazette* December 19, 2001) and **Rail Trail Work Expected Soon** (*Hardwick Gazette* July 9, 2003), have regularly appeared over a span of years, and have most generally mislead the public into thinking that approval to abandon the railroad is an accomplished fact. For this reason, due to the erroneous message that this long, slow, and often reported abandonment determination process has caused, it is even more important that a full and complete process before the Board be required, in order to allow for the proper public and shipper involvement. Unfortunately, while the bold headlines about tearing up the tracks regularly appear in the public eye, no detailed "decision" report for the MVCC recommendation has ever been made available to the public, so there is no way to know what public input was really received and what criteria was utilized for comparison of the vastly different rail and trail "use" proposals. I had asked for this report, again, as recently as January 30, 2004, and was again told there was no report available.

The abandonment exemption is being sought primarily because of the decision by VTrans to convert the rail line to a trail, a decision which has already been made. This decision

Timothy D. Phelps to STB
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was based largely on the above described MVCC recommendation, which was formally "accepted" by VTrans, in spite of the fact that there is no full and complete study document to support the recommendation. Because this trail conversion decision, on the State level, is considered absolutely final, VTtans has not apparently considered it necessary to select a new rail operator for the Lamoille Valley rail line in order to fulfil it's legal obligations to the rail shippers on the line, which is the reason there is currently no Leaseholder/operator with a contractual obligation to perform the services of a rail operator, on this rail line, for the State of Vermont. The failure to select a new rail operator, and the earlier failure to enforce the lease requirements with LVRC, have resulted in the totally nonfunctioning owner/leaseholder-operator relationship, which I believe effectively represents an unlawful impediment to the provision of rail service, that has totally denied shippers the rail service that they have formally requested through a process (the rail corridor use "RFP's) sanctioned by the owner (the State). This is the major reason that I believe LVRC's request for an abandonment exemption should be denied.. For this reason, I urge the Board not to allow a largely secretive alternative abandonment process to be substituted for a full and complete process before the Board. Owing to the credibility that any state sponsored "process" is accorded by the public, even such a poorly defined and virtually undocumented one, the public in large part has been lead to believe that the railroad abandonment is an accomplished fact and already underway. For this reason also, I urge the Board to hold the present owner to the same standards as a private sector owner in this regard, since it is doubtful the Board would allow a private sector owner of a rail line to substitute an arbitrary committee and an arbitrary alternative abandonment procedure to stand in place of a proper proceeding before the Board.

I have filed this petition as an interested private citizen, who has closely watched this situation on the Lamoille Valley Railroad develop over the last ten years or so. I am aware that rail freight transportation provides a safe, low cost, energy efficient, and environmentally friendly mode of transportation, and I believe that as a society we should be doing everything possible to encourage it's use in the overall transportation mix, and not to be doing the opposite as I have seen occur in this case, by intentionally doing things that are certain to destroy this rail line. I personally attended the early public input meetings concerning this railroad, arranged by VTrans, and was alarmed to see trail interest groups (most notably the organized snowmobile group) immediately expressing their clear desire to rip the rail line up to use for their snowmobile trail, even though interest in shipping by rail still existed. To put this in perspective, with 6000 miles of snowmobile trail currently existing in Vermont, this rail line represents only 1.6% of the total snowmobile trail mileage, while representing 12.6% of the Vermont's total rail system mileage. Having been myself in favor of the early Rails-to-Trails movement, as a way to save rights-of-way that otherwise would have been lost, I am also aware of the original Rails-to-Trails philosophy from the 1970s, to "*never encourage in any way the thoughtless abandonment of additional miles of rail trackage*". I have now learned that this philosophy, while still given "lip service", is no longer applied, and that now the trail groups are actively seeking the abandonment of this railroad, and also seeking to deny it

any chance to succeed. They clearly know that once it is ripped up, the rails will never be back. The Rails-To-Trails Conservancy has already been up here, in Vermont, "selling" this trail conversion, spreading incorrect information alleging no demand for freight service that is in conflict with State of Vermont studies such as the SC&D report (Attachment 3) that show a real demand for rail freight service, and actually urging letter writing campaigns to the Board encouraging rail abandonment based on this same misinformation, even as shippers are currently being denied the rail service they desire. This is wrong. Along with this, the playing field has not been level either. Consultant rail cost estimates, originally much higher than the rail operation proposals, were redone to cheapen them (although they still are higher than any of the estimates for continued rail use), while the rail cost proposals were challenged as being too low (and apparently higher costs were compared). The rail "use" proposals were subject to detailed cost audits, while no similar scrutiny was applied to the proposed trail "use" proposal costs. It is doubtful the ROI for the trail estimates actually comes anywhere near the rail proposals, as there is apparently no identifiable user-based revenue stream for the trail, yet the trail has been called economically viable. I continue to believe this railroad deserves a fair chance, which it has not been given up to now. The fact is, interest in shipping by rail still exists, as documented in the VRL proposal information and the SC&D report (see Attachments 1, 2 and 3). It is very disturbing to see a real desire for rail service totally ignored and unfulfilled, with the intentional result that absolutely no rail traffic is now being handled, and then see this very lack of traffic used by the many "rail opponents" as the *primary* excuse they use to destroy the rail line forever. And it should also be noted, while all of this is going on, and in spite of it having not renewed the lease in July 1997, the LVRC is still listed as though it was a real operating rail line in the *Official Railway Equipment Register* (and thereby submitting this information to the Board), with 451 freight cars in interchange service (as of the January 2003 listing), so that LVRC has apparently continued to profit in this manner from its over 8 year non-operating association with this Vermont owned railroad line.

Before concluding, I would like to point out one error in the LVRC notice, that is readily apparent to those who are familiar with the Hardwick, Vermont area. While the notice includes the Hardwick & Woodbury Connecting Track (designated as Line 2, or H&W), shown as extending from H&W valuation station 0+00 (Granite Junction) to H&W valuation station 80+48 (Buffalo Road), a distance of 1.52 miles, located in Hardwick, Vermont, it would appear that the majority of this line has been physically abandoned for quite a long time. While there may be a short section of this line still in existence near the Granite Junction end, there is no track crossing Vermont Routes 14/15 (approximately 0.3 mile from the connection with the former St.J&LC RR main track), and there is no H&W track still visible in the vicinity of the former crossing of Vermont Routes 14/15. For this reason, it is certain that at the least, approximately 1.2 miles, or 78% of the total length shown for this line, has been physically abandoned for at least ten (10) years, and probably for a much longer time than that. The notice indicates these lines are "rail lines", and it is presumed that track would still exist on a rail line. This line was also shown in the Hardwick Inset area map on Page 6 of the Environmental Assessment

Timothy D. Phelps to STB
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document associated with this Docket. I have lived in the Hardwick Area for approximately 9 years now, and have not known this rail line to have existed for all of this time.

In conclusion, I again request that the Board grant a stay of the abandonment exemption that has been requested by LVRC in STB Docket No. AB-444 (Sub-No. 1X). I believe I have proved, consistent with the requirements set forth in 49 CFR 1152 Subpart F (Exempt Abandonments and Discontinuance of Service and Trackage Rights), that the lack of rail freight traffic on this rail line has been caused by the following, as had been discussed in greater detail above:

- The owner/leaseholder-operator relationship has essentially broken down and is non-functioning for this rail line, such that there is no entity maintaining/operating the railroad for the owner, and the owner has not moved to provide a successor to the earlier leaseholder in the past six (6) years. This non-functioning owner/leaseholder-operator relationship effectively represents an unlawful impediment to the provision of rail service, by totally denying shippers the rail service that they have formally requested through a process sanctioned by the owner (the State). For this reason, the resulting lack of rail traffic should not be considered an acceptable justification for an exempt abandonment under 49 CFR 1152 Subpart F.
- The severing of the line caused by the intentional removal of bridges 13 and 17A, which has served to totally isolate the portion of line between these removed bridges in St. Johnsbury, and Walden Vermont, has made it impossible to provide rail freight service to shippers located between these points. This improper removal of rail facilities effectively represents an illegal embargo. The total inability to provide any rail freight service to the resulting isolated section of line has completely eliminated the possibility of any freight traffic to shippers located within this segment, and specifically traffic to an identified potential shipper in Danville, Vermont, that had actually been the last shipper to ship freight on the rail line, and that had repeatedly expressed the desire to again ship by rail. This portion of line has remained totally isolated from the remainder of the line for the entire two year period for which LVRC had certified that no local rail traffic has moved. For this reason also, the resulting lack of rail traffic should not be considered an acceptable justification for an exempt abandonment under 49 CFR 1152 Subpart F.

Due to the fact that both the owner of this railroad line (the State of Vermont, represented by VTrans) and the Leaseholder (LVRC) have acted in such a way as to absolutely deny any railroad service to shippers on this rail line for a period of approximately 8 years, from 1995 continuing until the present, even though the desire to receive rail freight service on the part of on-line shippers was made known to both parties during this time, the complete lack of rail traffic on this railroad has been, in large measure, caused by the Leaseholder-operator and VTrans themselves. Throughout this time, other possible operators had expressed an interest in providing rail freight service on the line, with

Timothy D. Phelps to STB
Re: STB Docket No. AB-444, Sub-No. 1X
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initial traffic (as verified by independent consultants retained by VTrans) estimated to be between 750 and 1000 cars per year (see SC&D Report, Attachment 3). The lack of traffic on this railroad in no way represents a lack of either the need for or the desire for rail freight service, but rather reflects the failure of VTrans and/or LVRC to supply the service clearly requested by the shipping public. As seen in attached references (Attachments 1 and 2, *Shipper's Best Estimate* forms and *Letters of Support*, from 2001 VRL proposal to VTrans), the owner of the line (VTrans) was made aware of this need and desire for rail service on the part of the on-line shippers, yet failed to make any effort to direct it's Leaseholder (LVRC) or another entity to provide service to those shippers that desired rail service. Furthermore, VTrans and LVRC did dismantle and otherwise allow to become impassable additional sections of track and bridges, thereby increasing the difficulty (and making it virtually impossible in some instances) to resume or continue rail freight service. I believe that because of this total failure to respond to a documented desire on the part of shippers for rail service, the inactivity of the line has in fact been caused by the actions of VTrans and LVRC, and for the reasons discussed above, the resulting lack of rail traffic should not be considered an acceptable justification for an exempt abandonment under 49 CFR 1152 Subpart F.

If the board agrees that the LVRC's request for an exempt abandonment is not supported, as I believe has been proved in the above petition, and a stay is granted, and since these shippers, as identified in Attachments 1 (*Shipper's Best Estimate* forms), have been improperly denied the opportunity to receive the rail freight service they desire for approximately eight (8) years now, I respectfully request that the Board consider requiring the owner to take such measures as necessary, especially in the sections where costs to restore rail service would be minimal, to again provide these shippers the rail freight service they have deserved for these eight years.



Timothy D. Phelps, P.E.
East Hardwick, Vermont

Attachments:

- Attachment 1, *Shipper's Best Estimate Forms*, 14 pages, from
Vermont Rail Link, Inc., rail operation proposal to VTrans, March 29, 2001.
- Attachment 2, *Letters of Support*, 23 pages, from
Vermont Rail Link, Inc., rail operation proposal to VTrans, March 29, 2001.
- Attachment 3, *Vermont Rail Link Proposal, Letter Report*, Freight Operations Section, from
report for Vermont Joint Fiscal Office, Stone Consulting & Design, October 2001

Timothy D. Phelps to STB
Re: STB Docket No. AB-444, Sub-No. 1X
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Attachment 4, *Lease & Operating Agreement, excerpts*, Sections 1, 2, 3, 6 and 9,
Lease between State of Vermont and LVRC, December 31, 1977
Attachment 5, Article, *Hardwick Gazette*, **Railroad Repairs Halted By Lack Of Traffic On
Railway**, July 3, 1996
Attachment 6, Letter, Re: Lamoille Valley Railroad,
Vermont Agency of Transportation to T. D. Phelps, September 19, 1996
Attachment 7, Photo/Caption, *Hardwick Gazette*,
removal of RR Bridge, Walden, VT, October 2, 1996
Attachment 8, Article, *Burlington Free Press*, **Caledonia Senator Hopes To Turn Old Rail Bed
Into Recreation Path**, December 22, 1996
Attachment 9, Article, *Hardwick Gazette*, **VAST Prepares To Rip Up The Railroad
Tracks**, July 10, 2002
Certificate of Service - LVRC

Timothy D. Phelps
P. O. Box 67
East Hardwick, Vermont 05836
February 4, 2004

The Surface Transportation Board
Office of the Secretary,
1925 K Street, N.W., Washington, DC 20423-0001

Re: LVRC and VTRANS
Notice of Intent to File for Abandonment Exemption
STB Docket No. AB-444 (Sub-No. 1X)

Certificate of Service - LVRC

This will certify that one copy of this petition for stay and all attachments have been served on the LVRC through the applicant's representative, sent to the address included in the published NOTICE OF INTENT TO FILE for an Abandonment Exemption, STB Docket No. AB-444, Sub-No. 1X (Attachment 1 to the original letter), which address is as follows:

Edward J. Fishman,
Kirkpatrick & Lockhart, LLP,
1800 Massachusetts Avenue, Second Floor,
Washington, DC 20036
Re: Lamoille Valley Railroad Company

Signed:



Timothy D. Phelps

Date:

February 4, 2004

ATTACHMENT 1 Petition for Stay - Re: STB Docket No. AB-444 (Sub-No. 1X)
T. D. Phelps to STB, 04FEB04
(Cover, Overall Listing and 12 Shipper's Best Estimate Forms)

SHIPPER'S BEST ESTIMATES

From

Vermont Rail Link

Proposal To

Vermont Agency of Transportation

Originally Submitted
March 29, 2001

VERMONT RAIL LINK, INC.**As of 3/17/01****SHIPPER'S BEST ESTIMATE**

Shipper Name	Location	Product Type	Letter	*Carloads
Vermont Brick	Highgate	Bricks	yes	40
Bourdeau Brothers	Sheldon Jct.	Grain	yes	150
Hearthstone	Morrisville	Wood Stoves & Furnace	yes	50
S.T. Griswold	Morrisville	Cement	yes	40
Ultramar	Morrisville	Fuel Oil & Propane	yes	100
County Oil	Morrisville	Fuel Oil	yes	50
All Metals recycle	Morrisville	Scrap Metal	yes	120
Timber Resources	Hdwb/Movill	Outbound Logs	yes	100
Poulin Lumber	Hdwb/Movill	Lumber	yes	14
Rural Gas	Hardwick	Propane	yes	18
Rock Tenn	Sheldon Spr's	Clay Slurry	yes	50
Corse Oil Co.	Cambridge Jct.	Oil&Propane	yes	40
Total				772

* Carloads are based on written responses, and are an annual estimate.

Other potential future shippers

Swanton Industrial Park #1	Swanton
Swanton Industrial Park#2	Swanton
Swanton Ammo Bldg	Swanton
Anderson Concrete	Swanton
Hodgen Scrap metal	Highgate
Cassella Waste Transfer	Highgate
Highgate Industrial Park #1	Highgate
Highgate Industrial Park #2	Highgate
Parker & Stearns	Johnson
Manchester Lumber	Johnson
Manosh Sawmill	Morrisville
Precision Woodworks	Morrisville
Morrisville Lumber	Morrisville
Cassella Waste Transfer	Wolcott
Manosh Aggregates	Wolcott
Granite Jct.	Hardwick
Amerigas Propane	Hardwick
Mike's Sawmill	Hardwick
Proctor Prestain	Greensboro Bend
Frey Quarry	Danville



Vermont Rail Link, Inc.
P.O. Box 306
Morrisville, Vermont 05661
(802) 888-1812

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shippers annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name Rock Tenn. Missisquoi Mill
Address Mill Street Box 98
Sheldon Springs, VT 05485

Brief description of your company:

Recycled Paperboard Mill - 275 tons/day

Products to be shipped by rail:

Receive Clay Slurry for coating by rail into Burlington. The Clay slurry is shuttled by tank-truck from Burlington to the Mill

Annual number of estimated shipments:

50

Have you shipped by rail before? All finished goods have been shipped by truck for the past 10 years
Does your company utilize rail elsewhere? If so, how and where.

Additional comments:

Your Name Chris Hamill
Title G.M.
Signature Chris Hamill
Date 2/28/01

02/22/2001 16:46

802-754-2881

PETER A SNYDER

PAGE 02
P. 2

2-22-2001 2:28PM

FROM



Vermont Rail Link, Inc.
P.O. Box 305
Middletown, Vermont 05601
(800) 808-1212

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shippers annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name Vermont Brick Manufacturing
Address PO Box 330
Highgate Center, VT 05459

Brief description of your company: VT Brick has 25 employees that can produce 8.5 million architectural style brick

Products to be shipped by rail: Brick

Annual number of estimated shipments: 40 rail cars / year.

Have you shipped by rail before? NO

Does your company utilize rail elsewhere? If so, how and where. NO

Additional comments:

Your Name Sharon P Kelly
Title Plant Manager
Signature Sharon P Kelly
Date 2/22/01

02/22/2001 16:46 882-754-2881

PETER A SNYDER

PAGE

84

Sent By: Harvey's Manufactured Homes, Inc; 802 888 5301;

Feb-13-01 11:30;

Page 1/1

Received: 2/13/01 11:00;

002 754 2881

PETER A SNYDER

PAGE 82

02/13/2001 18:13 882-754-2881



Vermont Rail Link, Inc.
P.O. Box 395
Montpelier, Vermont 05601
(802) 888-1212

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPER'S BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shipper's annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name Family Oil Co.
Address P.O. Box 584
Montpelier, VT

Brief description of your company:

Fuel oil delivery and sales
(Manufacturing o.t.)

Products to be shipped by rail:

Fuel o.t.

Annual number of estimated shipments:

2 per week during winter months

25 weeks = 50 cars/yr.

Have you shipped by rail before?

no

Does your company utilize rail elsewhere? If so, how and where.

no

Additional comments:

Your Name Howard A. Harvey
Title V. President
Signature [Signature]
Date 02-13-01



Vermont Rail Link, Inc.
P.O. Box 395
Morrisville, Vermont 05661
(802) 888-1212

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shippers annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name Bourdeau Bros Inc
Address Rt 105
Sheldon VT 05483

Brief description of your company:

Ag Supplier

Products to be shipped by rail:

Feed + Fertilizer

Annual number of estimated shipments:

100 - 150

Have you shipped by rail before?

YES

Does your company utilize rail elsewhere? If so, how and where.

YES, St. Albans, TRANS fer to Trucks

Additional comments:

Your Name Remi Bourdeau
Title OWNER

Signature Remi Bourdeau

Date 2/12/01

02/22/2001 16:46 882-754-2881

PETER A SNYDER

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02/18/2001 07:59 FAX 802 888 7444
02/18/2001 12:27 802-754-2881

ULTRAMAR ENERGY
PETER A SNYDER

PAGE 02



Vermont Rail Link, Inc.
P.O. Box 888
Montpelier, Vermont 05602
(802) 888-1818

Peter A. Snyder
President

Brendan J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shippers annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name ULTRAMAR ENERGY INC
Address 512 BRADKIN ST.
MARRISVILLE, VT 05661

Brief description of your company:

Home HEAT.

Products to be shipped by rail:

- #1. Fuel oil Distillates
- #2. PROPANE

Annual number of estimated shipments:

- #1. 50 Fuel oils
- #2. 50 PROPANE 100 Tons

Have you shipped by rail before?

YES

Does your company utilize rail elsewhere? If so, how and where.

YES, SHIPMENTS OF FUEL OIL, ORLEANS, VT, BURLINGTON VT, MIDDLEBURY VT.

Additional comments:

THERE APPEARS TO BE SIDINGS NEAR TWO OF OUR PLANTS IN MARRISVILLE. WITH SMALL IMPROVEMENTS AT THESE SITES OFFLOADING OF PRODUCTS COULD BE ACCOMPLISHED.

Your Name Wayne Demar

Title Manager MARRISVILLE Division

Signature Wayne Demar

Date 2/15/2001

02/22/2001 16:46

802-754-2881

PETER A SNYDER

PAGE 08

02-20-01 10:03 PM FROM A RYDER-TMBR RES GRP TO 802 754 2081

PO1



Vermont Rail Link, Inc.
P.O. Box 300
Morrisville, Vermont 05661
(802) 888-1212

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shippers annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name Timber Resources Group
Address 188 Main St PO Box 271
Farmington ME 04938

Brief description of your company: A Log Procurement Group representing
7 sawmills/veneer mills located throughout NH, ME and QUEBEC.
13 log yards located throughout ME/NH/VT accepting logs.

Products to be shipped by rail: Sawnlogs + VENEER LOGS

Annual number of estimated shipments: 100 ±

Have you shipped by rail before? YES - Lunenburg NH (1993)
- Brunswick Jct. ME 1998 - present
Does your company utilize rail elsewhere? If so, how and where.

Additional comments:

Your Name Allan Ryder
Title Senior Regional Manager
Signature [Signature]
Date 02/20/01

82/22/2001 16:46

882-754-2081

PETER A SNYDER

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Vermont Rail Link, Inc.
P.O. Box 306
Morrisville, Vermont 05661
(802) 886-1212

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shippers annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name
Address

All Metals Recycling, Inc
P.O. Box 1029
Morrisville, VT 05661

Brief description of your company:

WE ARE IN THE SCRAP METAL
RECYCLING BUS.

Products to be shipped by rail:

SCRAP METAL

Annual number of estimated shipments:

100-120 CAR
WE SHIP ABOUT 5000-6000
TONS OF METAL PER YEAR WOULD

Have you shipped by rail before?

NO

Does your company utilize rail elsewhere? If so, how and where.

NO

Additional comments:

WE HAPPY TO SHIP ANYTHING BY RAIL
IF COST EFFECTIVE

Your Name
Title

ROBBIN STURMS

Signature

[Signature]

Date

2/13/01

02/22/2001 15:46

802-754-2081

PETER A SNYDER

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02/14/2001 16:24

802-754-2081

PETER A SNYDER

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Vermont Rail Link, Inc.
P.O. Box 885
Montpelier, Vermont 05601
(802) 866-1212

Peter A. Snyder
President

Brendon J. Worthen
Vice President

SHIPPER'S BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shipper's annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name S.T. CRAWFORD
Address 193 INDUSTRIAL AVE
WILLISTON VT.

Brief description of your company:

READY MIX CONCRETE PRODUCER.

Products to be shipped by rail:

PORTLAND CEMENT

Annual number of estimated shipments:

40 SHIPMENTS = 4,000 TONS

Have you shipped by rail before? YES

Does your company utilize rail elsewhere? If so, how and where.

BURLINGTON VT - WE HAVE PORTLAND CEMENT & FLYASH
DELIVERED BULK.

Additional comments:

Your Name PAUL HAROLD
Title GENERAL MANAGER
Signature Paul Harold
Date FEB 14, 2001

82/22/2001 15:46

882-754-2081

PETER A SNYDER

PAGE 87

82/12/2001 15:13
82/12/2001 15:37

4728431
882-754-2081

RURAL
PETER A SNYDER

PAGE 82
PAGE 82



Vermont Rail Link, Inc.
P.O. Box 888
Montpelier, Vermont 05601
(802) 255-1218

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shipper's annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name Rural Gas
Address RT 15 East
Middlebury, VT 05758

Brief description of your company: Propane Sales & Service

Products to be shipped by rail: Propane brought in to Rail Head

18/yr
Annual number of estimated shipments: 18 Loads or Tankers

Have you shipped by rail before? 1980 to 1983 under Rural Gas Service

Does your company utilize rail elsewhere? If so, how and where. yes in Middlebury, VT, under Synergy Gas

Additional comments:

Your Name Robert J. Bellavance
Title Manager

Signature Robert J. Bellavance

Date 2-12-01

02/25/2001 10:02 802-754-2081

PETER A SNYDER
FAX NO. 1 802 766 2909

PAGE 01
P. 01

FEB-23-2001 FRI 11:38 AM POULIN LUMBER DERBY
02/22/2001 16:12 802-754-2001

PETER A SNYDER

PAGE 02



Vermont Rail Link, Inc.
P.O. Box 306
Mondaville, Vermont 05601
(800) 888-1212

Peter A. Snyder
President

Burdard J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shippers annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name POULIN LBR INC
Address Box 289
Derby VT 05321

Brief description of your company:

Products to be shipped by rail: Plywood OSB LUMBER

Annual number of estimated shipments:
12708

Have you shipped by rail before? YES

Does your company utilize rail elsewhere? If so, how and where.
Island Pond, Benning Falls

Additional comments:

Your Name Peter Poulin
Title Pres

Signature [Signature]

Date 2/23/01



Vermont Rail Link, Inc.
P.O. Box 306
Morrisville, Vermont 05661
(802) 888-1212

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide an overview of each freight shippers annual potential for utilization of the 96 mile line.

Vermont Rail Link's plan calls for a phased approach to providing regular service to customers beginning in late 2002. Please take the time to accurately fill in the following information. Thank you.

Company Name Hearth Stone Quality Home Heating Products
Address 312 Station Ave.
Morrisville, VT 05661

Brief description of your company:

Manufacture of wood and gas stoves.

Products to be shipped by rail:

wood and gas stoves, cast iron, stone

Annual number of estimated shipments:

1,200 truckloads

50+1 - cars

Have you shipped by rail before?

NO

Does your company utilize rail elsewhere? If so, how and where.

NO

Additional comments:

We look forward to rail service returning to
Morrisville.

Your Name

Jeff Larson

Title

Marketing Manager

Signature

[Signature]

Date

2/27/01

JACK F. CORSE INC.

TEL: 1-802-644-2749

Mar 16 '01 11:41 No.001 P.01



Vermont Rail Link, Inc.
PO. Box 600
Mauritown, Vermont 05654
(802) 888-1212

Peter A. Snyder
President

Bradford J. Worthen
Vice President

SHIPPERS BEST ESTIMATE

In order to secure funding to restore the Lamoille Valley Railroad, Vermont Rail Link has been asked by the Vermont Senate Transportation Committee to provide information of each freight shipper's annual potential for utilization of the VRL line.

Vermont Rail Link's plan calls for a phased reactivation providing regular service to customers beginning in late 2007. Please take the time to accurately fill in the following information. Thank you.

Company Name Jack F. Corse Inc
Address PO Box 300
Cambridge VT 05701

Brief description of your company:

Products to be shipped by rail:

LP Gas + Fuel oil

Annual number of estimated shipments:

Unknown

Have you shipped by rail before? Yes

Does your company utilize rail elsewhere? If so, how and where.

No

Additional comments:

Your Name Jack F. Corse Jr
Title President
Signature [Signature]
Date 3-16-01

ATTACHMENT 2 Petition for Stay - Re: STB Docket No. AB-444 (Sub-No. 1X)
T. D. Phelps to STB, 04FEB04
(Includes Cover and 22 Letters of Support)

LETTERS OF SUPPORT

From

Vermont Rail Link

Proposal To

Vermont Agency of Transportation

Originally Submitted
March 29, 2001



Brad Worthen
Vermont Rail Link
PO Box 395
Morrisville, VT 05661

7/18/00

Mr. Worthen,

I have been reading in the local papers that your organization is trying to revive the rail system in Lamoille County. As a company that ships and receives tremendous amounts of freight from our manufacturing facility in Morrisville, I am very interested in seeing the railroad return to Lamoille County.

I would like to meet with you to discuss the progress that you are having and see how we can help.

Please feel free to call me at 802-888-5232, extension 222.

Regards,

Jeff Barrows

Marketing Manager

HearthStone

HearthStone Quality Home Heating Products, Inc.

Phone: (802) 888-5232 Fax: (802) 888-7249 P.O. Box 1069, 317 Stafford Avenue, Morrisville, VT 05661

E-mail: HearthStone@hearthstonestoves.com Website: www.hearthstonestoves.com



S. T. GRISWOLD & COMPANY, INC.

193 Industrial Avenue P.O. Box 849 Williston, Vermont 05495 802-658-0201

256

July 18, 2000

Peter A. Snyder, President
Vermont Rail Link, Inc.
PO Box 395
Morrisville, VT 05661

Dear Mr. Snyder:

This letter is to show S.T. Griswold & Co.'s support for reinstatement of rail service in Lamoille County. We operate a ready mix concrete plant out of Morrisville, to which we deliver four to five loads of cement a week during the construction season. Last year our construction season extended from April through December. Trucking costs add up quickly, even without taking into consideration the drastic increase of fuel costs in the last half year.

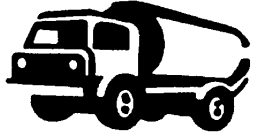
One rail car can deliver what takes four trips by truck tanker to deliver, driving approximately 1,200 miles. We currently utilize rail service for delivery of cement to Burlington from New York and Canada. Based on those savings, and after factoring in anticipated rail costs, we estimate that the availability of rail service in Lamoille County would translate to a **50% annual savings** on our trucking costs to Morrisville.

Reinstatement of rail service in Lamoille County would also result in lowered wear and tear of the Vermont State roadways, and therefore lowered maintenance costs. The roads would be less congested with commercial traffic, making the roads safer for those using them. There would be ancillary benefits as well, such as additional revenues and business opportunities resulting from the proposed tourist and passenger train service. Then there is the ecological benefit of reduced pollution. It is a win-win situation.

We wish you luck in this endeavor.

Sincerely,

Paul Harold
General Manager



County Oil Delivery, Inc.

P.O. Box 584 • Harrel St. • Morrisville, VT 05661
(802) 888-5333

Pete Snyder
Vermont Rail Link, Inc.
PO Box 395
Morrisville, VT 05661

05/19/00

Dear Pete:

I am writing to lend my support for your efforts to reutilize the Lamoille Valley Rail Line. This line should be maintained and saved from demolition. I feel strongly that the line will never come back into operation, if the tracks are ever removed.

My company as well as others would look at taking advantage of rail freight if and when the railroad becomes operational. We have the potential of using two cars per week in the winter months. The rail line could also take advantage of a tourist train in the summer and fall.

I encourage your efforts to bring the line back into operation. I look forward to your progress.

Sincerely,

Kenneth A. Harvey
Vice President

AmeriGas

America's Propane Company

28 March, 2000

Vermont Rail Link, Inc.
c/o Peter A. Snyder
P.O. Box 395
Morrisville, VT 05661

Dear Peter:

AmeriGas is the largest propane supplier in the country. This office, in the past, sold millions of gallons of propane to thousands of customers. Competition, a changing marketplace, and higher crude oil prices have all been contributing factors to higher prices locally and nationwide. In turn, our customer base has decreased.

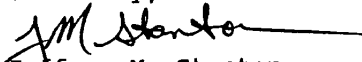
Utilization of the Lamoille Valley Railroad at our Hardwick, VT facility would allow us to offload propane at a lower cost per gallon than we currently pay. If our cost is lower the customers cost would be lower. It would also eliminate the need for heavy trucks transporting hazardous material on Vermont roads.

From a non-business standpoint I, a native and resident of Lamoille County, would personally like to see the railroad in use once again. Tourism alone would generate much needed revenue for numerous businesses in the area. Lower transportation costs may be attractive to new industry as well.

In short, not only would AmeriGas and many other local businesses profit from the railroad, the community as a whole would profit.

I encourage all those concerned to write a letter or get involved and help the railroad come back to life.

Sincerely,


Jeffrey M. Stanton
Sales & Service Manager

ULTRAMAR ENERGY INC.

512 Brooklyn St.
Morrisville, Vt. 05661
802-888-2345
802-888-7444
wayne_demar@ultramar.ca

639 1796

April 9, 2000

Vermont Rail Link, Inc.
C/o Mr. Brad Worthen
PO Box 395
Morrisville, Vt. 05661

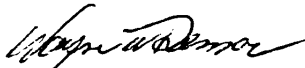
Dear Brad,

When I picked up the local newspaper this week I was very pleased to see there maybe a resurrection of the local railway system. Ultramar Energy use's other rail systems within Vermont to move liquid propane and heating fuels from our terminals in Montreal. The rail transportation is much less than our current truck freight cost, so naturally we are very excited about having another freight option within Lamoille County.

It is my understanding the railway we are currently using between Montreal, Quebec and Middlebury, Vermont is also a passenger service train, so it appears the two are quite compatible.

I encourage your efforts to bring the Lamoille Valley railroad back to life.

Sincerely,



Wayne W Demar
Liquid Products Manager

120 Northgate Plaza
Morrisville, VT 05661

(800) 544-7666
(802) 888-5722
(802) 888-4681 Fax
manosh@pwshift.com Email

The Manosh Corporation

January 27, 2000

Vermont Rail Link, Inc.
c/o Mr. Brad Worthen
1050 Southview Drive
Richmond, VT 05477

Dear Brad:

As you know, I have been a supporter of rail transportation for Lamoille County as well as all of Vermont for many years. I believe that the future of rail should be preserved for generations to come.

I would encourage the preservation and renewed operation of the Lamoille Valley Railroad. I see an opportunity for my company as well as many businesses along its entire route to utilize this transportation corridor.

Vermont Precision Woodworks and Manosh Hardwoods, Sawmill Division, are two examples of rail use that we will consider. We might be able to traffic on a regular basis supplying our operations with valuable log resources that may not be available from within Vermont. With rail freight as an alternative to trucking, all Vermonters would benefit by not increasing the number of heavy logging trucks on our roads.

In addition to freight, a well run tourist excursion train would provide Lamoille County and, in particular Morrisville, with the benefit of additional revenues and business opportunities.

I encourage all those concerned to give every consideration toward the resurrection of the Lamoille Valley rail corridor.

Sincerely,


Howard A. Manosh
President

HM/jb

Manosh Hardwoods, Inc. Since 1959

ALL METALS RECYCLING, INC.

PO Box 1028, Morrisville, VT 05661
802) 472-5100

March 31, 2000

Vermont Rail Link, Inc.
C/O Mr. Peter Snyder
P.O.Box 395
Morrisville, VT 05661

Dear Peter:

It was a pleasant break in my day to talk to you the other day. I don't often get to discuss a fellow entrepreneur's vision, and it reminds me fondly of my own reasons for pursuing my own dream.

I strongly am in support of the renewed operation of The Lamoille Valley Railroad. I can easily see this as Opportunity for my business as well as other business in the area.

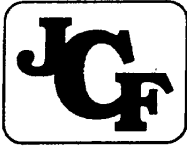
As the owner of a business that is involved in the transportation of materials to an end user, I would welcome an alternative to the use of heavy trucks subject to poorly maintained roads and bridges and antiquated weight laws.

I encourage all parties involved to support in every way the return of the Lamoille Valley Railroad

Sincerely,



Robbin J Towns
Operations Manager



JACK F. CORSE, INC.

P.O. Box 300
Cambridge, Vermont 05444-0300

May 22, 2000

Mr. Bradford J. Worthen
Mr. Peter A. Snyder
Vermont Rail Link, Inc.
PO Box 395
Morrisville, VT 05661

Gentlemen,

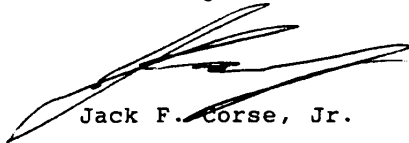
I Can not begin to tell you how encouraged I am over the prospect of having rail transportation again available for my business and the people of Lamoille County.

As we look towards the next 100 years, I am a strong supporter of rail transportation for our region. We need to plan for alternative transportation methods. Methods that are going to help alleviate our congested highways and provide for the efficient movement of people as well.

I know my business alone accounts for the transportation of well over one million gallons of fuel oil and over 700,000 gallons of propane annually to our site here in Cambridge. Having the ability to ship these vital products by rail is a definite means of savings for all my customers, the roads, taxpayers and I!

I will do what I can to assist you in resurrecting the Lamoille Valley Railroad and I look forward to becoming a good customer of yours!

Sincerely,



Jack F. Corse, Jr.

Parker & Stearns

TRADITION OF QUALITY BUILDING MATERIALS
SINCE 1890

MAIN OFFICE
P.O. BOX 615
JOHNSON, VERMONT 05656
802-635-2377

BRANCH:
354 SOUTH MAIN
STOWE, VERMONT 05672
802-253-9757

May 9, 2000

Peter Snyder, President
Vermont Rail Link, Inc.
Morrisville, VT

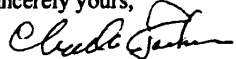
Dear Peter:

I enjoyed our recent conversation regarding railroad transportation in our surrounding area. Though I am unsure if a reborn rail service to Johnson would be of financial benefit to Parker And Stearns, given trucking rates since deregulation, etc., I feel that abandoning a rail corridor/roadbed is an action that should not be taken lightly. Given the huge investment in establishing a rail corridor, I would hope that any possible source of rail traffic income would be considered before a decision to close this corridor.

It is obvious to anyone that Vermont's narrow roads are too congested with heavy truck traffic, and roads and bridges are showing the negative effects of this. Rail transportation provides a safer and more practical alternative to this, but it must be cost-effective.

My best wishes to you in your efforts to reestablish rail service through the Lamoille Valley Railroad.

Sincerely yours,



Chandler Parker, Gen. Manager
Parker and Stearns, Inc.



BUILDING MATERIAL AND GENERAL HARDWARE

NORTH TROY, VT
(802) 988-2661 / 800-696-1426
FAX (802) 988-2246

HARDWICK, VT
(802) 472-5581 / 800-287-5581
FAX (802) 472-6382

DERBY, VT
(802) 766-4971 / 334-2201
FAX (802) 766-2426

April 19, 2000

Vermont Rail Link Inc.
PO Box 395
Morrisville, VT 05661

To Whom It May Concern:

Being in the resale of dimensional lumber and plywood business, my store located in North Troy, Vermont, has been continually using railways since the 1980's. This source of transportation has been a benefit to my company by providing an easier route for our suppliers to transport their goods directly to us in a timely manner. I believe that rail transportation can be a cost efficient way of directing goods as well as helping to keep heavy trucks off our roads.

We have supported rail transportation for many years and would like to see it continue as well as grow in its possibilities. In addition to freight, the railways could be used for many other resources and provide opportunities to more businesses. I encourage rail service and believe it is important in this area.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Poulin".

Peter Poulin
President/Owner

PP/jl



TIMBER RESOURCE GROUP LLC

78 Main Street • PO Box 271 • Farmington, ME 04938
Telephone 207-778-8502 • Fax 207-778-3280

April 19, 2000

Peter A. Snyder, President
Vermont Rail Link Inc.
PO Box 395
Morrisville, VT 05661

Dear Mr. Snyder:

Railroad transportation has been a part of the forest industry throughout the Northeast for many decades. In more recent years, the role of rail in this industry has declined due to numerous factors. The future of the railroad system should be protected – it can and does provide an important mode of transportation that will benefit present and future forest products industries.

Our company supports and currently uses rail service in the Northeast. With our log yards and client mills located throughout New Hampshire, Maine, Vermont and Quebec, we are always looking for more opportunities to utilize the railroad system. Our log yard in Hardwick, Vermont is in close proximity to the Lamoille Valley Railroad and we would welcome the chance to increase our rail usage in northern Vermont.

The tourist and passenger train service proposed for northern Vermont would provide an opportunity for increased tourism revenues and business growth for the area. Economic growth for Lamoille County and the surrounding area is a positive benefit.

I fully support the return of rail service through the Lamoille Valley Railroad.

Sincerely,

Allan C. Ryder
Senior Regional Manager

ACR:tpc

Rural Gas
P.O. Box 808
Hardwick, VT 05843

Rural Gas

April 8, 2000

VT Railroad Link Inc.
C/o Mr. Brad Worthen
P.O. Box 395
Morrisville, VT 05661

Dear Brad:

I feel there is a need for the railroad. The supplies needed in this area are more than our roads can handle. I am referring to the traffic without a by-pass in our small towns. We are seeing bumper to bumper traffic for at least a mile coming in and exiting these towns.

The railroad can offer storage to sidings for companies with volume needs. This would be helping to eliminate traffic problems.

I do hope the railroad can be fixed and be there for the future growth of our towns.

Sincerely,



Robert J. Bellavance
Rural Gas Manager

...ing our Friends and Neighbors!!

**Complete Feeds
&
Ingredients
Custom Mixes
of Commodities
and Minerals.**

BOURDEAU BROS. INC.

Rt. 105, Sheldon, Vermont 05483
(802) 933-2277 or 933-4581

or

Champlain, New York 12919
(518) 298-8877

**Fertilizers
Bulk & Bag & Liquid
Chemicals & Custom Application**



Mr. Bradford J. Worthen
Vermont Rail Link, Inc.
P.O. Box 395
Morrisville, Vt. 05661

Dear Brad,

Please be advised that Bourdeau Bros., would most likely be a definite user of rail freight services at Sheldon Junction. Currently, in order to supply our grain and fertilizer operation we are forced to truck our goods in from the nearest railhead in St. Albans. This is a very time consuming and costly process for us. We do this every week of the year and would welcome the benefit of having those grains, fertilizers and other goods shipped directly to our door by rail. Not to mention the cost savings on our truck fleet and to the taxes payers supporting Vermont Route 105.

Its difficult to forecast exactly how many shipments we would anticipate in any given year, but it is foreseeable, given the right economic conditions, that we could expect to receive as many as 300 rail shipments annually!

Good luck in resurrecting the Lamoille Valley Line and we look forward to becoming a good customer!

Sincerely,

Will Manahan
Office Manager



April 6, 2000

Vermont Rail Link, Inc.
Box 395
Morrisville, VT 05661

Dear Brad,

It was a pleasure talking with you last week regarding the revitalization of the Lamoille Valley Railroad. The possibility of shipping through this rail system was a key point of interest in the decision to build our Plant at it's current location.

We at Vermont Brick have a strong interest in this project, as it would allow our company to be more competitive in our southern New England market.

In closing, I strongly encourage the revitalization of the Lamoille Valley Railroad, and believe that it would greatly benefit not only Vermont Brick but the entire community along this corridor, in the reduction of truck traffic on our state highways.

Sincerely,

Shawn P. Kelly

Producers of Traditional Waterstruck Brick
Vermont Brick Manufacturing
P.O. Box 330
Highgate Center VT 05459
802-868-5354 • Fax 802-868-5438

TOWN OF HIGHGATE
P.O. BOX 67
HIGHGATE CENTER, VT 05459
802-868-4922 (phone & fax)

Larry R. Kempton
Town Administrator
lkempton@highgate.k12.vt.us

March 20, 2001

Vermont Rail Link
c/o Brad Worthen
1050 Southview Drive
Richmond, VT 05477

Dear Brad:

The Town of Highgate would like to add its enthusiastic support to the effort's of Vermont Rail Link to restore rail service to the LaMoille Valley Railroad. We have discussed the prospect of restored rail service with area businesses and have been met with great interest.

Not only would rail service be an asset to the town in developing three designated potential industrial park sites, it would be an immediate asset to several established businesses along the rail corridor. Highgate is dissected by Vermont Route 78 and would benefit by having each rail car take the place of three tractor trailers along this overcrowded east west highway.

The Highgate Selectboard has discussed this subject on several occasions and has unanimously endorsed rail service as the best option for the LaMoille Valley Railroad.

For the Selectboard,



Larry R. Kempton
Town Administrator

TOWN OF HARDWICK
P.O. BOX 523
HARDWICK, VT 05843
(802)472-6120 OR FAX (802)472-6865

June 16, 2000

Brian Searles
VT Agency of Transportation
National Life Bldg. Drawer 33
Montpelier, VT 05633-5001

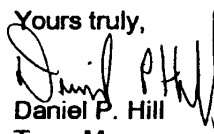
Dear Sir:

On behalf of the Select Board of the Town of Hardwick, I am writing concerning the rail line in Hardwick. The Board is interested in preserving the existing route.

We believe that maintaining a rail corridor across northern Vermont will be vital for the future economic and transportation needs of the area.

We consider the rail line to have great potential in reducing, or at least controlling the volume of truck traffic on State Route 15. Hardwick village is a very congested area and rail traffic would help to relieve traffic pressure in that area as well. It could also be a boost to the local economy of Hardwick.

Yours truly,


Daniel P. Hill
Town Manager

CC: Micque Glitman, VAOT
Vermont Rail Link, Inc.
Jeremy Michaud

TOWN OF SWANTON

TOWN ADMINISTRATOR
P.O. BOX 711
SWANTON, VERMONT 05488
Tel. (802) 868-7418

May 9, 2000

Mr. Peter A. Snyder
Mr. Bradford J. Worthen
Vermont Rail Link, Inc.
PO Box 395
Morrisville, VT 05661

Dear Messrs. Snyder & Worthen:

The Swanton Joint Legislative Body met on Thursday, April 20, 2000 at which time they discussed Vermont Rail Link, Inc.'s proposal to resurrect and operate the Lamoille Valley Railroad from Morrisville to Swanton.

The Swanton Joint Legislative Body recognizes the need for an east/west rail route in Northern Vermont. They support and applaud your efforts to resurrect the Lamoille Valley Railroad along this route. As you are aware, the Town and Village of Swanton have also applied to VTrans to obtain access to this railroad right-of-way to facilitate the construction of a vehicular roadway to resolve severe truck traffic problems. It is our understanding that both the railroad and the vehicular roadway could co-exist on the railroad right of way. It is an essential element of our plans that we gain access to the railroad right-of-way. The Swanton Joint Legislative Body welcomes your support for their use of the railroad right-of-way for a vehicular roadway and look forward to a joint effort on the railroad right-of-way.

Please contact me at 868-7418 if you have any questions or require additional information.

Sincerely,



Richard J. Thompson
Town Administrator



LAMOILLE COUNTY FARM BUREAU

MEMBER OF VERMONT FARM BUREAU, INC.

Bruce P. Shields,
VP for Policy
6405 Garfield Rd.
Wolcott VT 05680
(802) 888 5165

OFFICERS 2001

Mark Boyden President
Jeffersonville

Bruce Shields Vice President
Eden

Andre Valcour Sec/Treasurer
Morrisville.

TRUSTEES

Charles Davis
Morrisville

Hollis Edwards, Jr
Jeffersonville

Russell Lanphear
Hyde Park

Brian Jones
Hyde Park

Earl Keith
Elmore

Rodney Lanphear
Morrisville

Jim Rapp
Morrisville

Jo-Ann Ring
Hyde Park

Jean Meade
Morrisville

Ted Keith
Elmore

MEMBERSHIP SECRETARY

Charmane Levine
Tjader Rd
Morrisville VT 05661

Sen. Susan Bartlett
VT State Senate
115 State St.
Montpelier VT 05601

26 January, 2001

Dear Sen Bartlett,

At the regular meeting of the Board of Lamoille County Farm Bureau on Thursday evening, Jan 25, we voted to support the effort of Lamoille Rail Link to bring regular rail service to Lamoille County. There are several ramifications to this choice.

First, Vermont Farm Bureau policy has voted for many years, and has recently affirmed, opposition to wholesale conversion of railroad rights of way into public recreation paths. Lamoille Farm Bureau sponsored the language presently reflected in our State policy. Most of the rail bed in Lamoille County was acquired by the St. Johnsbury and Lake Champlain RR 150 years ago through quit-claim deeds, which provide for reversion of the rail bed to the farm from which it came in event the property ceases to be used for railroad purposes. We feel that legislative deflection of provisions of quit claim deeds cheapens this important tool, which is widely used to provide conservation protection of land.

Second, conversion to public recreational uses is a major change of use, which in some locations is incompatible with normal agricultural use of land on both sides of the pathway. In such case, we feel that agricultural landowners should not be forced to bear the expense of fencing which primarily benefits the recreational users.

Third, many agricultural inputs used in Lamoille County, and some of our agricultural produce, would benefit from having rail bulk transport available. Fertilizer and fuel would be available to us at lower cost, and our sales of forest products and a wide variety of local manufacture would bring higher net prices. Enhanced tourism would benefit the many farms providing hospitality and food or craft products for tourists.

In short, we suggest that the law, our farm economics, and the public welfare all support restoring transportation service on the Lamoille railroad; and that a purely recreational conversion would be damaging to the abutting farms. It is our understanding that Vermont has access to monies which were dedicated to rail purposes, and that provision of new monies from the general fund would be minimal.

Yours Sincerely,

Bruce P. Shields.

Franklin County Farm Bureau

President: Patrick Howrigan, 128 Bergeron Rd., Sheldon, VT 05483 (802) 933-4785
Secretary-Treasurer: Debbie Woodward, 13 Woodward Rd., Fairfax, VT 05454 (802) 849-6713

March 12, 2001

To All Members of Franklin County Legislative Delegation:

At the February 22, 2001 meeting of the Franklin County Farm Bureau it was voted to support the move by Vermont Rail Link Inc. to revive the Lamoille Valley Railroad.

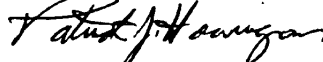
We do have some qualifications to this choice.

We believe that a railroad is the highest and best use of this rail bed. An active railroad will relieve truck pressure from our highways. There are potential rail customers located on the rail line. There is hope for a Lamoille Valley tourist train which will help support the railroad and the tourist industry. It is believed that with funds already dedicated to railroad uses and a sound business plan, that additional State money would be minimal.

Franklin County Farm Bureau requests that Vermont Rail Link Inc. agrees to provide and maintain fencing where necessary for farm animals. We also ask that all grade crossings needed to access farm and cropland be provided and maintained so that modern farm equipment can cross the rail line.

We hope that you give consideration to the benefits that Vermont Rail Link Inc. will bring to the State of Vermont.

Sincerely,



Patrick J. Howrigan
President
Franklin County Farm Bureau



NEW ENGLAND CENTRAL RAILROAD, INC.

2 Federal St. • Suite #201 • St. Albans, VT • 05478-2003 • 802-527-3411 • Fax 802-527-3482

March 23, 2001

Re: Lamoille Valley Railroad

To Whom It May Concern:

This letter is being furnished to describe the New England Central's knowledge of and relationship with Vermont Rail Link Inc.

New England Central Railroad (hereinafter know as NECR) is headquartered in St. Albans Vermont. The main line of NECR's Swanton subdivision connects with the track age of the former Lamoille Valley Railroad (hereinafter know as LVRC) at East Swanton VT.

As a result of this connection, the principles of VT Rail Link Mr. Peter Snyder and Mr. Bradford Worthen have begun a dialogue with the NECR relevant to their proposed operation of the LVRC. These discussions have covered the proposed operation of both freight and passenger for the property. VT Rail Link have asked the NECR to perform a variety of services for their operation such as but not limited to time keeping, billing, interline settlement, demurrage fees and customer billing. A service such as these NECR has priority and does currently perform for other carriers on a contract basis. Services such as these are commonly contracted out and NECR is willing to provide these to LVRC.

Additional discussions have been held relative to the relationship that NECR and LVRC will have between each other. Services such as the performance of haulage versus straight interline interchanges have been broached and agreed upon conceptually. More concrete plans will avail themselves as the process goes forward.

Over the past year I have had the opportunity to discuss the operational aspects of LVRC's operation with both Messrs. Worthen and Snyder. They have demonstrated astute business acumen in their planning and forethought for the business. I believe that they will carry this same attitude toward forward in their physical operation of the railroad.



Sincerely,

M. J. Olinstead



STATE OF VERMONT
HOUSE OF REPRESENTATIVES
115 STATE STREET
MONTPELIER, VT
06633-5201

July 24, 2000

Mr. Bradford J. Worthen
Vermont Rail Link, Inc.
PO Box 395
Morrisville, VT 05661

Dear Brad:

It was good having the opportunity to visit with you on Saturday at the Lamoille County Field Days. As you know I have always had an interest in restoring rail service to Lamoille County. It is really almost criminal that the State let the current leaseholder out of his obligation for maintenance of the rail line. It is my understanding; as a result much of the flood related damage that has occurred over the past several years was not eligible for FEMA funding

If you can demonstrate that your plan is economically viable you have my support. I recognize that there are competing uses for the rail corridor right of way. I would hope that these uses could be accommodated without losing the ability to have rail traffic on the line. You indicated to me that you were already working with the Cambridge greenways group to encourage joint usage of the right of way. Perhaps this effort could become a model for other mixed uses of the railroad right of way.

At the very least the state needs to complete a new survey to identify the costs to restore service. The Swanton to Morrisville section is probably the least expensive to get back in operating condition. I would hope that AOT would see fit to support that effort. I was particularly interested in the conversations you have been having with the Bombardier people. That would be a great use of the Morrisville facility, which I am told, is in excellent shape.

Good luck and if I can be of further assistance please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dick Marron".

Representative Richard C. Marron
Lamoille 2-2

February 4, 2000

Mr. Brad Worthen
Vermont Rail Link, Inc.
1050 South View Drive
Richmond, VT 05477

Douglas J. Ellison
Transportation Analyst
PO Box 135
Thendara, NY 13472

Dear Mr. Worthen:

Pete Snyder has asked me to write you a letter to explain the structure and operation of the Adirondack Scenic Railroad in the Adirondack Region of New York State. For the past seven years, and until last fall, I served as the Executive Director and General Manager of that railroad.

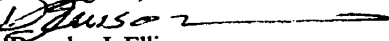
This particular railroad is 118 miles long stretching from the Mohawk Valley to Lake Placid. In 1992, the line had been dormant since a failed attempt to operate passenger service in 1980, and before that had been dormant to passenger trains since the New York Central Railroad shut it down in 1965. Freight service held on in a loss situation until the New York Central could get ICC authority to abandon with the help of Hurricane Agnes in 1972.

There was great skepticism in the State of New York (as owners of the property purchased in 1975 from Penn Central Railroad) that a viable tourist passenger operation had any chance of success on account of past failures and a very weak tourist market and economy in the Mohawk Valley. It was compounded by 12 years of TOTAL inactivity and maintenance of ANY kind. Crossings were paved over, track was washed out, track in place had not seen legitimate repairs since the 1950's, and there were bridge concerns.

In spite of these negative conditions and prejudice on the part of the State of New York, a sound business plan and concrete business principles created a solid and successful tourist excursion with over 62,500 riders the first year, and has developed into a premier tourist attraction in New York State with 8 years of solid success and over 60 miles of track rehabilitated for operation. It is a created vision of being more than a railroad, offering historical and cultural interpretation, opportunities for tourism education, vocational partnerships with local community colleges, and partnerships with on-line towns and communities as a synergistic link of vast proportion.

With careful planning and sound business practice, it is possible to go forward in traditionally weak areas with multiple failures and create success. That success can be taken from a blueprint tried and proven, if basic fundamental requirements exist.

Best regards,


Douglas J. Ellison
Transportation Analyst

ATTACHMENT 3 **Petition for Stay - Re: STB Docket No. AB-444 (Sub-No. 1X)**
T. D. Phelps to STB, 04FEB04
(Cover and Freight Operations Section, Pages 7, 8 & 9)

FREIGHT OPERATIONS SECTION

Excerpted From

Letter Report Review of Vermont Rail Link Proposal

Submitted To

Vermont Joint Fiscal Office
by
Stone Consulting & Design, Inc.

Originally Submitted
October 2001

operating and working capital as a risk venture. The state must, however, recognize the at-risk investments by proposers and investors to justify profits to be distributed even if grants have been made to preserve state property.

The pro-formas essentially expensed the "profit" by the proposer as an item in administrative costs; i.e. their salary. It is debatable whether this is accepted accounting procedure, but it would also appear that there is actually more 'cushion' in the pro-forma than would have initially appeared due to the fact that the proposer's fee/salary is actually in administrative costs, or that the proposer has, at minimum, created both jobs for itself. Therefore, the "breakeven" pro-forma at year three actually includes a payment to the owners for services provided, if not a profit to be shared with potential stockholders. This is likely to be more of an issue with the SBA than the state at this point.

Repairs and upgrades to facilities that are not the property of the operator (such as repairs to the Morrisville engine house) become a point of negotiated debate directly in relationship to the length of the lease. It is unrealistic to expect the operator to invest significantly in a property where the normal term of an improvement loan is shorter than the lease, or where they cannot depreciate their improvements during the life of the lease. Basically, no bank will ever loan money for a 15-year improvement to a property that only has a 5-year lease. If the state insists on a shorter-term lease (or no extension terms), then they must be willing to either fund the improvements themselves or make a provision for depreciated value buyback to the satisfaction of the bank.

Of the shortline freight and passenger operations that have folded, nearly all failed either because of a catastrophic event or freight business closure on the line (that could not be foreseen), or failed to survive their first five years of operation due to woefully inadequate capitalization. Because of that, the lease should include a minimum acceptable level of working capital to be attained before final operations can begin, and by a certain date. The highly seasonal nature of tourist railroads makes them a fundamentally difficult business, and one where the entire year is basically determined in fall foliage – not completely unlike other tourism-based businesses in Vermont. Freight business, while much more stable based on a variety of commodities and customers, can be difficult to maintain when the environment is as difficult as Northern Vermont in winter.

Freight Operations

Freight services to Morrisville, and later as far east as Hardwick, allow Vermont industries to be reconnected to the outside world by rail. Even today, the Bordeau Bros. Mill in Sheldon is dependent on an NECR rail-to-truck transload (out of St. Albans) to deliver their inbound grain. Reconnecting direct rail will allow Vermont industries to directly connect to the national rail freight system and reach markets that are now too expensive to reach by truck, or decrease their cost to existing customers and suppliers that are now reached by truck. This can make a real difference to the overall profitability and competitiveness of certain industries and impact employment. The challenge is to analyze and verify these potential rail customers and determine if there really is a legitimate reason to assume that rail freight has a future here.

We discovered a substantial interest in freight service by verifying the interest letters in the proposal. Every shipper contacted verified the letters, their interest and, if anything, had seen increased interest in rail transportation since the time of the initial submission. This was a pleasant surprise that was not anticipated.

Across the board, we discovered that the on-line shippers had NOT been contacted by LVRC. If there actually was a shortline freight marketing program by them, it was not effective. They had no recollection of being actively solicited or approached during the previous operator's tenure. This adequately explained the total lack of previous freight business on the line, which is a major and key issue when reviewing this proposal. A 1993 agreement between LVRC and the State of Vermont directed LVRC for continued investment in the Washington County shortline (also operated by Forbes) with at least the perception to create a disincentive for any further attempts to resuscitate LVRC and allowed removal of some equipment, scrap rail and shop contents at Morrisville in exchange for continued investment in Washington County.

If anything, we feel that the freight business may be substantially understated during the initial years of operation and will grow to a 750-1,000 car/year plateau quicker than anticipated. This will change the dynamics of the railroad along with the demand to upgrade the track quicker to provide better service and to be year-round over the entire length of the opened line.

Track conditions on the line can be focused on to immediately repair the washouts and allow passenger equipment to be moved to Morrisville. Beyond that point, the railroad can function for much of the freight business as an "FRA excepted track" railroad west of Johnson in year one. Excepted track cannot be used for passengers or for hazardous materials, so this would impact any potential propane business. But the concrete, fertilizer, wood products and brick would not be affected and can be operated at reduced speed on excepted track.

Sidings are a significant issue. Some of the major customers will need sidings and cannot adequately load on the main line. While rail materials can be salvaged from the east end, it is more than likely that the state should prepare for requests for capital assistance by the shippers to construct new sidings, and this is apparently not included in the \$4.5 million capital budget estimate.

Freight business at Sheldon and Highgate Center, along with the interchange to the west, will fairly well occupy a crew to serve this end of the railroad during a day. Assuming that freight services can be covered with the same unit and crew as running the passenger trains during the fall foliage crush is suspect. At that time of year, at least, both locomotives and two crews on two locomotives will absolutely be necessary because of low running speeds. It may be most viable to serve these west-end customers via an NECR operating agreement during winter months. If the railroad incorporates as a common carrier, however, then the full season obligation is assumed. No shipper contacted offered that they understood that the line would, or might, be closed in the winter – including Poulin Lumber at Hardwick.

The seasonal nature of the railroad is assumed in the initial years, and this runs in direct conflict to the assumptions on freight service and its need to be available all-year. The Phase II proposal explicitly states seasonal freight operation over that portion. The conflict is between assuming

the railroad is a seasonal passenger operation with some seasonal freight vs. a freight operation that keeps trucks off of the road. Since the publication of the draft report, it has been clarified that the primary shipper east of Morrisville, the pulpwood reload facility, may consider a truck-to-rail transfer closer to Morrisville and not require freight service east of that point through the winter. This is the apparent underlying reason for the Phase II intent of a seasonal snowmobile trail east of Morrisville. The Phase I section, Swanton to Morrisville, is intended to remain open for freight service on an as-needed basis during winter months.

Another key, unknown assumption at this point is what level of economic pricing can be negotiated for the NECR rate division. Until actual pricing and ratemaking takes place, it will essentially be unknown what level of rate division will be demanded, and if the total rate division package becomes competitive with truck. The facts are that nearly every customer wants rail, as long as rail remains competitive or at the “magic” 20% cost savings. Rate divisions, as shown in the pro-formas, do not seem to be unrealistic, but will vary significantly depending upon commodity hauled. There is substantially more revenue to be made from commodities such as brick, plastic pellets and chemicals than from low-value commodities such as pulpwood and grain, and an average per-car settlement does not take this into effect. It is also unclear at this point whether the new operator will operate as a switching terminal (setting a standard price per car) or attempt to participate in individual rate settlements. This customer and commodity mix in general looks to be on the low end with the possible exception of manufactured stoves and propane gas.

Subsequent discussion with Mr.’s Snyder and Worthen have indicated that the intent of the pro-forma rate divisions in the proposal was for NECR to actually be the freight carrier of record to the final customer and VRL to provide only a ‘haulage’ service for a per-car fee and not necessarily involve themselves or NECR in the typical rate-division conflicts inherent between two shortline railroads competing against each other for rate divisions. Stone Consulting has neither verified nor questioned this with NECR due to the sensitive nature of such business negotiations. Generally, we support this ‘haulage’ approach, though we would still recommend to have multiple haulage rates sensitive to disparities in commodity-level pricing.

Though many freight shortline railroads have attempted intermodal (truck trailer or container) operations, margins on these activities have been so small as to virtually wipe them off the shortline railroader’s opportunity list. Equipment necessary to load, unload and handle intermodal equipment makes them a capital-intensive exercise and the per-trailer charges necessary to handle the cars over a shortline (vs. driving the same trailer to a regional reload terminal) makes it a poor competitive proposition. We do not support the suggestion or conclusion that “intermodal” container/piggyback activities will make a significant portion of future freight revenues on this line. Intermodal, as it applies to bulk material reload between truck and railcar, is an entirely different scenario, and these activities have been quite successful by shortlines as a breed.

ATTACHMENT 4 Petition for Stay - Re: STB Docket No. AB-444 (Sub-No. 1X)
T. D. Phelps to STB, 04FEB04
(Sections 1, 2, 3, 6 & 9)

LEASE & OPERATING AGREEMENT

Excerpts

Includes Sections 1, 2, 3, 6 and 9

Between

The State Of Vermont

&

The Lamoille Valley Railroad Company

December 31, 1977

27.11

LEASE AND OPERATING AGREEMENT, dated December 3/ , 1977,
between the State of Vermont, a sovereign state acting through its
Secretary of Transportation (the "State"), and Lamoille Valley Railroad
Company, a Vermont railroad corporation (the "Company").

Section 1 DEFINITIONS

As used in this Agreement, the following terms shall have the
following meanings unless the context otherwise requires:

"Agreement" shall mean this Agreement and any future amendments
or supplements hereto.

"business day" shall mean a day other than a Saturday, Sunday,
or legal holiday under the laws of the State of Vermont.

"Class II Date" shall mean the date which is the last day of the
calendar month in which notice is sent by the State to the Company of its
reasonable determination that the main line track substantially meets the
Track Safety Standards for Class II track as established by the Federal
Railroad Administration and set forth in 49 CFR 213.

"Operations Date" shall mean January 1, 1978.

"Non-operating Property" shall mean all Railroad property which
is owned by, or leased to, the Company and not held or used by it in
connection with its transportation service.

"Railroad" shall mean the railroad line known as the St.
Johnsbury and Lamoille County Railroad which consists of railroad lands,
tracks, bridges, buildings, and appurtenant facilities conveyed from the
St. Johnsbury and Lamoille County Railroad to the State by deeds dated
December 7, 1973, together with any and all improvements, appurtenances,
rights, bridges, and easements benefitting or belonging thereto, and all
tools, track materials, office equipment, spare parts, supplies, and
other property relating to the operation of the Railroad and belonging
thereto, except where any such property has been leased, sold, used, or
otherwise disposed of prior to the date of this Agreement, all as more
fully described in Appendix A, attached hereto.

"Subsidy Period" shall mean the period beginning on the Operations Date and ending on December 31, 1982.

Section 2 PROPERTY LEASED, TERM

Subject to the terms and conditions of this Agreement, the State hereby leases to the Company and the Company hereby takes and hires from the State, the Railroad for a term of ten (10) years beginning on the Operations Date.

Section 3 OPERATING SUBSIDY

3.1 In order to induce the Company to enter into this Agreement and in consideration therefor, the State will pay an operating subsidy to the Company for each calendar year in the Subsidy Period in an amount equal to any net losses after taxes of the Company for such calendar year up to but not exceeding (i) \$525,000 for calendar year 1978, (ii) \$188,000 for calendar year 1979, (iii) \$263,000 for calendar year 1980, (iv) \$123,000 for calendar year 1981, and (v) \$51,000 for calendar year 1982.

Notwithstanding the foregoing specified limitations on the amount of operating subsidy, if the Class II Date occurs after December 31, 1978:

(a) The operating subsidy for each monthly period to occur from December 31, 1978 until the Class II Date shall be an amount equal to 1/12th of the operating subsidy paid by the State to the Company for calendar year 1978; and

(b) The operating subsidy for the balance of the calendar year following the Class II Date shall be that amount which bears the same proportion to the Company's net losses after taxes for the calendar year in which the Class II Date occurs as the balance of the calendar year following the Class II Date bears to the entire calendar year, provided however, that in no event will

the amount of operating subsidy paid for the balance of the calendar year following the Class II Date exceed that proportion of the maximum amount of subsidy for such calendar year provided for above, which the balance of the calendar year following the Class II Date bears to the entire calendar year.

3.2 For the purposes of computing the operating subsidies provided for in this Section 3:

(a) Net losses after taxes of the Company shall be the amount by which the total expenses actually incurred by the Company for the particular calendar year for which the computation is being made, exceeds the Company's gross revenues actually received for such calendar year, except that, net losses after taxes for calendar year 1982 shall be adjusted to include in total expenses attributable to calendar year 1982 all expenses paid by the Company between December 31, 1982 and June 30, 1983 which became payable by the Company prior to December 31, 1982, and to include in total revenues attributable to calendar year 1982, all revenues received by the Company between December 31, 1982 and June 30, 1983 which accrued to the Company prior to December 31, 1982; and

(b) Total expenses shall not include expenses attributable to any Non-operating Property of the Company. Gross revenues shall include revenues attributable to Non-operating Property of the Company, but only to the extent such revenues exceed expenses attributable to any such Non-operating Property.

3.3 The operating subsidy provided for in subsection 3.1 hereof shall be payable by an advance on the Operations Date in the amount of \$40,000 and monthly thereafter within twenty (20) business days of the submittal by the Company to the State of a bill, together with such supporting documentation and financial information as may be required by the State, in the amount by which the total actual cash expenses of the Company exceed its gross actual cash revenues for the prior monthly period. The amount of any operating subsidy paid by the State to the Company shall be adjusted quarterly commencing on March 31, 1978 to and including September 30, 1982 to reflect the subsidy due for the calendar year or portion thereof then ending computed in accordance with subsections 3.1 and 3.2 above. On the date of the first quarterly adjustment, the amount of the \$40,000 advance provided for above shall be deducted from the amount of operating subsidy payable by the State to the Company. The amount of operating subsidy paid by the State to the Company for calendar year 1982 shall be further adjusted as of June 30, 1983 as provided in subsection 3.2 hereof. Any additional amount of operating subsidy payable by the State to the Company as a result of any such adjustment shall be paid within twenty (20) business days of the submittal by the Company to the State of a bill, together with such supporting documentation and financial information as may be required by the State. If, in any such adjustment of the amount of operating subsidy, the aggregate amount paid by the State to the Company on account of any calendar year exceeds the amount of operating subsidy due for such calendar year, or portion thereof for which adjustment is being made, the Company shall repay to the State an amount equal to such excess within twenty (20) business days of billing by the State. The Company shall promptly furnish to the State such financial information as the State shall reasonably require in order to compute the amount of any operating subsidy payable hereunder.

term of this Agreement in annual installments each of which shall be in an amount equal to the lesser of (i) 10% of the aggregate amount of operating subsidy paid by the State to the Company which is required to be repaid to the State pursuant to paragraph (a) above or (ii) the amount of retained income of the Company for the prior calendar year; except that the final installment shall be in an amount equal to the then outstanding unpaid amount of any operating subsidy required to be repaid to the State pursuant to paragraph (a) above. An installment shall be payable on each date on which rent is due and payable as provided in subsection 5.2(b)(ii) hereof commencing upon the first such date to occur after the Subsidy Period.

Section 6 DESCRIPTION OF SERVICE

6.1 In consideration of the obligation of the State to pay the operating subsidies provided for in Section 3 hereof and the start up settlement provided for in Section 4 hereof, during the term of this Agreement, the Company agrees to provide round trip rail freight service once a day for at least five (5) days each week, exclusive of legal holidays specified in the Company's tariffs as filed with the Interstate Commerce Commission, between Fonda Junction, or Sheldon Junction and St. Johnsbury. The Company may, with the prior written consent of the State, alter the frequency or schedule of rail service to meet decreased needs of shippers or to meet schedules of connecting railroads. The Company further agrees to acquire and utilize for the purposes of fulfilling its obligation to provide rail freight service hereunder, such locomotives as are needed to meet such service requirements and at least 100 box cars, all in reasonable operating condition.

6.2 The Company will be excused from performance of its obligations to provide rail freight service hereunder for the period of any delay occasioned by any event beyond its control which it could not reasonably have been expected to avoid and which, by exercise of due diligence, the Company shall be unable to overcome, which shall include, without limitation, restraint by any federal, state, or local agency or instrumentality, acts of God, strikes or other labor troubles, explosions, fire and vandalism.

Section 9 MAINTENANCE AND IMPROVEMENTS

9.1 The Company shall have sole control and responsibility for all maintenance of the Railroad, including, without limitation, the removal of all wrecks and derailments within a reasonable period of time following their occurrence. The Company shall maintain the Railroad facilities at a satisfactory level to permit operation of rail freight service in compliance with Federal Railroad Administration Class I safety standards or pursuant to any safety waiver issued in relation to any segment of the line during the period from the Operations Date until the Class II Date and thereafter at a satisfactory level to permit operation of rail freight service in compliance with Federal Railroad Administration Class II safety standards.

9.2 The obligation of the Company to maintain the Railroad shall include, without limitation, the obligation to maintain buildings in good repair and to repair or replace rail, ties, bridges (except the superstructure of the wooden covered bridge No. 45 at M.P.39.14), culverts, abutments, signals, crossings, fences, warning signals, and other items of track or signalling equipment as shall be necessary to keep the Railroad in good operating condition and shall include at a minimum, in each calendar year commencing in 1980, the replacement of 7,000 ties with new treated cross ties, or the replacement of at least three (3) miles of rail, or the addition of at least 5,000 tons of stone ballast or such other comparable program of maintenance and improvement as shall be acceptable to the State. The Company will exercise every precaution to preserve the covered bridge at M.P.39.14.

9.3 All replacement property shall be of equal or better quality, specifications, and standards as the property replaced. All replacement property shall become the property of the State and any removed property shall become the property of the Company regardless of whether such removed property is sold or retained by the Company, provided, that when property is

--
replaced by property furnished by the State, any property removed shall remain property of the State. If the Company determines that any track, buildings, or other facilities are not essential to its operations, it may request that the State relieve it of its obligations to maintain such property. If the Company, with the prior written consent of the State, dismantles or removes such property, the Company shall pay to the State the net salvage value thereof as may be agreed to by the State.

9.4 The Company covenants and agrees that in the event the State may from time to time desire to make improvements to the Railroad, including track rehabilitation, bridge or Railroad crossing construction, or signs or signal maintenance and installation work, that it will cooperate fully with any State-authorized contractor toward the reasonable accomplishment of such work, including, but not limited to, coordinating its maintenance and operational functions with that of any such State-authorized contractor, providing transportation at reasonable rates, allowing joint use of facilities, providing personnel as required for technical inspection and providing storage of materials. In the event the State employs the Company to make any improvements to the Railroad, the terms of such employment shall be guided by the General Manager Association rules and rates established for the lease of equipment. The Company shall not enter into any agreement under which the Company is employed to provide services for any contractor rehabilitating the Railroad for the State without the prior written consent of the State.

9.5 The Company shall have the right, with the prior written consent of the State, at its own cost and expense, to construct on any part of the Railroad at any time and from time to time, such buildings, rail facilities, bridges, and other improvements as the Company may desire.

Section 10 INSURANCE

10.1 During the term of this Agreement from and after the Operations Date, the Company will maintain insurance with insurers acceptable to the State of the following types and coverages:

Railroad Repairs Halted By Lack Of Traffic On Railway

by Nikki Parker

HARDWICK — No one's working on the railroad, and that is one of the reasons why the Federal Emergency Management Agency funds haven't been offered to repair the Lamoille Valley Railroad.

Mary Miller of Vermont Sen. Pat Leahy's office said FEMA would give the funding to repair washouts along the railroad from summer flooding if the state could show proof of activity.

Rep. Paul Cillo, D-Hardwick, said the state can't show lease agreements because no lease was being paid as there was no traffic on the railroad. Currently, the state is in the process of abandoning the railroad and some organizations are

interested in keeping the remaining rails intact while others are wanting them pulled up.

Cillo said the state Department of Transportation has spoken with Clyde Forbes, current lease holder of the Lamoille Valley Railroad, about abandoning the railroad. Forbes has not run any trains on the track for over a year and is filing with the state for abandonment. A period of public comment will be made when the abandonment plan is made public. The Agency of Transportation is working on details this month before making the plan public. The final decision on abandonment is up to the federal government, Cillo said.

Robert Gensburg, a St.

Johnsbury lawyer who was president of the Lamoille Valley Railroad Company from 1979 to 1989, said the railroad slowly saw its freight business "dribble away."

"In 1988, there was literally no business left on it," he said.

William Bruzese, director of the Air, Rail and Public Transportation Division in the state Agency of Transportation, said he was not optimistic that business could operate on the LVRC. Despite the \$21 million spent in the 1970s on the railroad's rehabilitation, he said he only sees its steady decline.

Trucking was a competitive business that took away from the freight train, Gensburg said. However, a popular part of the railroad

was the excursion trains. "From Morrisville to Joe's Pond, it was a very, very successful excursion train," Gensburg said. The foliage train ran about six days a week and literally "kept the whole railroad alive."

However, he said, even excursion train business fell after he sold the railroad to Forbes and the locomotives were sold.

"I have no doubt that the railroad would run a successful excursion business with the proper marketing," he said. "The scenery is beautiful. That's why we live in Vermont."

Attempts to reach Forbes were unsuccessful.

The Hardwick Gazette, Wednesday, July 3, 1996

ATTACHMENT 6

Petition for Stay - Re: STB Docket No. AB-444 (Sub-No. 1X)
T. D. Phelps to STB, 04FEB04



STATE OF VERMONT
AGENCY OF TRANSPORTATION
133 State Street, Administration Building
Montpelier, Vermont 05633-5001



September 19, 1996

Mr. Timothy D. Phelps
Hardwick Farms Road
P.O. Box 67
East Hardwick, Vermont 05836

Dear Mr. Phelps:

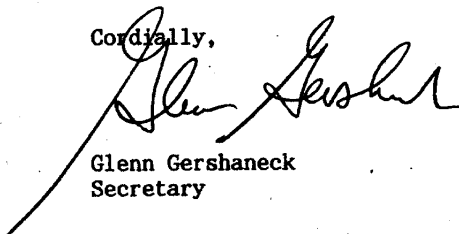
Thank you for expressing your concerns regarding the revitalization of the Lamoille Valley Railroad.

Tourism when marketed aggressively can produce an income which could add to the viability of a railroad. However for a railroad operation to be financially successful, it must also rely on a year-round freight operation. This means moving approximately 1,000 carloads of freight over the line annually.

The current operator of the Railroad has spent considerable time in trying to locate potential shippers who might use the services of the railroad. Presently there is an insufficient number of businesses which would use the railroad. For this reason the State must consider all options and proceed with the most economically viable alternative.

Thank you again for your concern.

Cordially,


Glenn Gershaneck
Secretary

c: Rail Files
Chrono via WSB

Telecommunications Relay Service 1-800-253-0191
Vermont is an Equal Opportunity Employer.

Wednesday
October 2, 1996
Volume 107, Number 39

HARDWICK

Hardwick • Greensboro • Craftsbury • Wolcott • Walden • Stannard

Petition for Stay - Re: STB Docket No. AB-444 (Sub-No. IX)
T. D. Phelps to STB, 04FEB04

ATTACHMENT 7



Horses and trains built the Walden overpass 82 years ago, but it took a crane to remove the railroad bridge last week. Construction to widen the overpass and improve visibility continues this week with removal of the concrete abutments and making a wider road. Transportation officials expect the work to be completed by the end of the month.

(photo by Kristine Mercier)

Caledonia senator hopes to turn old rail bed into recreation path

By Anne Wallace Allen
The Associated Press

DANVILLE — When state Sen. Robert Ide thinks about the future of the Lamoille Valley Railroad, he remembers a bicycle path he recently rode in Florida.

The 25-mile former rail bed spawned several businesses along the route, Ide said. They catered to path users with food, services, and equipment rentals.

He thinks the same thing could happen on Vermont's 92-mile right-of-way between St. Johnsbury and Swanton.

"It will be a rival to the Long Trail," said Ide, a Republican from Caledonia County. "I think in time it will be a multi-season recreational trail. I don't know if it will be in a year or in 10 years."

Ide and others who want to see the tracks ripped up have a tough job ahead. Many other politicians, business leaders and residents want to see rail service restored to the Lamoille Valley.

More than 100 people braved snowy roads Thursday to attend a state-run public hearing in Danville on the railroad.

The state billed the hearing as a chance for people to share plans for preserving the tracks on the corridor. Most of the speakers merely reiterated arguments for why the tracks should remain — even if an economic reason for doing so doesn't immediately materialize.

"Forever is a long time, and if the rails come up it is forever," said Carl Fowler, a rail travel agent from St. Albans. "We should bear in mind that the economic future of Vermont is much more than a few years."

Barbara Emch, a Sheldon resident whose yard is bisected by the Lamoille Valley's tracks, said she did not want snow machines, all-terrain vehicles, joggers or bicyclists using the path past her house.

"I'd rather see 10 trains go by every day than put up with snow machines and everything else," Emch said.

Brian Watson, executive director of the Vermont Association of Snow Travelers, said a recreation trail would bring millions of dollars to the communities along the tracks.

The railroad's future is largely in the hands of Clyde Forbes, a Florida operator who has held the lease on the state-owned route for several years. He said Thursday he has no plans to relinquish it.

"We're in this for the long haul," Forbes said.

Forbes, who this fall applied to abandon the western half of the route and then withdrew the application, said someday the eastern half would be used for freight, and the western half would become a trail.

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VAST Prepares To Rip Up The Railroad Tracks

by Kelly E. Papke

HARDWICK — The Lamoille Valley Railroad Corridor has seen brighter days with trains running through Hardwick loaded with granite and passengers riding to and from school.

By next spring, the tracks from St. Johnsbury to Morrisville will probably be torn up to make way for a multi-use recreational trail. The trail will be operated by the Vermont Association of Snow Travelers and hikers, bikers, walkers and snowmobilers will have access to the corridor.

"This opens up a new opportunity for VAST to work with other trail users since the trail will be used also by bikers and hikers for three seasons throughout the year," said Hal Coughlin, VAST vice president.

The rest of the 96-mile corridor from Morrisville to Swanton will also be stabilized under a lease from VAST, but the ties and rails will stay in place. VAST did not receive permission from the Legislature to remove the rails and ties at the western end.

"We did not get everything that we wanted this year, but we will be able to go forward with the beginning of the conversion to a recreational trail that should add considerably to snowmobiling opportunities and preserve a key corridor for future use," Bryant Watson, VAST executive director, wrote in a newsletter. "It is hoped that as time goes on and VAST has proved itself as a viable multiple use trail manager, we will be able to remove the rails and ties between Morrisville and Swanton as well."

Before major extrication work may begin, the Vermont Agency of Transportation has to take the cor-

ridor through a discontinuance and railbanking process. Rail banking means the entire railbed right-of-way is preserved for future rail use, but may be used for other purposes in the interim. Charlie Miller, of AOT rail division, said the process could take three-six months to complete, leaving VAST and AOT unable to touch the rail infrastructure this summer.

The Legislature did not appropriate funds for the corridor this year. Miller said there is a line item in his budget that will cover the railbanking application to the Surface Transportation Board in Washington, D.C.

Miller said AOT will put together a project to remove all rail material throughout the eastern end by asking a contractor to come in without any compensation to remove the rail and use the salvaged material as payment. After the rail material is removed, VAST will step in and begin restoration.

"This year, we had to work hard to gain language that would allow VAST to start the conversion of the rail bed into a multiple use recreational trail," Watson wrote. "We succeeded!"

Watson considered it a "great win" for VAST and is the result of the group's decision to create a closer working relationship with the Legislature and governmental agencies.

VAST will receive a long-term lease on the eastern end and run on a year-to-year basis on the western end, Miller said.

Brad Worthen, of Vermont Rail Link Inc., fought to return rail-use to the line. He said he is satisfied the Legislature did not decide to rip up the tracks from the Morrisville to Swanton section because Rail Link

has argued all along that section has the most potential for rail-use.

Worthen said the concept behind the Legislature's decision is there is so much work to be done on the eastern end, let the trail advocates start there and stabilize washouts and the structure on the west end. Worthen said for now he will sit back and see what happens until next January when the Legislature reconvenes.

"The bottom line is the rail is staying in place in the most important sections," said Worthen.

Worthen still hopes rail use is reintroduced on the western end in the future.

The next step forward is the culmination of a long battle over use and operator between the long-time leaseholder Clyde Forbes and the AOT when the railroad ceased operation in the mid-1990s.

Last year, VRL and VAST submitted separate proposals for the use of LVRC. VAST proposed to turn the corridor into a multi-use recreation trail while VRL proposed to reintroduce rail in three phases along the line. Prior to that, a study was conducted by M.I.T. researchers, which recommended giving the rail corridor about five years for rail use before moving in a different direction. Bids were taken for rail use, a short list was made but no one was offered a lease for the corridor's use.

A Mountain Valley Consortium, made up of business representatives along the corridor, was then formed about two years ago. That body recommended AOT turn the corridor into a multi-use trail. In 2001, the Legislature was skeptical the consortium did not look closely at the economic feasibility of the VRL proposal and put the project on hold.