

B&M Trustees Hedge Rejection Of Proposed Railroad Plan

By ROD PAUL

Boston & Maine officials have edged away from outright rejection of joining the proposed Consolidated Railroad Corp. (CRC).

The significant shift by B&M trustees was disclosed yesterday in a Concord speech by trustee Benjamin H. Lacey.

He reported he and his colleagues on the bankrupt line were seriously studying participation in the consolidated rail corporation, although they remained reluctant.

He said the trustees believed such a corporation would be a "Penn-Central dominated railroad."

Lacey yesterday reported that the B&M trustees had worked out with state officials "a settlement of back taxes," owed New Hampshire and municipalities by the B&M.

Said Lacey:

"This (the settlement) would amount to about \$1 million in revenue that would be immediately available, subject to the approval of our reorganization judge. The settlement is on the basis of two-thirds, with interest waived.

"This settlement also con-

templates that the taxing authorities would continue our taxes in the future at the two-thirds level."

State officials on hand for Lacey's speech at the Highway Hotel said the settlement boiled down to a sum of about \$500,000 at the two-thirds level, minus interest.

Lacey's indication of B&M trustees' interest in consideration of joining the Consolidated Railroad Corp. (CRC) was significant because of a statement earlier this month by Paul Cherington, trustee president, dismissing any possibility that the B&M would join the federally aided railroad.

Privately, Lacey acknowledged there had been a shift in trustee sentiment on the issue.

Under the federal Northeast Railroad Act, signed into law Jan. 8, each bankrupt railroad is offered initially two options — reorganization under the consolidated rail corporation, or reorganization outside of the corporation.

Lacey explained the CRC would be a large railroad, "consisting primarily of Penn Central lines and perhaps those of some other bankrupts. It will be headquartered in Philadelphia."

"There is real concern that CRC may be Penn-Central dominated and that because of this, it will tend to favor the present Penn Central line in New England, while turning the B&M's Hoosac Tunnel line into a secondary route.

"We believe that New England deserves two strong competitive links with the south and west."

And Lacey said the trustees also "suspect that a Philadelphia based management would have little understanding of or interest in the relatively light density rail lines in New Hampshire."

He warned that the B&M, once consolidated, likely would see substantially all of its branch lines operated under subsidization at a 30 per cent cost to New Hampshire.

"Hence, we feel strongly that in the public interest of New Hampshire and the B&M territory generally, we ought to try to stay out of CRC."

The occasion for the Lacey speech was the christening of four Boston and Maine new diesel locomotives — all bearing prominent New Hampshire names.

And he said there would be more locomotive and railcar acquisition for the railroad in the current year.

Lacey said the railroad had successfully negotiated with the N. H. Dept. of Resources and Economic Development the abandonment of some lines, "where our customers have abandoned us."

He said the B&M had proposed abandonment of its line from Winchendon to Keene; the "stub-end" line from Bennington to Hillsboro; the Greenville branch; and the line from Mt. Whittier through Madison.

Said Lacey:

"The line from Madison to North Conway will be sold to Carroll Reed for a scenic passenger operation. On the line from Keene to Walpole, we have abandoned service, but will leave the line temporarily in place.

The same treatment is proposed for the line from Manchester to Epping. "We have agreed to sell off any of these rights-of-way to the state for recreational purposes."

Lacey acknowledged that no agreement had been reached between the B&M and state officials on the line from Meredith to Lincoln.

"Discussions are in progress with the Profile Paper Co., which has recently re-started the paper mill at Lincoln, to buy either segment from Meredith to Lincoln, or alternatively, the entire line from Concord to Lincoln.

"It would then be operated as a short line. If this cannot be worked out we propose to abandon the line and offer it to the state. We have no other plans to abandon any other lines in New Hampshire."

The locomotives were christened the "Daniel Webster," the "Hannah Duston," the "Styles Bridges," and the "Franklin Pierce."

Lacey called the christening symbolic of the railroad's rebuilding program — "the first new power the B&M has acquired in over 20 years."

He pledged the line would continue to improve the B&M service to New Hampshire, continuing "over the past three years, we have done extensive track maintenance and upgrading in New Hampshire."

He said the maintenance of way budget for New Hampshire had risen from \$1.1 million in 1969 to \$1.8 million last year.