**REGIONAL ISSUES**

P&O Ports: Operates terminals in Davisville and Boston, as well as Portland.

VTRZ: Biz good, STB decision does not affect.

Pan Am: No movement until inspector general.

Amtrak: Ups fees on commuter, not freight.

Logistec: Record revenues.

GRS: Coal movement runs into problems.*

International Salt: Sold to ESCO.*

GRS: A correction on OSHA cases.*


MMA: Possible additional customer at Northern Maine Junction.* Update on customers on Fort Fairfield branch.*

SLR: New NEPW facility.

SLR & Halifax: Auburn intermodal now has traffic with Halifax.*

Portland: Sprague won lumber handling contract, not Logistec.*

**MASSACHUSETTS**

EOT: Still considering rail plan.*

BCLR: Not yet completed the deal with MBTA on the Millis Branch.*

CSXT: UPS service improvement means lower market share for rail in the Chicago lane.*

GU: Possibly selling something.

MCER: Lost one, gained one, customer.

NET: STB opens proceeding on creation of railroad.

New Bedford: More on new Sprague terminal.

**NEW HAMPSHIRE**

SLR: Losing another paper industry customer in New Hampshire.*

**RHODE ISLAND**

Provoport: Hiccups in handling inbound copper straightened out.*

**VERMONT**

TSRD: Guilford asks court to ‘enforce’ STB order.*

NBSR: Transloading for Nackawic in McAdam.

Halifax: Halterm 4Q report.* More on new Maersk service to Halterm.* Inland Terminal part I, with map. **RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

People: John P. Curtin, Alexandra Schmit, Michael Gleba

** FROM THE PUBLISHER **

Error

The table in the 28 February issue on Halifax 2005 traffic is wrong. Please disregard. I will print a new one.

Long report

I regret that I ran out of space to publish all the appropriate excerpts from the Halifax Inland Terminal.

Common abbreviations:

study. It did contain much detail on what such a terminal would look like and how it would operate. I did not include that or even consider it, because the terminal will not be operating for many years, if ever. However, consultant Frost is correct that the stakeholders should acquire the land now.

Chop Hardenbergh

Next issue: 27 March

---

REGIONAL ISSUES

P&O PORTS


Dubai Ports Worldwide and P&O

Walter Egee, who manages the Boston office, explained that as of 9 March, The Peninsular and Oriental Steam Navigation Company (“P&O”) was acquired by Thunder FZE, a wholly owned subsidiary of Ports, Customs and Free Zone Corporation, Dubai (“DP World”).

[However, P&O and DP World created a ‘cutout’ of the operations in North America (sans Canada and Argentina) which DP World is selling separately [see 28 February, Maine] due to US security concerns. Editor]

Portland

In addition to offering stevedoring, the operator has a contract with the city to maintain the shoreside crane, and a contract with the carriers, primarily Hapag-Lloyd, to maintain containers and chassis. That work, pointed out Jack Humeniuk, who manages the P&O operation here, is done at a structure right on the pier.

Boston

P&O operates the Black Falcon Cruise Terminal with the Massachusetts Port Authority, and the stevedoring operations at the Moran Automobile Terminal.

Quonset Point/Davisville

P&O handles some of the stevedoring here, the Volkswagens which land at the auto terminal leased by NORAD [see 05#09B]. {ANR&P discussion 9.Mar.06}

[For the other stevedore, see Rhode Island.]

---

VTR: TRAILER LEASING

15 February, DC. **THE STB OKAYED THE RAILROADS’ TERMINATING THEIR CONTROL OF TOFC TRAILERS**, and VTR did not object. The case arose because in 2005, some Class Is terminated their leases of TOFC equipment from WTL Rail Corporation, leaving the supply up to shippers and private companies. The STB stated:

‘In the largely deregulated environment that has existed since 1981, the sources of supply of TOFC trailers has changed in response to competitive forces. In 1981, the railroad-controlled pool administered by the Association of American Railroads contained 117,000 trailers, most of which were owned by 48 railroads, with a small minority supplied by non-railroad entities. By 1991, the railroad-controlled pool had shrunk to 95,000 trailers, with 40% owned by 20 railroads, and 60% supplied by 9 non-railroad entities.

‘Today the railroad-controlled pool contains 55,000 trailers, 73% of which is supplied by two non-railroad entities, XTRA Intermodal (XTRA) and General Electric’s TIP Leasing/Rental (TIP), which, according to WTL, together account for 44,000 trailers.

‘Two Class III railroads, the Kankakee, Beaverville & Southern Railroad (KBS) and the Vermont Railway (VTR),
together account for another 6,000 trailers in the pool. None of these companies (XTRA, TIP, KBS or VTR), which together supply 50,000 of today’s 55,000 pool trailers (over 90%), supports’ the petition to halt the railroads’ terminating their equipment leasing agreement. {STB No.NOR_42092_0 released 17.Feb.06}

**VTR comment**

VTR has 3300 trailers, more than 3200 of which it is now leasing to railroads. Nevertheless, said Eric Moffett, who handles the nation-wide VTRX leasing program [see 02#02B], the railway did not object. ‘In a de-regulated market, the railroads can make these decision and the customers do have options as listed in the decision. We need to work with both the railroads and shippers to find the common ground to work with these parameters.’

The decision by the Class Is to end the WTL leases ‘has had no effect on our business, in fact we have increased our business and are working to increase our business with the rail carries. Sometimes when a wall is built a door opens up. To date, we are fine and should be ok in the future.’

**Class Is continue to lease**

Moffett continued: ‘All railroads will be running TOFC. BNSF has indicated they may get out of rail-owned equipment, but I'll believe it when I see it.

‘In addition, the BNSF would get rid of containers as well, they are not just going after trailers. But again, time will tell. ‘Rail-owned TOFC equipment moves about 18,000 loads per week, that's a lot of traffic the railroads will walk away from if they give up the TOFC units. {e-mail to ANR&P 3.Mar.06}

**TOFC versus COFC**

In the second week of January, US major railroads (Class Is plus Florida East Coast) originated 57,062 trailers and 182,650 containers. CP and CN originated 2,019 trailers and 44,009 containers. {AAR data in Railway Age 2.05}

But a breakout of domestic traffic versus overseas shows a different slant. In third quarter 2005, trailer originations totalled 641,206, domestic containers 810,112; total domestic activity 1,415,318 lifts. Overseas in the same quarter totalled 2,076,390. Thus within the domestic market, trailers seem to be holding their own.

Year over year, the longer trailers are doing better: the 40/45’ trailer dropped 25%, while the 48/53’ trailers grew 1.5%.

{IANA fact sheet and press release 4.Nov.05}

**PAN AM**

14 March, DC. **THE STATUS OF THE AIRLINE’S REQUEST TO FLY WIDE-BODY AIRCRAFT** could not be determined. In December [see 05#12B], USDOT wrote to the airline saying that the inspector general had not finished his report on the investigation requested into the falsification of documents [see 05#908B].

USDOT is also reviewing Pan Am’s application to fly wide-bodied aircraft, and has received [see 31 January issue] documents about the financial support ST will provide. Boston-Maine Airways (the legal entity operating the Pan Am flights) is losing more than one million dollars a month, but the documents state that ST provides funding to the airline, and would continue to do so to bring the wide-bodied aircraft online.

**Waiting for inspector general**

David Barnes, a spokesperson for the Inspector General’s Office, said: ‘At the Assistant Secretary's request we began an inquiry into allegations raised regarding [Boston-Maine Airways]'s financial management and accounting practices and are in the process of completing it. ‘We are not in a position to comment further at this point.’ {e-mail to ANR&P 14.Mar.06}

But Jerry Anker, attorney for the Air Line Pilots Association, which opposes the Pan Am application, wrote this day: ‘We don’t expect DOT to take much interest in information relating to Boston-Maine until the Inspector General files his report.’ {e-mail to ANR&P}
ACCESS TO AMTRAK LINES

9 February, DC. **GOVERNORS IN THREE STATES REACTED TO NEW FEES LEVELLED ON COMMUTER LINES** to use Amtrak’s Northeast Corridor. But Amtrak pointed out that the US Congress, in the Transportation Appropriations bill in November 2005, required:

That the Secretary shall determine the cost to the Corporation for the annual Northeast Corridor capital and maintenance costs attributable to commuter rail operations over said Corridor: **Provided further,** That these costs shall be calculated by the Secretary based on the train mile usage of each commuter rail authority as a percentage of the total number of annual train miles used by all users of the Northeast Corridor or by whatever measure the Secretary believes to be most appropriate: **Provided further,** That, notwithstanding any other provision of law, the Secretary shall assess fees to each commuter rail authority for any direct capital or maintenance costs associated with that rail authority’s usage of the corridor: **Provided further,** That such assessments shall account fully for whatever direct annual contributions are already being made by each commuter authority for such Northeast Corridor capital and maintenance expenses in that fiscal year: **Provided further,** That the revenues from such fees shall be merged with this appropriation and be available for obligation and expenditure consistent with the terms and conditions of this paragraph: **Provided further,** That the Secretary shall transmit to Congress a monthly accounting of charges levied in accordance with the preceding proviso.

No freight assessment

In other words, while Congress required that the commuter railroads pay fees to Amtrak based on the commuter rail costs, it did not do so for freight railroads.

Note that in New England, Amtrak only owns from New Haven to the RI/Massachusetts line. {editor}

State response

The states argue that they already have contracts with Amtrak that specify what they should pay, and that Washington has not explained its demand for more money. In a 9 February, three governors—Edward G. Rendell of Pennsylvania, Ruth Ann Minner of Delaware, and Jon S. Corzine of New Jersey, all Democrats–told Transportation Secretary Norman Mineta, that he had not been "open and transparent" in explaining the added charges. {New York Times}

LOGISTEC

10 March, Montreal. **LOGISTEC POSTED RECORD REVENUES** of $189 million, and a slight increase in net income at $7.8 million, for the calendar year 2005. [For 2004, see 05#04B.]

Atlantic Northeast results

While the company does not split out its revenues by location, the announcement from Logistec noted that:

**New London.** ‘[R]ecord volumes of import lumber and copper at our Connecticut and Baltimore facilities.’ [New London lost at least some import copper to Provincetown - see Rhode Island.]

‘American forest product imports are expected to increase and thereby fuel business at our Connecticut and Baltimore (MD) terminals, especially since an agreement was signed last year with paper manufacturer M-real [Finland] to handle all of their cargo at the Port of Baltimore.’

**Sydney.** ‘Our outlook is bright, especially in the bulk sector where ore concentrate, coal and iron ore volumes are expected to remain strong and thus benefit our Sydney (NS), Montreal (QC) and Contrecœur (QC) facilities. [The Sydney facility handles imported coal for Nova Scotia Power plants. See 03#04A.]’

**Saint John.** The Canadian forest products industry will be faced with difficulties once again, but the restart of the St. Anne-Nackawic mill [see Maritime], which has been purchased by a consortium led by the Birla group, should yield an increase in export business in 2006 and hence improve our throughput in Saint John. {company release}

GUILFORD COAL HANDLING

8 March. **GUILFORD IS NO LONGER PERFORMING WELL** in coal handling, according to a source close to the situation: ‘Just when someone gives the Guilford a back-handed compliment [see 28 February issue], they return to their usual
ways. Sources tell us the Guilford has missed numerous switches for Bow and the coal is piling up in Providence. Everything is back to normal now with the Guilford.’ {e-mail to ANR&P}

On this day at 9AM, a loaded coal train from Provport with three GRS locomotives had run north of the Bow switch, ready to back the loaded coal cars into the plant. Empty NS coal cars were left farther north. The four NS locomotives which delivered the NS-origin coal were parked on an adjacent siding. {Gary Young and James Stankiewicz in PW e-list}

**Not a port problem**
Jay Baird, marketing manager for Provport, explained that the port had plenty of coal-handling capacity, so something else must cause the backup [see *Rhode Island*].

**INTERNATIONAL SALT**
27 February. The European Salt Company will buy the International Salt Company according to a report by a source close to the companies. Expect a closing date around 1 June.

The sale should not immediately affect “rails or ports”, said the source, because of the current projects in place. However, it may affect bidding for the winter 2006-2007. “ESCO may use different strategies.” {e-mail to ANR&P}

**More on ESCO**
In 2002, two established companies, K+S Aktiengesellschaft (Kassel) and Solvay S.A. (Brussels), combined their salt business segments to form the joint venture ESCO - European Salt Company. The joint venture created a new production and service organisation, thus becoming one of Europe's leading suppliers of salt in terms of both its know-how and its technical and logistical infrastructure.

Currently all ESCO production takes place in Europe, for the most part rock salt from German mines. {company website}

**GRS OSHA CASES: A CORRECTION**
Mike Twombly, BLET representative, writes that the unions (BLET and UTU) are not negotiating a settlement with ST [see 28 February issue] on the issue of adequate toilet facilities. ‘We cannot do that. Any settlement reached will be between OSHA and the railroad. The union filed complaints, but it is up to OSHA to enforce the regulations. Only OSHA has the authority to reach a settlement in regard to the regulations.

‘The complaints are on their way to [OSHRC] because the carrier and OSHA have not been able to reach a settlement that is satisfactory with OSHA. However, it is not to late to reach a settlement and [OSHRC] is still encouraging the parties to do so.’ {e-mail to ANR&P 9.Mar.06}

**CONNECTICUT**

**CSXT: NEW CUSTOMER**
13 March, North Haven. Vortex Recycling moved its first car out of the Anastasio complex here, in the CSXT Cedar Hill Yard [see map in 02#03B]. Principal Don Kleine explained that he had talked to various transload facilities, and settled on Anastasio.

Vortex accepts crushed oil filters at its Pennsylvania facility, and finds that using hopper cars rather than trucks to move them out of the Connecticut area makes sense.

Because of a lack of cars, Kleine expects to move only one per month. Eventually he will get up to five per month. {ANR&P discussion}
MAINE

MMA: FORT FAIRFIELD BRANCH
February, Fort Fairfield. **AN UPDATE ON THE CUSTOMERS HERE** was provided by Dan Foster, Fort Fairfield town manager, following the restoration of the branch in 2005 [see 05#09A].

‘The grain silos (new – on rebuilt siding) [County Grain Merchants] have grain in them, though to my knowledge there have been no grain shipments by rail. The McShea siding is operational and MM&A is delivering cars for Durepo Enterprises. Boralex has requested a permit from DEP to double the size of their wood storage footprint. It’s their intention to complete this work in this spring and potentially be using the siding for receiving or shipping logs and/or wood chips from their siding this year. Lucerne Farms is expanding their rail siding to hopefully bring molasses and possibly hay from out west. We’re patiently waiting for spring.’ {MRG/Downeast Rail newsletter 3-4.06}

Jason Willard, a principal in County Grain Merchants, said his company is ready to move grain out by rail. “We’re just waiting on the market. Give it another month.” {ANR&P discussion 9.Mar.06}

MMA: ADDITIONAL CUSTOMER?
8 March, Northern Maine Junction. **THE NEW BUSINESS AT THE FORMER DIESEL SHOPS MAY USE RAIL**. Derrick Thomas, proprietor of Bangor Hermon RailYard Inc, said he is operating as a storage business. Because he has tracks running into a couple of the buildings, he can offer rail-related services, possibly storage of wood chips, or cleaning of log cars.

Thomas bought the diesel shop from the bankruptcy estate of the Bangor and Aroostook Railroad [see advertisement of the shops in 04#02B] and filled in the old turntable pit. {ANR&P discussion 8.Mar.06}

SLR: NEW FACILITY
15 February, Mechanic Falls. **AN UPDATE ON NEPW LOGISTICS** was provided by Drew Gilman, the president. In general, he said, tonnage has reached an all-time high. Paper has remained flat, while pulp “has increased at a healthy level.” The company is “handling a lot of pulp for local companies such as Sappi or International Paper, as well as a smaller amount of Canadian pulp destined for Maine or beyond.”

NEPW provides a “landing spot” for the pulp, whether coming from British Columbia or Quebec, which it then transloads to truck for shipment to New York or New England.

New facility in Oxford
Because of the volume, in 2005 NEPW leased a warehouse in Oxford, Maine on Route 26, formerly used by the Schiavi manufactured housing company. SLR did a little work on the siding. The space is now full. NEPW has railed some product outbound, not many cars.

Formerly rail-served facility
NEPW is also using the Marcal mill in Mechanic Falls, which had rail access until a few years ago [see photo in 98#13, at that time Great Northern
Recycling]. Now, NEPW trucks in and trucks out.

**IRAP program**
Gilman said that he continues to consider using MDOT’s Industrial Rail Access Program to lengthen the siding at his warehouse in Mechanic Falls, but he would do that only if he expanded the warehouse further [see 99#22]. “Expansion remains a viable option, but with construction costs so high it is not an easy decision.”  {ANR&P discussion 13.Mar.06}

**SLR AND HALIFAX**
28 February, Auburn. *THE MAINE INTERMODAL TERMINAL IS RECEIVING CONTAINERS FROM HALIFAX*, as well as Vancouver, said General Manager Ray Goss. He stated that the containers are inspected at the ports by Canadian Customs and then by US Customs when they cross into Maine from Montreal, and therefore he has little concern about security. {Doug Fletcher in Lewiston *Sun Times* 1.Mar.06}

**PORTLAND**
6 March. *LOGISTEC HAS NOT HANDLED ANY CARGO HERE YET*, said Jack Humeniuk of P&O Ports. He confirmed the report from another cargo official that Sprague had won the contract to handle the lumber which Logistec was bidding for [see 18 January issue]. Sprague will handle that lumber at its Merrills terminal. {ANR&P discussions}

---

**MASSACH USETTS**

**EOT AND THE RAIL PLAN**
8 March, Boston. *EOT IS STILL DETERMINING WHAT TO DO AND WHEN IN TERMS OF THE STATE RAIL PLAN*, according to Manager of Rail Mike Gleba. In October, his predecessor Maeve Valleyle Bartlett said Asset Performance Management would develop a scope of work for the a future new edition of the state rail plan [see 05#10A]. {ANR&P discussion}

**BAY COLONY: MILLIS BRANCH**
8 March, DC. *THE STB GRANTED THE PARTIES ANOTHER EXTENSION OF TIME* to conclude a trackage rights agreement on the Millis branch, owned by the MBTA and now operated by BCLR [see 18 January issue]. ‘[MBTA and BCLR] indicate that MBTA has recently responded to Bay Colony’s comments on a draft trackage rights agreement and that, at present, there remain only a few points to be resolved. They expect that their negotiations will conclude within 60 days and request that the Board continue to hold the petition for declaratory order in abeyance.’ The Board granted the request. {STB website, Docket Number FD No. 29963}

**CSXT: LESS UPS TRAFFIC**
6 March, Atlanta. *UPS HAS IMPROVED ITS DELIVERY TIME BETWEEN BOSTON AND CHICAGO*, cutting it from three business days to two business days. In part, according to spokesperson Susan Rosenberg, that’s accomplished by moving some packages off the rails and onto truck, meaning that CSXT has a lower share of the market for package movement between Chicago and the UPS TOFC terminal in Worcester [our Directory #354]. {UPS press release; ANR&P discussion 7.Mar.06}

**GU: SALE OF SOMETHING?**
14 March, Worcester. *GU HAS “SOME ACTIVITY” ON ITS SALE*, said official Karen Busenburg. In a quick change from February’s pessimistic outlook [see 14 February issue], she said the railroad has no signed purchase and sale agreement, but something on at least part of the railroad [a rumor about the West Upton yard sparked my call—*editor*] is occurring.

Busenburg confirmed that the owner is asking for a price “in the ballpark” of $2 million. {ANR&P discussion 14.Mar.06}
MCER: STATUS
10 March, Gilford NH. **RAIL TRAFFIC IN 2005 EQUALLED THE PREVIOUS YEAR**, said General Manager Mike Smith, speaking from his home office. “We are space-constrained, so it’s hard to grow traffic.” The railroad has done trackwork [see 03#10B]; the track looks better and functions better.

**Loss of transload traffic; positive view**
Smith acknowledged that Novacor [our Directory #364] had moved its transload business from the MCER yards to PW’s newly-paved Greenwood Yard.

“This allows us to go after new business so it’s not all bad. We have one customer testing the A&R packaging and transport services right now.” A&R [our Directory #364 and 365] provides plastics packaging and transloading of plastics. Smith expected to know in two or three weeks whether the customer would become permanent.

**TOFC**
The intermodal terminal has its occasional COFC move for MHF [our Directory #358-1], but does mostly TOFC. In the main, that consists of a regular move out of Maine distributing product into New England [see 04#05B Regional]. But occasionally VTRZ [see Regional] has a move out of Maine to Palmer which moves by truck to the CSXT terminal in West Springfield, and then out from there.

**Lease**
MCER and EOT have never reached an operating agreement for the lines owned by the state [see 02#07B]. Smith said the prior agreement is extended month to month.

**ABC&D Recycling**
This new facility in Ware opened only on 5 March, despite the ground-breaking on 12 April 2005 [see 05#04B] and a ribbon-cutting ceremony on 15 November 2005. {MassDevelopment press release}

Owner Richard O’Riley attributed the delay to the difficulty of getting permits. Accepting material was going “slow” because his firm needed to find customers from whom to acquire the construction and demolition debris.

He did not expect to move his first rail car for six to eight weeks. {ANR&P discussion 10.Mar.06}

ABC&D could generate 300 carloads a year [see 05#04B].

**NET/WWTR/GRS**
3 March, DC. **THE STB DECIDED TO INSTITUTE A PROCEEDING ON NET’S REQUEST** for an exemption from prior approval to construct track and operate a rail line in Woburn and Wilmington. The Board noted that in response to its call for comment on the New England Transrail request, it had received ‘comments raising a variety of issues’. {STB website, Finance Docket No. 34797}

NIMBYs have obtained the support of politicians in opposing NET’s plans [see 28 February issue] for a construction and demolition debris transload site.

**NEW BEDFORD: SPRAGUE SITE**
28 February. **SPRAGUE OFFICIALS DISCUSSED POSSIBLE USE OF ITS NEWLY- PURCHASED SITE** [see 18 January issue]. “We're in the oil distribution business. We're not developers,” Sprague Energy Vice President Thomas F. Flaherty told Mayor Scott W. Lang and members of the mayor's fisheries advisory council at the New Bedford Free Public Library. Sprague bought the 11 acres from the Global Oil company to get the four tanks with 10 million gallons in fuel oil capacity.

Sprague will take control of those oil tanks on June 22 and probably will inherit many of Global's wholesale customers. The facility employs four people, and Flaherty said that number will remain the same.

According to the terms of the sale with NStar, Sprague has five years to clean up the asbestos, lead paint and coal tar on the site or face losing a significant line of credit to NStar.

Most ports at which Sprague operates have a 30-35-foot draft; New Bedford has 26 feet. The shallow port makes difficult bringing in the materials Sprague handles elsewhere, such as salt, coal, and construction materials.
Lang told Sprague officials the city views its parcel as the most significant piece of undeveloped land on the waterfront. He has asked Sprague to consider moving one tank from one side of the property to the other, and moving the dock where oil barges berth over to that spot as well. Doing so would open up the majority of the site to new development. {Aaron Nicodemus in New Bedford Standard Times 1.Mar.06}

---

**NEW HAMPSHIRE**

**ST.LAWRENCE & ATLANTIC**

7 March, Toronto. **FRASER WILL PERMANENTLY CLOSE THE BERLIN PULP MILL,** according to an announcement today. The mill, with a capacity of 230,000 tonnes of NBHK (northern bleached hardwood kraft) pulp, will continue production until May 6, after which time shutdown activities will commence. This closure will affect 250 employees.

“Rising costs of wood, energy and chemicals over the past three years have led to a significant deterioration in the financial results at our pulp mill in Berlin despite the efforts of our employees and the State of New Hampshire to improve the sustainability of the operations,” said Dominic Gammiero, president and chief executive Officer of Fraser Papers. “We considered the short and long term market outlook for hardwood fibre costs, other rising input costs and capital requirements, and determined that it was appropriate to reduce our exposure to market pulp. We are planning to operate the adjacent Gorham paper mill on purchased fibre. The change in fibre supply options will better position the Gorham paper machines for specialty paper grades. We will also be evaluating the potential market-related shutdown of one of the five paper machines at the Gorham paper mill.”

“In 2005, over 55% or 130,000 tonnes of the total pulp produced at the Berlin pulp mill was surplus to the requirements of the Gorham paper mill and was sold to other paper mills, including Fraser Papers' mill located in Madawaska, Maine. This action will allow Fraser to reposition its market pulp business at the company's pulp mill located in Thurso, Quebec, which produces a variety of high quality maple and other NBHK specialty pulps. ‘...The carrying value of the Berlin pulp mill and related assets was $48 million at December 31, 2005.’ {Fraser press release}

History

In 2002, Fraser bought the mill, along with the Gorham paper mill, from the bankruptcy estate of American Tissue [see 02#07B].

**Effect on rail and port**

SLR serves the Berlin pulp mill in three ways. First, it delivered inbound raw materials. Second, it picks up some outbound pulp for delivery to other North American paper mills. Finally, the SLR delivers some of the pulp to East Deering for drayage to Merrill’s Marine Terminal and shipment overseas [see 18 January issue].

Armand Demers, who handles forest products for Sprague, which owns the terminal, remarked about the East Deering traffic: ‘The Lord giveth and the Lord taketh. We are working with the SLR on other potential business, not necessarily export pulp.’ {e-mail to ANR&P 8.Mar.06}

SLR may pick up some traffic by delivering market pulp to the Gorham paper mill, perhaps from Thurso, Quebec. Editor

---

**RHODE ISLAND**

**PROVIDENCE**

mid-February. **THE STARTUP OF THE INBOUND COPPER MOVEMENT THROUGH PROVPORT** had some hiccups, which the port has now resolved. Jay Baird, the marketing manager for the port, said on 8 March that when the first vessel landed, many of the customers awaiting the cargo from South America sent trucks to pick up theirs. This resulted in some limited waiting time for truckers, but nothing like that portrayed in an issue of Metals Bulletin; Baird labelled that article mostly invalid.
“When we unload 15,000 tons of cargo, and everyone wants it at the same time, we do get a lot of trucks in here.” To improve the efficiency of the operation, Provport has increased the capacity to load both flatbeds and dry vans, instituted new procedures for the actual loading operation, and improved the communication stream among the customers, the truckers, and the stevedore, Waterson Stevedoring.

“We are 100% prepared for the next vessel, due the third week of March,” concluded Baird.

The berth and laydown area
Provport has assigned the copper to a 12-acre storage area immediately behind berth six, said Baird. The port repaved the area during October and November of 2005. Trucks reach it through the south gate of the port perimeter.

The cargo
Provport anticipates handling the copper at least until the end of 2006. It comes off the ship as break-bulk, in both ingots and anodes, moved in a cube approximately three feet on a side, weighing one to three tons. [Phelps-Dodge in Yantic, Connecticut, had not returned calls to confirm it as one of the consignees. Editor]

Versus bulk cargo
Baird pointed out that the port had a considerable through-put capacity, in both rail and truck, both bulk and breakbulk. On the coal, which lands at berths four and five before moving to Bow, Mt.Tom, and New York [see Regional], he said:

“We have no problem storing coal. We have the capability, as long as we have the empty cars, to move 3-5,000 tons a day on rail [roughly 30 to 50 carloads–editor]. Coal to Mt.Tom is moving at this time mostly by truck; our terminal can move up to 2,000 tons of coal a day” using that mode. {ANR&P discussion 8.Mar.06; Sean Barry in Metals Bulletin reprinted in Eurofer Transport Review (Brussels) 7.Mar.06}

NEW ENGLAND STEVEDORING
15 March, Exeter RI. **SUBARUS AT WEST DAVISVILLE ARE HANDLED** by New England Stevedoring, according to principal Tom McGee.

He explained that John Orr, who owned John J Orr stevedoring and handled some of the auto business [see 99#13] died in 2003. McGee, who had worked for Orr for 18 years, founded his own company, which took up Orr’s work in January 2004.

In addition to Davisville, McGee also handles transloading in Fall River, moving the steel coils which arrive by rail to a warehouse or out by truck to customers. {ANR&P discussion 15.Mar.06}

VERMONT

GRS v TWIN STATE & STB
17 February, Boston. **GUILFORD FILED AN PETITION FOR ENFORCEMENT** of the STB’s decision against TSRD [see 05#11B]. GRS summed up the STB decision in six parts:

a) Twin State did not have sufficient ownership to abandon the rail line it leased from MEC, running from Gilman to St.Johnsbury.

b) MEC retains a common carrier obligation on the line.

c) the Board revoked the conditional abandonment exemption granted in October 2005.

d) TSRD had discontinuance authority only to a certain extent.

e) the US District Court may interpret the lease between the two parties, the track and ties may not be removed for salvage until the Board has authorized full abandonment.
f) the Interstate Commerce Commission Termination Act pre-empts any court order allowing removal of the physical assets before full abandonment authority is issued.

GRS concluded its petition by citing 28 USC 1336(b), which gives the District Court referring a matter to the STB exclusive jurisdiction to enforce any resulting STB order. ‘Wherefore, Maine Central requests that this Court enforce the STB Order which was served November 18, 2005.’ {complaint filed in US District Court, docket number 06-CA-10292 17.Feb.06} Guilford is represented by Alexandra Schmit.

[Neither I nor a transportation attorney could understand the reason GRS filed this petition. Editor]

---

**QUEBEC/MARITIMES**

**NBSR: NACKAWIC**

13 March, Montreal. AV NACKAWIC AND NBSR CREATED FLEXIBILITY FOR MOVING PRODUCT TO CUSTOMERS, by constructing a temporary cross-dock [see photo] in McAdam. Eugene Barbadoro, who handles the logistics for co-owner Tembec, said the mill had not had rail since CPR abandoned the line to Nackawic [operated by subsidiary Canadian Atlantic Railway from Fredericton via Southampton {Lines of Country}].

The transload permits Nackawic to put its pulp on rail 53 miles away, closer than Saint John; formerly the mill had drayed the pulp all the way to Saint John for cross-docking, a distance of 105 miles.

Eventually Nackawic would like to replace the temporary facility with a permanent one.

**Products handled**

NBSR-provided cars will move the pulp to continental markets, and to other ports for outbound shipment, said Barbadoro. The railway could also bring in chemicals, which can be transloaded into tanker trucks and delivered to the mill. Pulp has moved; chemicals not yet. {ANR&P discussion 13.Mar.06}

Joey Ducharme, a salesperson for Tembec handling the Nackawic account, said pulp moved in break-bulk lots over Saint John, but in container out of Montreal.

Which method depended upon the destination and cost. In general, container costs more than break-bulk, but to China, rates on containers going back are driven down by the need to reposition them, so container to China is cheaper than break-bulk. The pulp reaches Montreal either in truck or truck and rail; it is stuffed into containers in Montreal. {ANR&P discussion 13.Mar.06}

**Mill to produce cellulose**

Randy McCullough, who handles logistics at the mill, said that while the mill is owned by both Tembec and AV Birla [see 18 January issue], Tembec is handling the operation.

At this point, the mill is continuing to produce market pulp, as it did before it shut down. In 12 to 16 months, the mill will switch to producing 70% dissolving pulp, but still produce 30% hardwood kraft pulp for the market. [Dissolving pulp consists of almost 100% cellulose, while hardwood pulp contains 80% cellulose. Editor] The dissolving pulp will move by ship to India and Southeast Asia for the manufacture of rayon. {ANR&P discussion 13.Mar.06}
HALIFAX: HALTERM RESULTS

2 March. **HALTERM VOLUME DID NOT CHANGE FROM 4Q 2004,** owner Halterm Income Fund announced.

Quarterly results
On fourth quarter volume of 30,096 containers, essentially on par with that of last year, the Fund generated income before non-recurring items of $1.2 million, a decrease of $0.6 million from comparable earnings in the fourth quarter of 2004.

Annual results: income up, volume down
Lower container volumes of 113,063, down 5% compared to 119,201 in 2004, reduced year-end earnings before non-recurring items to $3.5 million compared to $4.1 million in 2004. The decline in volume was the result of the discontinuation of Maersk's Med-Gulf service in May, 2005, which accounted for 17% of total volume in 2004, and only 4% of total volume in 2005. The terminal’s continuing customer base increased their traffic by 7% in 2005 over 2004.

Net income for the year was $7.0 million, up from $4.1 million reported in 2004. All of that increase is accounted for by the $3.5 million in non-recurring income derived from the previously-announced settlement of Halterm's indemnity claim with Newfoundland Capital Corporation Limited (NCC) [see 05#10A].

More on continuing customer base
‘In 2005, the terminal's three largest customers, Zim Israel Navigation Company (Canada) Limited ("Zim"), China Shipping (North America) Holding Co. Ltd., ("China Shipping") and Costa Container Lines S.P.A. ("Costa") accounted for 66% of the total volume, compared to 77% in 2004. As evidenced by the loss of business in 2003 from Atlantic Container Line, and the discontinuation of Maersk Sealand's services in Halifax in 2003 and 2005, if volume from one or more of Halterm's major customers varies materially, it will have a significant impact on the earnings of the Fund....’

‘As at year-end, all the terminal's customers were under long-term service contracts. These service contracts require that any of the shipping lines' container vessels which call the Port of Halifax be handled by Halterm at rates and other terms and conditions specified within the contracts. The contracts do not include any volume commitment or obligation.’

Labor: contract has expired
‘Halterm's workforce is unionized. The collective agreement between the employers in the Port of Halifax and the Council of Unions representing locals 269, 1341, and 1825 of the International Longshoremen's Union (the "ILA") and each of its respective bargaining units, expired on December 31, 2005. Labour negotiations for a new collective agreement continue and it is anticipated that an agreement will be reached in due course that will not materially impact the labour cost profile of Halterm Limited.’

Rail service: intermittent problems
‘Halterm and the Port of Halifax are dependent on Canadian National Railway Company ("CN") as the sole provider of rail service between the Port and its inland markets. Intermodal rail service patterns have resulted in intermittent shortages of railcars in the Halifax corridor since 2003. When they occur, railcar shortages have resulted in additional terminal handling costs and delays in cargo transit times. Maintaining a reasonable standard of intermodal rail service is an important factor in the overall competitiveness of the Port of Halifax and Halterm.’

Future container volumes
‘Since August 2005 the Fund has announced two new customer services, China Shipping's AMAX (Asia Mediterranean American Express) service and Maersk's MECL 2 (Middle East Container Line) service. When these two services are fully established, the Fund estimates that they will provide approximately 60,000 container moves on an annual basis....

‘Based on preliminary estimates, the MECL 2 service once fully established is expected to increase container volume at Halterm by approximately 30 - 35% on an annual basis.’ [press release and annual financial statement from Halterm]

HALIFAX: MAERSK SERVICE

9 March, Madison NJ. **MAERSK PROVIDED MORE INFORMATION ABOUT ITS NEW CALL.** According to spokesperson Mary Ann Kotlarich, Maersk began service into Halterm [see above] on 24 February weekly, ‘by the Westmed string (name changed from Med Gulf in February) until the first MECL call on April 24.
The actual MECL2 will arrive on April 24 with the *Maersk Duisburg* scheduled in on that date. We initiated the Westmed call to provide service continuity to our accounts formerly using the Grand Alliance's service in and out of Halifax until the MECL2 starts.... The Halifax call allows access for east and central Canada.

‘There will be eight vessels used for the permanent service. The vessels will be 4700 TEU capacity.’ \{e-mail to ANR&P\}

**HALIFAX: INLAND TERMINAL I**

*Note: On 27 February, the Halifax Regional Council, which governs the Halifax Regional Municipality (HRM), received the Halifax Inland Terminal and Trucking Options Study [see 28 February issue].

This Part I of a two-part article contains excerpts of interest to readers. Part II will contain more excerpts.*

**Introduction and conclusion**

Any port’s capacity is limited by quay length and berthing area; equipment; ship to shore cranes; and storage areas. Halifax is primarily limited by storage area. Large ships exchanging a small proportion of their containers in Halifax have driven the port and terminals to provide berths and quay cranes to accommodate the random nature of the calls and their requirements for crane guarantees. But they cannot easily create storage area.

An NIT (New Inland Terminal) would free up land presently used for empty storage, truck marshalling, gate processing, and truck roadways on the existing terminals.

However, consultant Jim Frost of MariNova concluded that neither terminal nor downtown Halifax congestion justified an NIT at this time; building an intermodal terminal away from the port made sense when the Halifax TEU volume exceeded 900,000. He pinpointed Rocky Lake as the best site for the NIT.

Frost did recommend immediate action. The Halifax Port Authority and partners should adopt a plan now, to have a NIT built by the time the port is handling 900,000 TEUs per annum. Negotiations should begin regarding the Rocky Lake site and some combination of HRM, HPA and CN should acquire this property in a prepared state.

**Why the conclusion**

The Halterm and Ceres terminals have a capacity of 800,000 TEUs per year, while the port’s 2005 traffic came to 550,000 TEUs [ignore 28 February issue’s table]. With some adaptation, the port could add 100,000 TEUs. Consultant Frost estimated that the NIT could add as much as 250,000 TEUs.

The NIT would cost $60 million. Alternatively, Halifax could expand by building a new ocean terminal (NOT), costing $300 million and handling 550,000TEUs. The NIT costs less and gives the advantages of removing port truck traffic and substantial space for distribution activity.

The NIT would also provide some savings in overall operational costs, perhaps $300,000 per year as long as sufficient captive railcars are provided to ensure that locally destined freight can go directly to rail.

**Lessons learned from other ports**

Conclusions can be drawn from examining the experience of other ports in using an inland terminal [the study has much more detail on the other ports]. At bottom, chronic congestion is required somewhere in the existing system to make it work. The Alameda Corridor development was driven by chronic congestion in the LA / Long Beach region, which was choking from an onslaught of imports from the Far East and a rapidly growing local market. The terminals in Auckland were developed to relieve highway congestion.

**No truckway**

The CN railway cut from Halterm to Ceres is an underutilized transportation resource within HRM. Some thought trucks could use it to exit Halterm.

However, CN has reviewed the proposed shared operation and determined it to be impractical without significant costs. Its use as a truckway reduces wear and tear on city streets but requires a $40 million investment to build. There is no financial return which can justify such an investment, even with projected future truck volumes. The best option for removing trucks from city streets, reducing green-house gases and adding port capacity, is the construction of NIT.
HELPING TRUCK DELIVERY OF CONTAINERS

Geographic distribution of trucked containers
As the table shows, 60% of all the cargo trucked to and from the Port of Halifax has an origin/destination of Truro or beyond. [‘Valley’ refers to Annapolis Valley, the north shore of the lower part of Nova Scotia. ‘South Shore’ refers to the other side.] Within HRM [Burnside–see 05#07A for customers and map, Bayers Lake–see 05#10A, and ‘Other’ total 21%] 17/21 of the containers move to/from Burnside Industrial Park.

Truck-served, value-added distribution centers
The HPA, along with several partners including the Greater Halifax Partnership, concluded the Greater Halifax Distribution Study in 2004. That study suggested the port and the city could lever already existing shipping and distribution activity, as well as additional regional or national distribution activity, to attract distribution centres, third-party logistics providers (3PLs) or transload facilities to HRM. Certain criteria needed to be met, including access to large tracts of land adjacent to rail and highways.

For the present study, the following retailers and 3PLs were contacted: HBC Logistics, Loblaw, Canadian Tire Corporation, Wal-Mart, Home Hardware, FastFrate, Canadian Retail Shippers Association [see 05#07A], and HUDD.

All of the shippers were planning to move additional cargo through Halifax; some major shippers were willing to move additional Far East and Indian sub-continent cargo. Getting slots on the ocean carriers presented the problem. One major shipper did not see enough choice in either carriers or rail service to lock them into the Halifax gateway.

Using Rocky Lake and access to Burnside
At a minimum, the inland terminal results in better asset utilization in terms of trucking units. Assuming the Burnside Connector is built along with the terminal, it potentially offers much quicker access to warehouses and distribution facilities. It also opens up the northern portion of Burnside Industrial Park to the development of a new generation of distribution warehouses, a so-called Distripark.

Potential sites
Consultant Frost employed a site characteristics model with 35 parameters to examine the potential for an NIT at HIT, Rockingham, Rocky Lake, Oakfield, Milford Station, and Debert. He assumed a location on the CN main line.

Both HIT and Rockingham were eliminated due to their inadequate size and major physical impediments to expansion. HIT is also located in the middle of a fairly-well developed industrial and residential area, where expansion would be difficult. Rockingham [a site considered by the Halifax Port Authority for a third port terminal—see 01#01A] requires a large amount of fill be placed in Bedford Basin and a new site could face serious residential concerns.

Lack of sufficient property, and the inability to achieve rail access due to heavy grades, eliminated the Oakfield location from further investigation.

Debert [beyond Truro—see 05#10B] was acceptable on all counts but was a ‘perfect site in the wrong location’, given the long distance from the Port of Halifax. It was dropped from consideration based on estimates for train shuttle and trucking costs.

The remaining three sites did not have any criteria forbidding their use. However, the Lantz site was adjacent to a better site at Milford Station, and for mainly topographical reasons, was eliminated from further evaluation.

The Milford Station site, on the east side of the old Highway 2, encompasses the entrance to the National Gypsum quarry and includes other landholdings of National Gypsum.

While the consultant liked both Milford Station and Rocky Lake the latter lies closer to Halifax [see map] and to Burnside Industrial Park. The study recommended using Rocky Lake.

Labour Implications
The ILA has jurisdiction over any activities in the longshoring industry occurring within its geographical accreditation, covering all of the Port of Halifax along with Autoport, just outside the port’s limits. Members of the Canadian Auto Workers Union handle HIT.
As the work performed at the inland terminal is not work in the longshoring industry, it would fall outside the present ILA jurisdiction. It is possible this jurisdiction could be expanded and the union leadership has already indicated that they are opposed to the concept of an inland terminal, as it would result in reducing the number of hours of work for their membership. It is however most likely that the labour affiliation at the NIT would be determined by the ownership of the terminal, i.e. who operates the shuttle service and who operates the terminal. {study at HRM website}

**Reaction of some stakeholders**

George Malec, Halifax Port Authority vice-president of operations and security, said the study “is one of those things that points to the fact we are committed to work with the city on all mutual planning strategies....[However, it is] “very clear from the study that the potential for this is a number of years out and until the cost is justified, this remains a strategic option we are researching.”

Fritz King, chair of the Halifax Shipping Association, said the local shipping community would be concerned about an inland terminal “for competitive reasons....We don't want to add to the cost base of cargo moving over the port.”

Shipping lines have had some service issues with CN and moving cargo, and if a new inland terminal and shuttle system would improve that situation, the lines might be willing to deal with the issue. {Tom Peters in Halifax Herald 28.Feb.06}

1 March. **COUNCILLORS REACTED TO THE PROPOSAL FOR AN INLAND INTERMODAL TERMINAL** when they received the consultant’s report [see above].

- Councillor Krista Snow (Waverley-Fall River) said:
  “Nothing is going to go through Waverley.” Area residents have tolerated quarrying and heavy truck traffic in the area for years, but would “not look favourably” upon anything that might increase current traffic and noise levels in the Waverley area.

- Councillor Sue Uteck (Northwest Arm-South End) supported the conclusion that trucks should not use the railway cut from Halterm. “There will not be any trucks in the railway cut.”

- Councillor Patrick Murphy (Halifax North End) said an inland terminal makes sense. “There is a lot of stress in the north end with truck traffic.” {Bill Power in Halifax Herald 3.Mar.06}
RAIL SHIPPERS

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

- ABC&D Recycling (MCER, Massachusetts)
- Boralex (MMA, Maine)
- County Grain (MMA, Maine)
- Durepo (MMA, Maine)
- Fraser Papers (SLR, New Hampshire)
- Nackawic (NBSR, New Brunswick)
- Novacor (MCER, Massachusetts, #362)
- NEPW (SLR, Maine)
- UPS (CSXT, Massachusetts)

PEOPLE, EVENTS

David Wilcock, manager of Vanasse Hangen Brustlin’s Transit and Rail Services group, has become chair of the Transportation Research Board’s Commuter Rail Transportation Committee.

For those who keep a hand-written scorecard of the Guilford legal counsel: A notice of an OSHRC [see 28 February issue] hearing listed John P. Curtin as representing ST. And Alexandra Schmit is listed in the TSRD case.

Michael Gleba has succeeded Maeve Vallety Bartlett as manager of rail at the Massachusetts Executive Office of Transportation. He took office around the turn of the year, coming from transit work at EOT.

NORTH EAST SHIPPERS MEETING

The North East Rail Shippers Association will meet 19-21 April in Newport, Rhode Island.

Some highlights:
- Equipment Panel “The Waiting Game-a Long Time for Cars”
- Shipper Panel “Three Shippers Speak Out”
- Rail Executives Panel UP, NS, CSXT, BNSF, SLR, GRS, CPR, PW.
- Presentation Truck It – Rail It – or Both?
- Intermodal Panel Two Modes-Same Tracks-Enough Space?

The NEARS sessions provide great information and wonderful networking. I recommend attending.

Copyright notice

PLEASE DO NOT COPY THIS NEWSLETTER, or forward it in e-mail format, in whole or in part. You receive it as a paying subscriber, or a potential subscriber. Passing it on without explicit permission of the editor violates copyright law, and diminishes the likelihood of our staying in business.