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**Issue 06#11A 22 November 2006**

*Article unchanged from e-bulletin.

**Regional Issues**

ST/VRS: Dedicated slurry train to Maine.

PW: Conventional carloadings down in 3Q06.*

APHIS: Postpones regulation, will discuss.


**Connecticut**

[No report.]

**Maine**

[No report.]

**Massachusetts**

ST: NE Energy takes over Mt. Tom, but NU will source coal for the plant for the next half-year.*

CSXT/MBTA: $100 million needed to provide additional capacity for Worcester trains.*

**New Hampshire**

ST New Hampshire: Governor’s task force to discuss commuter rail.*

**Rhode Island**

PW Rhode Island: Sakonnet River bridge gone.*

**Vermont**

VRS: Omya using boxcars and PalletSource.

**Maritimes/Québec**

Truro rail customers: A table of 18, and a map.

Colchester Regional Development Agency: CN communication with customers improved.

Clarence Farm: Two facilities in Truro, both rail-served. One may move.

Town of Truro: No plans to move Clarence Feeds; John Ross may move.

**Truro Reload and Storage:** Two facilities in Truro, both rail-served.

**Pictou:** Straitline Stevedoring still serving, not without concerns. Also work at Mulgrave.

**Halifax:** Halterm announces 42% increase in 3Q06.*

A cross-reference to companies mentioned here.

**People, Positions, Events**

David Fink, Tom Steiniger, John Steiniger, Mike Bostwick, Ed Motte, Syd Culliford, Roger Bergeron, James Olson, Martin Moore, Charlie Marshall. CFQ.

FROM THE PUBLISHER

**Errata, Praise for Springfield Terminal**

In the last formal issue, 06#10B, I stated that ST had 6,000 carloads a week on the ConnRiver line. Not quite that many: 6,000 carloads a year. See Vermont.

In the 06#10A formal issue, I stated that if ST crews ran more than 125 miles an hour, they would get paid more than the standard rate. See Massachusetts. I meant the distance of 125 miles.

Now some praise for the new Omya unit train. I hope the simultaneous announcement of the train, and David Fink’s elevation to president, are connected. Can we look forward to other service improvements with him at the helm?

- Chop Hardenbergh

Next issue: 6 December.


REGIONAL ISSUES

ST/GRS: UNIT SLURRY TRAIN

17 November, Florence-Portland. **ST AND VRS PUT TOGETHER THE FIRST DEDICATED OMYA SLURRY TRAIN** to serve Maine customers. Erik Bohn, who manages Omya’s transportation out of the Florence office [see Directory #1122], said stakeholders had ‘talked about [this move] for some time.’ After a meeting about five weeks ago among ST, VRS, and Omya, ‘we formalized plans to put this in place. Friday’s [17 November] was the inaugural run. The train reached Portland on Saturday, and the NewPage plant in Rumford had its cars on Sunday,’ or a two-day delivery from Bellows Falls. Sappi had its cars on Monday.

The planned service

‘Omya will be loading cars for Maine customers during each week, Vermont Railway will be blocking and staging cars in Bellows Falls, and Pan Am will run dedicated power for a run-through train from Bellows Falls to Portland, where the blocks will be separated for delivery to the customers. Plan is to run [the] train same day each week (working around holidays when necessary). NECR is importantly involved to ensure service can take place while the tunnel construction is underway.’ The first train had 36 cars.

According to the service plan, Omya will load calcium carbonate slurry into the cars on Sundays and Mondays, and make blocks for NewPage, Sappi, and Domtar. VTR will move the blocks via Rutland to Bellows Falls by Wednesday, and make up the train for the Friday pickup. The train will have about 40 cars per trip, depending upon the need of the mills. ‘This should be a very good change and provide service consistency improvements for our Maine customers,’ said Bohn. The paper mills in Maine did not care about transit times: ‘They want to know it will arrive with consistency,’ the same day every week.

Cost and improvements

Per Bohn, ST is providing this much improved service at the same price as moving the cars in regular merchandise service. Scott McCalla, logistics manager planning systems and equipment for Omya, described the improvement as one of consistency. ‘For the last couple of years, we had an average nine to 11-day transit time door to door.’ That’s only a bit longer than the transit time with the dedicated train, but McCalla noted that “normal service can be 4-5 days, and other times much longer.”

The new service provides a consistent pickup day in Bellows Falls [technically Brattleboro during tunnel construction, see 06#10B Vermont: ST]. In the past, “consistency of pickup in Bellows Falls was a 50-50 proposition. And even when the train did come, it did not always pick up all of the cars” due to a myriad of scenarios. ‘We had a lot of left-behinds.’

Now the train will get picked up every Friday, it will run through East Deerfield, a scene of holdups in the past.

Car utilization

Omya leases its slurry cars. McCalla anticipates that the service will have three bunches: one in transit to Maine, one at the Maine mills, and one enroute back to Florence. ‘When the empties are released from the customers, they will be assembled in Portland and returned to Bellows Falls.”

The service gives everyone a benefit. In the past, “we would keep excess product at customers’ tracks” because they were not getting consistent service. Now, Omya will have less product in transit or warehoused in cars. ST will get a more even flow of cars over the year; the peaks will be much lower, and the valleys less deep, and it will not need to run extra trains to deliver product to customers. VRS and ST will need no switching.

Congratulations to David Fink

Bohn pointed to Fink, newly-appointed as ST president [see People], as the man who got the plan to work. ‘He pushed hard for the last five weeks...he was committed to make this happen” and is committed to seeing it work. [ANR&P discussions 20.Nov.06]

PW: THIRD QUARTER RESULTS

14 November, Worcester. **PW HAD A 7.4% DECREASE IN CONVENTIONAL TRAFFIC VOLUME**, much of that coal, compared to 3Q05, according to the 10-Q report filed with the Securities and Exchange Commission. ‘Operating revenues increased $337,000, or 4.5%, to $7.8 million in the third quarter of 2006 from $7.4 million in the third quarter of 2005. This increase is the net result of a $239,000 (3.8%) increase in conventional freight revenues, a $96,000 (10.7%) increase in
container freight revenues and a $51,000 (30.0%) increase in other freight related revenues offset, to a small extent, by a $49,000 (36.3%) decrease in other operating revenues.

Conventional car loadings
The increase in conventional freight revenues for the quarter is attributable to a 12.1% increase in the average revenue per carloading partially offset by a 7.4% decrease in conventional traffic volume. The Company’s conventional carloadings decreased by 771 to 9,678 in the third quarter of 2006 from 10,449 in 2005. The largest volume decrease from the third quarter of 2005 was carloadings of coal, a lower-rated commodity. This decrease had the effect of increasing the traffic mix toward higher-rated commodities which, along with rate increases (including diesel fuel surcharges), accounts for the significant increase in the revenue per carloading.

Containers up, again
The increase in container freight revenues for the third quarter is the combined result of a 6.8% increase in average revenue received per container and a 3.6% increase in the volume of containers handled. Intermodal container traffic increased by 613 containers to 17,426 in the third quarter of 2006 from 16,813 in 2005. The increase in the average revenue received per container is attributable to contractual rate adjustments, as well as a shift in the mix of containers handled.

Other revenues
‘The increase in other freight-related revenues between quarters is the result of increased billings to freight customers for secondary switching, special train, and other ancillary services. Revenues of this type vary from period to period depending upon customer needs.

‘The decrease in other operating revenues is the result of lower maintenance department billings for services rendered to outside parties. These billings typically vary from period to period.

‘Other income increased by $549,000 to $682,000 in the third quarter of 2006 from $133,000 in 2005. This increase is primarily the result of a $500,000 gain realized on the sale of surplus property in the third quarter of 2006.’ {text of 10-Q}

APHIS: DATE POSTPONED
16 November, DC. APHIS POSTPONED INSPECTIONS AT THE CANADIAN BORDER AND AGREED TO TALK WITH THOSE AFFECTED [see 06#10B].

The postponement
According to a statement in the Federal Register from the Animal and Plant Health Inspection Service (APHIS) of the US Department of Agriculture:

‘We are delaying the effective date of the removal of the user fee exemption for international air passengers until January 1, 2007, and the effective date for the remaining provisions of the rule, including the removal of the exemption from user fees for commercial vessels, commercial trucks, commercial railroad cars, and commercial aircraft entering the United States from Canada, until March 1, 2007. We are making these changes to allow additional time for affected entities to make necessary preparations to comply with the inspection and collection procedures that we will be instituting as a result of the interim rule.’ {APHIS website}

Domtar reaction, APHIS will talk
Tom Howard, Domtar’s government relations official for the United States, wrote after reading about the delay: ‘Domtar continues to believe that the proposed rule is far too reaching in its impact. We appreciate the Department of Agriculture agreeing to a delay,’ but Domtar would like APHIS to narrow the scope of the rule and distribute the costs to that portion of the regulated community responsible for introduction of any animal and/or plant pests into the United States.

‘The agencies (APHIS and Customs) have agreed to dialogue with the regulated community. This signals to us, a willingness to probe a bit deeper into what is needed and compare that to what is proposed....

‘But it is very important for shippers to be heard on this by submitting comments to the Docket. As far as I know, the comment period will end on November 24.’ {e-mail to ANR&P 20.Nov.06}

MMA comment to APHIS
Robert Grindrod, president of MMA, filed a comment on 15 November to APHIS, echoing other objections but also asking questions relevant to Maine:
‘Example: a shipment originates in Saint John, New Brunswick destined to Chicago, Illinois. It crosses into the US at Vanceboro, Maine, recrosses into Canada at Jackman, Maine, and finally reenters the US for a second time at Detroit, Michigan. Will this piece of freight be inspected multiple times and charged multiple fees?’

Like others such as the propane dealers, Grindrod called for more targeted inspections and fees: ‘The proposed inspections should be restricted to agricultural goods which are not already processed (canned or frozen). APHIS can have no justification to inspect a carload of coal or steel scrap or completed automobiles as examples, since they are in no way agricultural products.’ {regulations.gov filed 15.Nov.06}

[But see Potato Council fears of disease on plain dirt in 06#10B.]

NECR/CSO/CBNS: RA PRIVATE

15 November, Boca Raton, Florida. RAILAMERICA ANNOUNCED THAT ITS BOARD HAD ACCEPTED AN OFFER OF $16.35 PER SHARE for the entire company from Fortress Investment Group. An affiliate of the group will pay RailAmerica’s shareholders $16.35 in cash for each share of RailAmerica common stock they hold, a 32% premium to the NYSE closing price of $12.38 on 14 November and a 49% premium to the average closing price over the last 60 trading days. The total value of the transaction, including the refinancing of RailAmerica’s existing debt, is approximately $1.1 billion.

“This transaction offers outstanding value to our shareholders. We view the transaction with Fortress as the best alternative for RailAmerica’s shareholders and are excited about partnering with Fortress going forward,” said Charles Swinburn, RailAmerica CEO. Wesley R. Edens, CEO of Fortress stated, “Fortress is excited to have the opportunity to invest in the North American rail industry. RailAmerica has assembled a well-diversified portfolio of shortline railroads throughout North America and we look forward to working with the management team to grow the company."

‘The closing of the transaction is subject to receipt of regulatory approvals, the approval of the holders of two-thirds of RailAmerica's outstanding common stock, and other customary conditions. The parties presently anticipate consummating the transaction during the first quarter of 2007. Although the offer is not conditioned upon obtaining financing, debt financing for the transaction has been fully committed by Citigroup Global Markets Inc. and Morgan Stanley Senior Funding, Inc,’

RailAmerica will file with the SEC a proxy statement. {RailAmerica press release}

Communication with customers

RailAmerica provided a suggested text to draw from in communicating with customers. One excerpt: ‘The acquiring company, Fortress Investment Group, is a long-term investor that has a strong desire to have ownership in the railroad industry. At this point we plan to conduct business as usual. There have been no changes in our staff or location of our office. Your contacts within RailAmerica remain unchanged. We do not anticipate Fortress intervening in any of our negotiations with or plans with you.’ {text from RailAmerica}

The future of the Atlantic Northeast railroads

Of the 42 railroads in the RailAmerica portfolio, three lie in the region: NECR, CSO, and CBNS. According to Rail Business, the company noted that it has had a program in place to review assets, but has no current plans to sell off any short lines.

Earlier this year when PW announced a deal with NECR [06#06A], some thought perhaps one railroad would buy the other; most believe that it had to do with the upcoming auto traffic.

Some rumination

One official with connections to RailAmerica did not believe the Fortress statement that it would work with existing management to grow the business. If the short lines were going to do well, then the existing management would not have sold the company. This official hoped that Fortress had consulted with a knowledgeable rail advisor, for he did not believe that current management could change the company’s fortunes. He acknowledged that many officials with the company had put “blood, sweat, and tears” into making it successful, and would hate to see RailAmerica disappear.

As for CSO and NECR, both are profitable, and NECR has a growth opportunity in the upcoming auto traffic. NECR does
not, in this official’s opinion, have much room to cut in expenses. However, he agreed that aside from autos, the railroad did not have much room to grow.

A second official with similar connections said Fortress appeared to be interested in strengthening the company where RailAmerica already has a major presence, and he counted New England as having a major presence.

Another railroader and former consultant agreed with the second official: ‘It would be surprising if Fortress were to sell off the railroads. That is a part of RailAmerica's business. RailAmerica is already selling properties that they don't think fit long-term with what they want and acquiring others. Deciding whether or what lines to buy or sell is the job of the RailAmerica management, and that's not likely to change, but the environment in which they make those decisions will be improved. As long as they meet their earnings expectations, which will be greater for a private equity fund than for public shareholders, they'll be encouraged to do what they think best. That is how venture capitalists work.’ {ANR&P discussion and e-mails 16.Nov.06}

Interesting statistics
As of 16 November, book value per share came to $11.95. Assuming that book correctly reflects current values, Fortress is not buying the company at a bargain. That is also shown by another statistic: revenue for the past 12 months has come to $462.53 million, so Fortress is paying more than twice revenue. As a rule of thumb, railroads sell for one to two times revenue. {editor; statistics from Yahoo finance website}

More about Fortress Investment Group: upcoming IPO
On 8 November 2006, Fortress Investment Group LLC registered for an initial public offering (IPO) to raise as much as $750 million in what would be the first U.S.-listed IPO of an alternative investment manager. Fortress didn't specify a size or price range for its offering, and the amount it raises in the offering could differ from its registration amount. The company plans to sell its Class A shares to the public, with its five principal partners retaining 90% of the voting power in the company through ownership of all its B shares. The stock will list on the New York Stock Exchange under the symbol FIG, but no trading date has been set yet for the deal, which is being underwritten by Goldman Sachs Group Inc. (GS), Bank of America Corp. (BAC), Citigroup Inc. (C), Deutsche Bank AG (DB) and Lehman Brothers Holdings Inc. (LEH). {MarketWatch}

According to its website: ‘Fortress Investment Group LLC is a leading global alternative asset manager with approximately $26 billion in assets under management as of September 30, 2006. Fortress is headquartered in New York and has affiliates with offices in Dallas, San Diego, Toronto, London, Rome, Frankfurt and Sydney. Fortress was founded in 1998 as an asset-based investment management firm with a fundamental philosophy premised on alignment of interests with the investors in its funds. Fortress’s managed funds primarily employ absolute return strategies. Investment performance is Fortress’s cornerstone – as an investment manager, the firm earns more if its investors earn more. In keeping with the fundamental philosophy, Fortress invests substantial capital in each of the managed investment funds.

‘Fortress raises, invests and manages private equity funds, hedge funds and publicly traded alternative investment vehicles. The funds have produced consistently superior investment returns. Fortress intends to grow its existing businesses, while continuing to create innovative products to meet the increasing demand of sophisticated investors for superior risk-adjusted investment returns.’ {website}

RailAmerica founder creates new holding company
Gary Marino, RailAmerica's co-founder and former chair, president, and chief executive officer announced, ironically the same day as the announcement of the RailAmerica sale, his return to the short-line business.

Marino’s recently formed Patriot Rail acquired the holding company's first short line, the Tennessee Southern Railroad. Patriot Rail also recently entered into an agreement with an international private equity fund to access capital for additional regional and short-line acquisitions.

“We have an ambitious strategic plan to make a number of select rail acquisitions throughout North America over the coming years,” said Marino, who retired from RailAmerica in April 2004. {Patriot Rail press release 15.Nov.06}
MASSACHUSETTS

ST: COAL TO MT.TOM
1 November, Rocky Hill CT. NEW ENGLAND ENERGY ACQUIRED THE MT.TOM POWER PLANT and 14 other generating stations, completing the deal made in July [see 06#07B]. ‘Substantially all of the approximate 210 plant and support personnel who were part of Northeast Utilities’ competitive generation business will remain with the business and continue to operate’ the stations.

The newly-formed company has an interim name of NE Energy Inc (NEE). and is currently based in Rocky Hill, Connecticut, with plans to open a new headquarters office in the Hartford area in early 2007. For additional information, visit www.neenergyinc.com. {press release}

According to spokesperson Donna Powell, NU will provide services to NE Energy for a transition period. Also, the NE Energy owners will change the name eventually. {ANR&P discussion 17.Nov.06}

Delivery of coal to Mt. Tom
To this date, Northeast Utilities (NU) handled the sourcing of coal for Mt.Tom [our Directory #166] and its other coal-fired plant, Bow New Hampshire [#95]. Although NE Energy owns Mt.Tom, NU will continue to handle sourcing of coal for Mt.Tom for the next half-year, and then hand over the task to NEE. The two plants burn different coal, so joint coal purchases do not make sense. {e-mail to ANR&P from source close to the situation}

CSX/MBTA:
COMMUTER TO WORCESTER
9 November, Worcester. MASSACHUSETTS AND CSXT ARE THREE TO SIX MONTHS FROM A DEFINITIVE AGREEMENT that would add two additional round trip trains to and from Union Station, said Deputy Secretary of Transportation Thomas Cahir at a recent forum on the future of Worcester’s commuter rail service. However, CSXT has said, and Cahir agreed, that the line needs additional tracks with an estimated price of $100 million. No move is currently afoot to look for the money. {Ken St. Onge in Worcester Telegram 12.Nov.2006}

NEW HAMPSHIRE

ST: COMMUTER RAIL OPERATOR?
16 November, Nashua. TALKS ON EXTENDING COMMUTER RAIL TO MANCHESTER have occurred since June, said Alice Chamberlin, NH Governor John Lynch’s assistant on transportation. US Representative Charles Bass (R) [who subsequently lost his re-election bid to Democrat Paul Hodes] and Lynch [who successfully won re-election] had a private conversation sometime before June and decided to convene a small task force to move ahead on the effort to extend commuter rail to Nashua, New Hampshire. [In February 2005, NHDOT handed over responsibility for the commuter project to the Nashua Regional Planning Commission (NRPC), with $750,000 to complete the ridership model, get an operating agreement between ST and the MBTA, revise station design and layover facility, and prepare equipment acquisition agreements. See 05#02A.]

The group met first in June 2006, with the goal of keeping everyone at table to work through the issues. “This has not ever been the case before,” said Chamberlin.

The group, comprised of officials from NRPC, the City of Nashua, the Southern New Hampshire Regional Planning Commission (which contains Manchester), the City of Manchester, the governor’s office, Bass’ office, and ST [but not NHDOT], has stayed loose and away from hangups with the process. It has also not discussed the contretemps between NEGS and ST about freight service, staying focused on commuter. {ANR&P discussion}

October Lynch remarks
In an interview on 13 October, Lynch said that in 2007 he wants to find consensus and set a timetable for restoring commuter rail to southbound commuters from Nashua. Where a train starts, ends, and how to pay for it remain serious obstacles. “We
have to make up our minds that if we are going to do it, let's get on with it.”

Discussion in the task force focuses on whether it would be best to start with a train from Nashua to Lowell, Lynch said. Commuters would then have to board an existing train in Lowell to get to Boston. Extending the commuter rail west to Wilton is also on the drawing board, Lynch noted [a favorite idea of David Fink per, president of the ST parent company–see 05#12B]. {Kevin Landrigan in Nashua Telegraph 14.Oct.06}

Nashua RPC remarks
Stephen Williams, executive director of the NRPC who sits on the task force, said in early November that the governor wants to reintroduce commuter rail to southern New Hampshire, and recognizes that the more players involved, the more likely to get support to move anything forward. The governor “sat with us in our first meeting,” and told the group that reintroducing rail was a priority. He wanted “a proposal, a schedule, and a financial plan.”

The group has not eliminated the proposal that the MBTA would run the service. However, Williams underscored, any service “needed an operating agreement with ST, and wants to hear their view, as it will operate on their ROW.” ST wants service on some level on the Hillsboro Branch, between Wilton and Nashua.

Since June, the task force has discussed “all kinds of issues, the schedule, the operator, the mode, the facilities, the stops.” Williams said the task force wanted “to get a proposal to the federal authorities in the November-December time frame,” and it is “shooting for December.” The task force has no money to hire consultants, Williams noted: “We’re doing it on our own.” {ANR&P discussion 2.Nov.06}

– weekly trade newsletter 06#11A 22 November 2006

**COMMUTER RAIL AND I-93**
Interestingly, the governor’s task force emerged at about the same time as the Conservation Law Foundation filed a motion for summary judgment in U.S. District Court in New Hampshire. If granted, it would require new environmental studies and stretch out the timetable for widening I-93 from Manchester south to the state line. CLF charged NHDOT with deliberately ignoring the addition of commuter rail lines to lower highway congestion. The rail option could cost another $110 million. {John Milne in Lawrence Eagle Tribune 1.Nov.06}

Tom Irwin of CLF dismissed the idea that an ST commuter train could provide mitigation. “It’s too far away,” he said. The state’s own analysis showed it would not draw enough traffic from the I-93 corridor to make it worthwhile. {ANR&P discussion 2.Nov.06}

**RHODE ISLAND**

**PW: RHODE ISLAND BRIDGE GONE**
16 November, Tiverton. CREWS BEGAN DISMANTLING THE SAKONNET RIVER SWING BRIDGE. No train had used it in 25 years, after a barge rammed it in 1988 [see 99#14]. RIDOT offered it free, in January 2005, to whomever would rehab and maintain it [see 05#01A]. Apparently no one wanted it, and Testa Corporation of Lynnfield, Massachusetts, is removing it. {Bruce Burdett in Sakonnet Times 16.Nov.06}

**VERMONT**

**VRS: OMYA & PALLET SOURCE**
4 October, Rutland. OMYA IS RAILING MORE BAGGED PRODUCT, said James Reddy, president of Omya It manufactures both a dry and slurry product with much of it railed in bulk [see Regional]. The 50-pound bags and one-ton bags are moving on pallets, mostly by truck, but some now in boxcars.

Need for pallets
The ramp-up of sales increased the need for pallets. Omya convinced its pallet vendor, PalletSource of Cobourg, Ontario, to open a manufacturing facility in Rutland, said Reddy. Omya already leases the 35,000SF former Himolene Vermont building at 56 Howe Street, to store pallets and bulk bags. Shipping the raw lumber rather than the finished pallets from Canada costs less, and the pallets can be made to meet demand, which also saves on warehouse space.

In addition to the local Omya plant, PalletSource plant manager Shawn Jamieson said the Rutland site will also begin
supplying pallets to the Omya plant in St. Armand, Quebec [just over the border from Vermont, east of Phillipsburg—editor]. Trucks now move the pallets to Omya's plant in Pittsford; Reddy said the company would prefer to ship the finished pallets to the plant.

The company imports its lumber from Canada, which has a ready supply of pine and spruce. “We looked at the option of trying to buy here but it's not cost-effective,” Jamieson said, explaining that Vermont has a limited supply of softwood. [Bruce Edwards in Rutland Herald 4.Oct.06]

More on boxcars
Erik Bohn, who handles transportation for Omya, said the company now leases ‘a fleet of 63 60-foot box cars in dedicated service transporting product in 50-pound bags and other containers, palletized, from Florence, Vermont as well as other North American Omya plants. The program, using internal modifications that prevent damage, has been extremely successful and we continue to expand our use of rail, vs. truck, wherever and whenever possible.’

Holland Company, per Scott McCalla, logistics manager planning systems and equipment, supplied the internal securement system to Omya.

Current Omya rail traffic
While Omya will not release figures, the draft (2005) Vermont State Rail Plan lists (page 17) one mile of CLP track as the 'Florence Branch', assumed to be the one mile connecting to VTR at the Omya facility [CLP formerly had a line from Rutland to Florence roughly paralleling the VTR trackage]. A table states the 2003 Freight Traffic for that mile as 7,976 carloads. Editor
TRURO AND BROOKFIELD RAIL CUSTOMERS
The following table, map, and four articles list all the rail facilities in the Truro/Brookfield area, locate them, and
describe some of them. My thanks to Steven Dickie of Edge Consulting for the map and information for the table.

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<tr>
<th>Customer/railroad</th>
<th>Location</th>
<th>Commodity in by rail</th>
<th>Commodity out</th>
<th>Carloads annual</th>
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Truro, NS. Truro Reload and Storage covered storage in the wye. {company website}
Truro Reload and Storage worker loading MacTara-wrapped lumber onto CN cars. (company website)

**RELOAD AND STORAGE** was provided by Jim MacKelvie, who handles sales and marketing.

**Two facilities**
Truro Reload’s initial facility, with covered storage [see photo] is located on three acres on the Truro A yard, inside the wye, leased from CN. Here it handles breakbulk, mostly forest products. One major user: MacTara [see 05#12A]. MacTara continues to have an issue with CN: it would like 14 cars a week, CN can only supply 10 normally.

Its second facility, six acres leased from CN in 1996, lies on the south side of the Truro D Yard. Here, MacKelvie said, the company handles distribution and general storage; commodities include fertilizer, silica, roundwood, and pulp from the Abercrombie mill. Overall, Truro Reload handles between 500 and 1000 cars a year, depending on market conditions. During the past winter, MacKelvie did a significant amount of truck to truck.

**The arrangement with CN**
Both facilities lie on property leased from CN. Under the agreement between the two companies, each user negotiates a rate with CN, and a separate rate with Truro Reload.

**Compete with CN facility?**
Also located in the wye, CN has its own team track, but no covered storage. To confuse the situation, CN’s sign reads ‘CN Truro Reload and Team Tracks’; MacKelvie said the sign did not refer to Truro Reload and Storage.

CN built the facility in the recent past, according to MacKelvie and others, in part to provide a transload point for occasional users of rail, as it was taking up other team tracks, such as the one in Debert Industrial Park [see 05#10B with map].

CN’s website still lists Truro Reload as the transload site for Truro, and does not mention the team tracks. MacKelvie called the situation unexplained and a bit questionable, as Truro Reload pays taxes and a lease fee to CN, yet CN appears to be competing with him. However, CN still supports his facility, and its own facility has not seen much activity. [Will CN change its attitude? See box.]

**Service with CBNS?**
Although Truro Reload’s draft website refers to its role as a link for CBNS, neither facility has direct access to CBNS. Per MacKelvie, CBNS and CN would have to make a switching arrangement so that CBNS could proceed to the wye to handle product in that facility.

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**Strategic plan**
‘Downtown Truro Urban Design Strategy’, completed in January 2006 by Ekistics Planning and Design of Dartmouth NS, recommends that the town move the scrap yard, but not the feed facility. A quote from the plan: ‘Pedestrian traffic at the southern end of Walker Street might also be more effectively routed to Victoria Park if the John Ross and Sons Ltd. property is acquired by the Town in the future.’

Fox said the plan constitutes only a recommendation, not a commitment. However, “we are interested in removing the scrap yard, and the town is active in negotiating with the land owner, and finding an alternative site.”

**CN/CBNS: TRURO RELOAD**
19 October, Truro. **A DESCRIPTION OF TRURO**

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**CN SETS UP OWN TRANSLOADS**
"The best, the optimum way" to move a good is to put it in a rail car “and move it all the way through,” said CN’ CEO Hunter Harrison in an interview. But in the absence of rail spurs to each supplier and customer, CN has until recently depended on partnerships with trucking companies, freight forwarders, warehouse operators and other providers to synchronize their operations with those of the railroad.

Now, CN is planning to provide many of those functions itself. "We are carefully moving into the ability to provide door-to-door services," Harrison said. He believes that will allow the railroad to continue capturing more market share from trucks, add to the revenue stream, and increase fluidity.

"One of the issues we have to solve is this problem of the last mile or the last five miles," Harrison says. "Where I have partners that I can't control, then it compromises the
Coal handling and D Yard boundary

That said, Truro Reload does operate the Lafarge coal loadout, located in the Truro Yard on CBNS property. It operates the facility on behalf of PEV, which has the contract to deliver the coal to Lafarge in Brookfield [see 06#08A for reasons not to deliver the coal by rail].

CBNS owns the north part of the D Yard, while CN owns the south part. Thus the coal loadout lies on CBNS land, while Truro Reload lies on CN land.

CN service

Given the complaints about the lack of shunting by CN, is MacKelvie satisfied with the service for his facilities? “More often than not,” he said. He pointed out one advantage Truro Reload had: its location off the CN main line. To serve customers in the Truro Industrial Park, the CN shunter must request permission to enter the CN main line, permission coming from a dispatcher in Halifax or perhaps Winnipeg.

In contrast, the shunter can serve Truro Reload direct, as it lies only a short distance from the shunter’s resting place in Truro Yard. [ANR&P discussion 19.Oct.06]

PICTOU

18 October. **AN UPDATE ON THE TRAFFIC THROUGH THIS PORT** was provided by Jim MacKelvie, general manager of Straitline Stevedores and Pictou Marine Terminals. [In 2000, MacKelvie had reported that Transport Canada had just transferred Pier C Marine Terminal to his company, which at that point moved out about 100,000 tonnes of pulp each year for the then-Kimberly Clark mill in Abercrombie, across the harbor. The terminal lacked an on-site warehouse, so pulp moved directly from the truck to the ship, causing some aggravation when trucks have to move during nighttime hours.

Straitline also handled pulp in Mulgrave, at the Strait of Canso, MacKelvie said, about 50,000 tonnes per year, either because of winter operations or because of the need for deeper water. See 00#10 and 02#02A.]

Pulp

Per MacKelvie, pulp remains the major commodity for the pier, moving for Neenah Paper. [Neenah Paper was spun off in 2004 from Kimberly Clark, and encompasses a fine paper, a technical product, and a pulp division. The last holds the mill (formerly Scott Paper) in Abercrombie Point, and another in Terrace Bay, Ontario. Neenah produces about 235,000 tonnes/year of northern bleached softwood kraft pulp at the Nova Scotia mill.

After a work stoppage in spring 2006, Neenah sold the Terrace Bay plant, which had a guaranteed supply contract with Kimberly Clark. [Neenah website, Form 8-K SEC filing]

Because of the work stoppage, most of the pulp flowed not to its normal destination, Europe, but to Kimberly-Clark to fulfill the supply contract, and it flowed by rail and truck. CBNS has a spur directly into the plant.

Hence, MacKelvie said, the traffic over his pier dropped 40%. Some of the loss was replaced by shipping pulpwod by barge, every week or ten days, to the Kruger mill in Corner Brook, Newfoundland.

Mulgrave

Straitline is still doing work at the Mulgrave pier as well, owned by the Strait of Canso Superport Corporation. [See 04#06B.]

HALIFAX: HALTERM 3Q06

14 November. **HALTERM ANNOUNCED A 42% INCREASE IN CONTAINERS HANDLED** in the third quarter, 41,245 versus 28,988 in 3Q05. [That translates into 69,791 TEUs, per Halterm Chief Financial Officer Paul Brigley. [e-mail to ANR&P 16.Nov.06]

‘On revenue of $13.1 million, an increase of 42% over the same quarter last year, the Fund recorded third quarter net income of $1.3 million compared to $4.5 million in the third quarter of 2005. Last year's results included non-recurring income of $3.5 million related to the full and final out-of-court settlement with Newfoundland Capital Corporation (NCC) concerning all past, present and future claims pursuant to an indemnity provided by NCC to Halterm Limited at the time of the Fund's initial public offering in May, 1997.
Third quarter results for 2006 were affected by an expense of $1.3 million related to a Unit Appreciation Rights Plan (the UAR Plan) introduced during the quarter for certain Executives and Management employees of Halterm Limited. Excluding the effect of these two events, net income for the quarter amounted to $2.6 million compared to $1.0 million in the third quarter of 2005. {3Q06 report}

**RAIL SHIPPERS**

Clarence Farm Feed (CN, Nova Scotia)
Lafarge (CBNS, Nova Scotia)
NE Energy (ST, Massachusetts #166)
Omya (VRS, Vermont #1122)
Truro Reload (CBNS, Nova Scotia)

Described in this issue.

*Our Directory of Rail Freight Facilities in New England has more information on the companies denoted with their directory number.*

**PEOPLE**

**Springfield Terminal Railway**, the operating arm of the Pan Am Railways system, announced on 17 November that it ‘recently’ made seven changes to the top management roster:

- **David Fink**, former executive vice-president, became president, succeeding **Tom Steiniger**, who is retiring. Executive vice-president since 1998, Fink previously helped start up Aroostook & Bangor Resources, a lumber products firm that co-generates electricity from used railroad crossties. He also served as president of treated wood products firm Perma Treat Corporation, and held various materials management positions since beginning his transportation career with General Motors Corporation.

  - **Syd Culliford** succeeded Fink as executive vice-president. He had formerly run the trains as vice-president operations, and was recently promoted to senior vice-president.

  - **Michael Bostwick**, formerly vice-president of sales, will become senior vice-president of marketing and sales. **Phil Kingman**, former senior vice-president, now works at Northport, the joint real estate development at the former Somerville Yard.

  - The appointment of **Edwin Motte**, vice-president of transportation, was publicized earlier [see 06#07B]. Between his stints at Conrail and FRA, he created Motte Consulting Service. {Pan Am Clipper 7-9.06}

  - **Roger Bergeron** became VP of special projects; **John Steiniger** (son of Tom), assistant vice-president of engineering; and **James Olson**, assistant vice-president of mechanical to succeed Martin Moore, who is retiring. {ST press release}

**Charlie Marshall**, formerly of Genesee & Wyoming, has been appointed to the Railroad-Shipper Transportation Advisory Council, a committee sponsored by the U.S. Surface Transportation Board. Marshall is now serving as senior vice-president for **Farmrail**. Another connection to the Atlantic Northeast on the Council is Larry Parsons, chair and CEO of Wheeling & Lake Erie and part-owner of MMA.

**CFQ** won a 2007 Fast Track Award from RMI, ‘for using RailConnect tools to automate various processes.’
Coverage

The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

Frequency and the e-bulletin

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

Stories not updated for the issue are noted with an asterisk. I urge readers to look at the issue’s updated stories (those without an asterisk).

Readers building a personal archive of the newsletter should discard the e-bulletins. All subscribers have access to the newsletter archive on the web, via password, at www.atlanticnortheast.com. If you do not have a password, merely request one from me.

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Purpose

Atlantic Northeast Rails & Ports, née Maine RailWatch (1994-1997) and later Atlantic RailWatch (1998-1999), is dedicated to the preservation and extension of the regional rail network. The editor believes that publishing news on railroads and ports spotlights needed action to preserve the rail network. The publication also imbues the region with a sense of an interdependent community, employing the network to move rail and port traffic. ‘No railroad is an island, entire onto itself.’

E-ISSUE