Inland terminal for Halifax?

Interesting how the tipping point, when an inland terminal for the port of Halifax would make sense, keeps growing [see Maritimes]. Keeping the intermodal activity next to the harbor is certainly better than asphalting yet more of the Earth’s surface.

Not much beyond the e-bulletins

Those bulletins get the news out quickly. But they do make the formal issue boring. Opinions?

- Chop Hardenbergh
REGIONAL ISSUES

PW COAL MOVE

1 March. **THE POSSIBILITY OF ADDITIONAL COAL MOVES BETWEEN PROVPORT AND NEW YORK,** such as that to AES in Johnson City in 2006 [see Regional 06#05A], or other plants out of New England, will be dictated by a number of factors: the value of available pollution credits, vessel costs, the price of foreign coal versus compliant US coal, etc.

‘The move itself to AES was very successful....Keep in mind that the test burn we’re talking about was of one type of coal. There are numerous types of coal, all with specific characteristics (ash, moisture, BTU value, NO-2, SO-2 content, etc.) that are available on the foreign market.’ {e-mail to ANR&P from PW General Counsel Mary Tanona}

AES: move good, coal not

On 6 March, Brian Kohls, who handles fuel purchasing for New York for AES, said “the coal itself did not work out [it came from South Africa–see 05#12B] but the move did.” AES is “looking into” using that route again. Kohls advised me to call back in the “middle of the second quarter” to find out more. {ANR&P discussion 6.Mar.07}

PW: TANONA & EARNINGS

16 February, Worcester. ‘**MARY A. TANONA, SECRETARY AND GENERAL COUNSEL OF PROVIDENCE AND WORCESTER RAILROAD COMPANY...** a named executive officer of the Company, delivered notice to the Company of her resignation, effective April 30, 2007.’ {PW filed this 8-K report with the SEC on 23.Feb.07}

In a discussion on 1 March, she called a “coincidence” her resignation and the restatement of earnings [see below] happening on the same day. She is leaving, she said, as she has served as general counsel for six years, and would like to pursue other legal opportunities. {ANR&P discussion}

Restatement of earnings for 2004 and 2005

On 16 February 2007, PW ‘determined that it is likely that the Company will have to restate its financial statements for the years ended December 31, 2004 and 2005 and the periods ended March 31, 2004, June 30, 2004, September 30, 2004, March 31, 2005, June 30, 2005 and September 30, 2005, and that those financial statements (the “Affected Financial Statements”) should not be relied upon. Until the Company has either restated and reissued its results for the applicable periods or determined that no such restatement and reissue is warranted, investors, potential investors and other readers of the Company’s SEC filings are cautioned not to rely on the Affected Financial Statements, to the extent they are affected by the accounting issues described in this report.

‘This determination was made following discussions held with its independent registered public accounting firm. The issue involves the proper accrual of compensatory time owed to certain employees pursuant to a collective bargaining agreement in effect during the periods covered by the Affected Financial Statements. That contract provided, among other things, for awarding of compensatory time off instead of overtime pay. During negotiations for a new collective bargaining agreement with the union to replace the agreement (which was due to expire) it came to the attention of senior management that the Company had not accrued for the compensatory time owed to employees covered by the agreement and that accumulated compensatory time owed to all employees entitled to earn it, who are located in several departments, represented an obligation of the Company that needed to be reflected in the Company’s financial statements.

‘The Company’s Treasurer, who is also the Company’s Chief Financial Officer, discussed these matters with the Audit Committee of the Board of Directors and with the Company’s independent registered public accounting firm. The Company intends to reduce its retained earnings as of December 31, 2003 by $168,000 and its net income for 2004 and 2005 by $33,000 (one cent per share) and $45,000 (one cent per share), respectively. These figures are subject to final audit by the Company’s independent registered public accountants.’ {PW filed this 8K report with
the SEC on 20.Feb.07}

**CPR: HAULAGE TRAINS FOR CSXT**

12 January, DC. **CPR WILL HAUL CSXT TRAINS BETWEEN SELKIRK AND ROUSE’S POINT**, and possibly to Montreal.

**STB filing**

This emerged from a filing at the Surface Transportation Board this day, which requested exemption for the grant of ‘limited overhead trackage rights over a line of railroad of [CSXT] between Kenwood Yard [operated by the Delaware and Hudson Railway (D&H), a CPR subsidiary] at Albany, New York, and CSXT’s Selkirk Yard at Selkirk, New York. The trackage rights are necessary to handle CSXT’s trains between Rouse’s Point, New York, and CSXT’s Selkirk Yard pursuant to a haulage agreement to be executed between the parties.’ [Later, the filing says CSXT and D&H ‘have entered into a Haulage Agreement’ between Rouse’s Point and Selkirk.]

**Filing for Albany to Selkirk**

The filing applied only to a 7.2-mile line, which runs specifically from CSXT milepost 7.14 at Kenwood Yard, along the CSXT Port Subdivision to connect with CSXT’s Castleton Secondary at milepost 0.10, and thence on the Secondary to CP-SK at Selkirk, about 7.2 miles.

Under the draft agreement (attached as Appendix 2 to the filing), D&H will pay CSXT a fee (the fee amount is redacted) per mile for each car (loaded or empty) plus locomotive (each counts as one car). CSXT will maintain the track along the line. {STB Finance Docket No. 34891}

**What does this portend?**

Knowledgeable sources said this announcement describes a future move in which CSXT will cease to run trains over its Massena Secondary between Syracuse and Montreal, and shift the traffic to the D&H line. {e-mails to ANR&P 1.Mar.07} However, CSXT spokesperson Robert Sullivan said: “There’s no train, and no haulage right now.”

As for the Massena Secondary, per Sullivan CSXT runs one overhead train in each direction between Syracuse and Huntingdon, Quebec, where it interchanges with CN to reach Montreal. {ANR&P discussion 1.Mar.07}

**Existing haulage agreements**

D&H already moves a NS train by a haulage agreement completed in 2004. It has also agreed with CN to move traffic to New York City in haulage [see 04#10B].

**Existing trains**

**CP 250/251** operates St. Luc Yard (Montreal)/Binghamton. It lifts and drops freight at Lacolle Quebec, Bluff Point NY, Whitehall NY, etc. ending at Binghamton. This train formerly ran only as far as Saratoga.

**CP 252/253** is more of a through freight which runs daily, lifting and dropping between St.Luc Yard and Binghamton, with intermodal and mixed freight.

**CP 930/931**, with the NS haulage traffic, operates Taschereau Yard (Montreal) to St Luc to Saratoga where NS crews take over to run to Binghamton. Train 931 sets off traffic for Buffalo and 930 picks up Enola traffic. {e-mail to ANR&P from Walter Favro 1.Mar.07}

**The future of the Massena line**

According to an official for one of the railroads which submitted a bid to CSXT to buy or operate the line between Syracuse NY and Huntingdon Quebec, CSXT apparently liked none of the bids. In 2006, it pulled the line off the market [see 06#08B]. {ANR&P discussion 7.Mar.07}
WEYERHAEUSER
16 February, Federal Way, Washington. Weyerhaeuser will sell distribution centers in Massachusetts and the Maritimes, according to a press release from the company. It expects to convey all its Canadian distribution centers to Platinum Equity, a private equity firm in Los Angeles, which will include those in Dartmouth NS [see 04#08B] and Sussex NB [see 03#11A] In the United States, it is selling ten including the one in Freetown [our Directory #287], but keeping its 40 remaining warehouses in markets that account for 85% of housing starts.

Massachusetts
Weyerhaeuser, a $21 billion supplier to lumberyards across the U.S., opened its distribution center on Campanelli Cos. property in Assonet’s Ridge Hill Road near the intersection of Route 24 and South Main Street in September 2002. In 2001, a special Town Meeting approved tax increment financing, giving Weyerhaeuser a 70% tax break in the first year, 40% for the second, 20% for the third year and 10% for years four through 10. John Ashley, chair of the Board of Selectmen for said the deal goes with the property, meaning the new owner will inherit the five remaining years in the tax break. [press release 16.Feb.07; Joao Ferreira in New Bedford Standard-Times 22.Feb.07]

REGIONAL: NYC AUTO, SCRAP, & CEMENT FACILITIES
Note: Although these facilities lie outside the Atlantic Northeast, they could all—and especially the auto terminal—pose competition to existing or proposed facilities in the region.

26 February, Brooklyn NY. New York will assist the development of a new marine auto terminal here. ‘New York City Economic Development Corporation (EDC) President Robert C. Lieber today announced that a lease with the Axis Group has been finalized paving the way for the development of a maritime-dependent auto processing and general cargo facility at the South Brooklyn Marine Terminal (SBMT) in Sunset Park. The 15-year lease includes a five-year renewal option and will bring the City $32 million in revenue....’

‘The City will invest $40 million in SBMT for paving, other essential infrastructure work, security and rail access. Axis agreed to provide $13 million for initial capital improvements and $31 million over 20 years for maintenance of the above-grade facilities. In addition, Axis will contribute 3% of its guaranteed gross revenue, about $100,000 a year, to the maintenance of the nearby 14-acre public open space being constructed on Bush Terminal Piers 1 through 4, a much-needed amenity for the neighborhood. Axis’ facility will occupy 74 of the 88 acres at SBMT....

‘The facility is expected to begin operations by March 2008. Axis is committed to ensuring minimal environmental impact from the operation of its facility. It will use only zero or low emission vehicles, modern “green” car washes and other environmentally friendly equipment, and innovative rail/barge methods to reduce truck trips....

‘Axis will use SBMT primarily as a port of entry for finished automobiles [landed at the 39th Street public berth] and a processing facility for vehicles intended for wholesale distribution in the U.S. and abroad. Axis will also maintain general stevedoring services for containers, break bulk and other cargo. Axis plans to aggressively market SBMT for locally-demanded commodities – niche containers, construction materials, wallboard – to create additional jobs for local residents.’

More on rail
Officials connected with the project said that Axis initially anticipates serving the local market, using trucks to move the autos within a 500-mile radius of the port. However, it is examining loading vehicles which land at SBMT onto autoracks, and moving them via New York Regional Rail to the 65th Street Rail Yard, and using the NYCEDC-funded car floats to move the cars to New Jersey. Autoracks cannot go north on the Bay Ridge line because of clearance restrictions.
**Outbound scrap**
NYCEDC and the City’s Department of Sanitation are currently finalizing a lease with Sims Hugo Neu, one of the nation’s largest metal recyclers, to build a $25 million recycling facility for metal, glass and plastics on the 29th Street Pier within SBMT. The only facility of its type in the City, it will also employ water-borne transportation.

**Inbound cement**
In 2006, Lafarge Cement opened a distribution facility at the 25th Street Pier to handle barge loads of cement powder from its plant in upstate New York. The privately-financed plant serves the local construction industry and reduces trucking on local highways. At Bush Terminal Pier 6, EDC tapped C.P. Cemento, a Brazilian-based company, to renovate a pier that has been derelict since the 1970s and create a deep-sea cement import facility. [NYEDC press release; ANR&P discussion with officials 1.Mar.07]

**PORT TONNAGE MONTREAL**
3 January. **THE PORT OF MONTREAL HANDLED A RECORD AMOUNT OF TRAFFIC IN 2006**, more than 25 million tonnes of cargo, an increase of 3.3% from 2005, surpassing the previous record of 24.9 million tonnes reached in 1980.

**Containers**
Container traffic reached 11.4 million tonnes or an increase of 2.1% compared to 2005, for a fifth consecutive year of growth. Petroleum products and grain also contributed to the record year. Port president Dominic Taddeo expects container traffic, petroleum products, and grain to again be the main movers in 2007. {Canadian Press}

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### CONNECTICUT

**PW MATTABASSET**
26 February, Middletown CT. **THE END OF THE “POO-POO CHOO-CHOO” HAPPENED THE PREVIOUS WEEK.** Until then, PW had moved sewer sludge loaded into railcars in Middletown [our Directory #556] to the waste treatment plant in Cromwell, about 400 loads per year. The Cromwell plant [our Directory #550], is operated by the Mattabasset Water District, a regional authority serving Middletown, Cromwell, New Britain, and Berlin.

Guy Russo, director of the Middletown Water and Sewer Department, explained that the move began in 1989 with the Connecticut Central Railroad, which PW purchased in 1998. In 2006, the four-year contract ended, but PW had another year to run on a five-year lease of the GATX tank cars. The City of Middletown, per Russo, extended the contract month to month, but has now switched to truck.

That switch was pushed by economics. In the long term, Middletown still plans a pipeline to move the sludge, within fewer than five years. GATX rates for car leasing increased when the period became shorter than five years. At the same time, the Mattabasset treatment plant was charging less to handle sludge with a lower water content, but the drier sludge made dumping the sludge from the tank cars more difficult. The internal pricing for moving the sludge slightly favored truck, taking into account the handling fee and the higher railcar leasing.

“The railroad had a nice run” commented Russo. “They were great to work with, and gave it their very best.” [ANR&P discussion]

**PW comment**
‘P&W does hope to re-bid, but if we were to re-bid, it would be with equipment better suited to handle the higher-percentage solids.’ {e-mail to ANR&P from Mary Tanona, PW general counsel, 1.Mar.07}
NEW HAVEN: LAND USE PLAN

1 February. THE PORT AUTHORITY HELD A PUBLIC HEARING ON THE STRATEGIC LAND USE PLAN.

Depth and dredging
‘Water access for commercial shipping is via a channel approach from Long Island Sound with a controlling depth of 35 feet, although deeper water may be available at individual terminals. This channel depth is sufficient for accommodating ships in the range of 20,000 to 40,000 deadweight tons (dwt). The need for greater controlling depth of at least 42 feet and possibly 45 feet has been identified by many users of the Port, who have suggested the need for accommodating vessels in the range of 60,000 to 65,000 dwt.’

New York container service
‘In the longer term, truck activity in the North Yard area will increase if plans to develop a container “feeder barge” operation come to fruition [see 04#12B]. As noted previously, this would entail the handling of containers on barges in cooperation with the Port of New York & New Jersey. A barge-to-truck modal transfer would occur at New Haven, with the barges docking at a Waterfront Street terminal location. The terminal operator would transport the containers by roadway between the terminal site and the North Yard. Customer drop-off and pick-up of the containers with the associated paperwork would occur at the North Yard. This would result in the need for a “pool” of chassis used to transport the containers, likely to be based in the vicinity of the North Yard.’

Use of North Yard for rail
Port users would like more space. North Yard contains the only major space within the Port District which the consultants believe could provide for expansion. ‘Interest has also been expressed by terminal operators in the provision of a rail spur extending from Forbes Avenue into the North Yard site. This site was at one time served by rail and portions of the former rail spur right-of-way are still identifiable. Rail access to the Northside of the Port District should be protected and eventually provided as development of this area moves forward. Although rail service should not be viewed as being a substitute for truck activity, it does represent an important asset for expanding the Port’s operations over the long term.’

Consultants suggested that the port could increase tonnage shipped by rail from 70,000 gross tons to 100,000 gross tons.

Magellan terminal
During the public comment period, Danny Stokes from Magellan Terminal encouraged the Authority to put Magellan's 85 East Street terminal (across the Quinnipiac River) into the Port District. The two other Magellan terminals, at 280 Waterfront Street and 134 Forbes Avenue, lie within the district. The Magellan tanks, most of which are in active use, serve the New England region through the U.S. Petroleum Reserve, as does the Motiva Terminal. He offered two corrections to the information included about Magellan in the Plan (the storage of asphalt and renewable fuels in Magellan's facilities should be added to the Plan).

Rail plans
During the hearing, Chair Russo asked about the status of rail construction. Commissioner Miller reported that the rail service has been extended to the Quinnipiac River and Waterfront Street directly to the docks. Mr. Piscitelli added that he had met with Connecticut Department of Transportation (DOT) representatives who said that within six or seven years rail service could be brought to the North Yard, if we proceed with a project here. Christopher Gallucci from Connecticut DOT explained that Phase I of the rail service project would include installation of rail on Waterfront Street to the New Haven Terminal warehouse, Phase II would extend it beyond that point after demolition of the warehouse, Phase III would provide spur lines into the port facilities and, if a project is initiated, a Phase IV would consist of installation of the North Yard spur. He anticipates that Phase II will begin this summer. [See 05#12A.]
PW CONNECTICUT: THE WILLI

5 March, Willimantic to Plainfield. **THE FIRST REVENUE RUN MOVED TWENTY CARS ON THIS ROUTE.** Tom Nanos, a rail observer, reported that PW ran two engines light from Plainfield to Willimantic, and picked up 20 cars from the NECR interchange. {PW e-list} [See photo.]

**Due to construction**
The use of the Willi will last only a few weeks. NECR must take the Winthrop Cove trestle at the south end of the New London yard out of service for some work. The interchange was switched to Willimantic for this period. {e-mail to ANR&P from NECR General Manager Charles Hunter 8.Mar.07}

![Train on the Shetucket River](https://www.nanosphoto.com)

Windham, Connecticut. Providence & Worcester train MFS-5 pulls along the Shetucket River above the Scotland Dam. All twenty cars are showing. {courtesy Tom Nanos}

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**MAINE**

**ST: FORE RIVER EMBARGO**

1 March, Portland. **ST AGAIN EMBARGOED THE FORE RIVER WAREHOUSE HERE**, citing congestion. In 2006, ST also cited congestion for the embargo on 30 May 2006 [see 06#05A], which was lifted 15 June 2006 [see 06#06B]. {AAR embargoes page, Embargo Number: ST000107}

**Again too much paper**
One source connected with paper logistics said that as in 2006, Fore River [our Directory #5] had run out of space,
and had to tell paper mills to ship no more paper. “If this continues, I am sure the mills will look for space in other warehouses throughout the country.” {ANR&P discussion 6.Mar.07}

**ST: DOMTAR SHUTDOWN**

21 February, Baileyville. *COMPANY OFFICIALS ANNOUNCED A ONE-MONTH SHUTDOWN OF THE PAPER MACHINE*, citing market conditions. Scott Beal, spokesperson, said “We are just going to match our production to the demands of our customers...” The company shut the paper machine for November and December 2006. Domtar has no plans to close the mill, however, per the mill’s general manager Tim Lowe. {Diane Graettinger in Bangor Daily News 22.Feb.07}

**Impact on rail and port**
The pulp mill [our Directory #850] makes about 1100 tons per day, most of which moves out by truck to Eastport for shipment overseas [see below]. The paper machine makes writing and fine papers, all of which moves out by truck to US destinations. Rail brings in chemicals for pulping, so neither rail nor port is affected by the paper machine shutdown. {ANR&P discussion with spokesperson Scott Beal 6.Mar.07}

**EASTPORT: DOMTAR**

23 February. *EASTPORT SET ANOTHER TONNAGE RECORD IN 2006*, said Skip Rogers, manager of stevedore Federal Marine: 395,000 short tons or 358,075 tonnes. Federal Marine handled loads for 50 ships, 48 outbound pulp, one inbound with a pulp dryer for Lincoln, and one outbound with Louisiana Pacific’s former oriented strand board mill in Baileyville.

Domtar, the only regular shipper, is shipping virtually its entire capacity, so Rogers did not expect a much increase in 2007. But, he has “every expectation of doing well again this year.”

During the year, Eastport lost one ocean carrier, when Saga pulled out. That leaves Star Shipping, which handles all Far East traffic, and Kent Lines. {ANR&P discussion}

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**MASSACHUSETTS**

**BCLR: INDUSTRIAL PARK**

16 February, Middleboro. *THE PROPOSED INDUSTRIAL PARK IS CLOSER TO REALIZATION*, after a meeting of the town planning board this day. Developer Gerard C. Lorusso has worked on Sippican Commerce Park, a proposed 10-lot subdivision with a railroad spur at the Rochester town line, for more than a year [see 06#05B].

Board of Selectmen Chairman Wayne C. Perkins would like Planning Board approval for the park because it would bring in several million in tax dollars, and is the proposed location for a sludge recycling plant which will pay annual royalties to the town. “This type of commercial growth is good for the town, it provides a long-term benefit. The more rapidly it’s permitted, the better for the town.”

**Rail service**

Several of the lots will have rail service directly to their loading docks. “If another customer comes along, I'm going to show them Sippican and say this is the place for you,” said Bernie Reagan, vice-president marketing for BCLR. “It's a very desirable place in southeastern Massachusetts.” Companies using inbound bulk materials, such as breweries or bio-fuel industries, which use corn and soybean oil from Indiana and Idaho, are the type of businesses Reagan expects will be drawn to the park. {Alice Elwell in Brockton Enterprise 26.Feb.07}
EOT: MORE ON SOUTHEAST LINES
MORE ON THE REQUEST FOR RESPONSES TO OPERATE EOT LINES ON THE CAPE, and in southeast Massachusetts, from the bid documents [see 07#02A]:

**Description of lines**

[See box.]

**Note on Watuppa Branch**

‘Bay Colony Railroad acquired the track and leased the underlying real property along the eastern segment of the Watuppa Branch (a/k/a North Dartmouth Industrial Track) from CSXT. The Bay Colony / CSXT transaction involves the ROW between the EOT property line (MP 6.0 +/-) and a point just west of the junction with the New Bedford Secondary (MP 0.08 +/-).’ [See 03#12B.]

**Note on Falmouth Secondary**

‘Rail service to the Upper Cape Regional Transfer Station is provided via a 2.8 mile segment of track that joins the Falmouth Secondary at MP 6.7 (+/-). The ’Transfer Station and the access track (which is presently maintained by Bay Colony as an industrial spur) are located on property owned by others.’ [US Department of Defense]

‘EOT prefers to negotiate a License & Operating Agreement with a single Railroad Operator to manage and operate all of the EOT Rail Lines identified in this RFR. For that reason, all Responses must include a proposal to operate all of the EOT Rail Lines as a package. However, Respondents may submit, and EOT will consider, alternative proposals to operate only selected Rail Lines, or to commence operation of the Rail Lines on a phased schedule.’

**Track condition (EOT not happy)**

‘Based on the results of EOT inspections of the Rail Lines in the past 5 years, EOT has concluded that little has been done to preserve the conditions achieved as a result of the Commonwealth’s investment of substantial public funds during the 1980s. It appears that the Rail Lines have been maintained to achieve the business goals of the railroad operator, and, in most cases, to meet the minimum requirements established by the 1996 L&O Agreement: but little or no effort has been made to preserve the condition of the Rail Lines as delivered to the operator. EOT inspectors have found scant evidence of any regular, programmatic maintenance or other efforts by the current railroad operator to keep the track infrastructure in the same tie, surface and ballast conditions which resulted from the improvement programs described above. ‘The Bay Colony Railroad has committed to bringing all Rail Lines into compliance with the terms of the 1996 L&O Agreement, including removal of slow orders imposed as a result of track conditions, prior to commencement of the new License & Operating Agreement....

‘As further discussed in Appendix C, Existing Conditions Report, EOT expects that several major track issues will need to be addressed in the next 3 to 5 years, in order to maintain the EOT Rail Lines at the proposed FRA track classifications proposed going forward. Work that is likely to be required during the next 5 years includes:

- Major tie replacement program;
- Significant surfacing work, using a ballast regulator to plow up stone and/or add additional stone;
- Joint and bolt renewal for Class II track, especially along segments (i.e., the Hyannis Secondary) where most bolts have been stripped;
- Grade-crossing rehabilitation (timber and asphalt needed along all Rail Lines); and

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<tr>
<th>THE LINES EOT IS OFFERING</th>
<th>Middleboro to</th>
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<tr>
<td><strong>Cape Main Line</strong></td>
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<tr>
<td>Buzzards Bay Secondary</td>
<td>18.4 Miles</td>
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<tr>
<td>Hyannis Secondary</td>
<td>Bourne to Hyannis 24.3 Miles</td>
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<td>~ 42.7 Miles</td>
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<tr>
<td><strong>Branch Lines &amp; Industrial Tracks</strong></td>
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<tr>
<td>South Dennis Secondary</td>
<td>2.8 Miles</td>
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<tr>
<td>Falmouth Secondary</td>
<td>6.8 Miles</td>
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<tr>
<td>Watuppa Branch</td>
<td>N. Dartmouth to Westport 4.7 Miles</td>
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Bridge timber and culvert repair and renewal.

EOT recognizes that the economics of the contemplated rail services and operations may limit the extent to which the selected Railroad Operator is able to finance programmatic maintenance and repairs to the EOT Rail Lines. EOT also recognizes that the Commonwealth, as the owner of the Rail Lines, will be primarily responsible for capital improvements to the Lines. Nevertheless, EOT expects to enter into negotiations with a Railroad Operator who demonstrates a willingness to work with the Commonwealth to carry out EOT’s objectives with respect to the operation, maintenance, repair and improvement of the Rail Lines upon reasonable business terms. EOT encourages Respondents to address the opportunities and challenges presented in concrete terms, so that the parties may negotiate an agreement that recognizes the Commonwealth’s ownership interests and substantial investment in these transportation assets, furthers EOT’s goals and objectives, and realistically and fairly addresses the Railroad Operator’s business considerations and common carrier obligations.

Current operating agreement

‘The most recent operating agreement between EOT and Bay Colony was executed in July 1996, and provided for a 10-year term (the “1996 Lease & Operating Agreement” or “1996 L&O Agreement”). The 1996 L&O Agreement was scheduled to expire as of June 30, 2006, but has been amended to extend the expiration date to June 30, 2007.’

Qualifications for new operator

‘EOT strongly prefers to enter into an operating agreement with an established railroad organization, with at least five (5) years experience in providing freight rail services and related operations over rail facilities under the railroad’s direct management. Any Respondent that is not an established railroad that meets or exceeds the criteria for a Class III (short line) railroad, or that has less than five (5) years of relevant experience, including any Respondent who proposes a start-up operation, should identify key staff that have at least 10 years experience in providing rail services and managing rail operations and facilities similar to those contemplated by this RFR, and/or should partner with an established railroad company having the desired experience, in order to demonstrate the requisite qualifications.’

Existing traffic

Cape Lines

‘Freight rail operations on the so-called Cape Main Line (Buzzards Bay Secondary and Hyannis Secondary), the Falmouth Secondary Line, and the South Dennis Secondary Line consist primarily of the transfer of solid waste from facilities in Yarmouth and North Falmouth to the SEMASS waster-to-energy facility in Buzzards Bay, Massachusetts, and the disposal of the resultant ash products at a suitable landfill location. The solid waste being transferred is typically transported in covered, insulated and refrigerated gondola rail cars, or similar rail vehicles. Ash products are normally transported in open rail cars, similar to hopper rail cars and covered flatcars.’
Rochester, MA. EOT estimates that this traffic typically amounts to approximately 3,000 to 3,500 railcars of solid waste per year.

‘EOT estimates that other freight rail traffic along the Cape Lines amounts to approximately 300 to 500 railcars per year. This rail traffic presently includes the transport of building materials (rebar), fly ash, ammonia, and other materials on behalf of various customers in Sandwich, Bourne, Falmouth and Rochester, MA.

‘The Cape Cod Central Railroad (CCCR) provides tourist/excursion passenger rail services between Hyannis and Buzzards Bay on a seasonal basis. These services, which are presently governed by agreements between EOT and CCCR, and between BCLR and CCCR, generate between 7 and 23 trains per week between May and October, with periodic holiday service in November and December.

Dean Street Industrial Track
‘Freight rail operations along the Dean Street Industrial Track serve customers moving as few as 250 and as many as 2,000 railcars per year, carrying grain, salt, recycling and other materials.

Watuppa Branch (a/ka/a North Dartmouth Industrial Track)
‘Freight rail traffic along the EOT-owned portion of the Watuppa Branch has varied from 100 to nearly 800 carloads per year over the past five years; freight rail operations primarily serve a single customer located in Westport. [Mid-City Scrap, our Directory #298].

Bridge over Cape Cod Canal
‘The Bay Colony Railroad has operated the Buzzards Bay Railroad Bridge for many years, under a cost reimbursement arrangement with the U.S. Army Corps of Engineers. The Army Corps has recently agreed to assume responsibility for operating and maintaining the Railroad Bridge (including track infrastructure located on the Bridge), and has begun performing operational tasks previously undertaken by Bay Colony.’

Schedule
EOT Response to Questions February 23, 2007
Responses Due March 9, 2007
Notification to Short-listed Firms March 14, 2007
Oral Presentations / Interviews March 19 - 23, 2007
Selection of Railroad Operator(s) March 26 - 30, 2007
Contract Negotiations April 1 – 30, 2007
Anticipated Contract Execution May 1, 2007
Transition Period (to Selected Railroad May 1 – June 30, 2007
Anticipated Operations Commencement July 1, 2007

ST: CUSTOMER LEAVING
1 March, Salem. CALIFORNIA OLIVE OIL IS RELOCATING TO UTICA NEW YORK. Some time ago, East Coast Olive Oil, located in Utica, New York, bought California Olive Oil [our Directory #199]. Dave Resca, plant manager, said that the facility is still receiving rail cars at this point. “The parent company is building a brand-new plant” in Utica, and the Salem facility will relocate there. {ANR&P discussion}

Business in Salem is going strong. On this day two Archer-Daniels-Midland tank cars were parked at the building, and trucks were moving product out. {e-mail to ANR&P from Don LeJeune}
FALL RIVER

2 March, Fall River. **A COMMITTEE DECIDED BETWEEN THE TWO RESPONSES ON THE BUSINESS PLAN FOR THE NEW PIER FACILITY**, said Rick Armstrong, executive secretary of the Seaport Advisory Council. He could not release the selection, however, since the Council cannot neither ‘sign a contract or award a bid. The Committee has made a recommendation to the Secretariat of Economic Affairs, our fiscal officer, and awaits legal review and a decision to issue a contract or not.’ He expects that by 16 March.

**Floating pier**
The Council also has received six bids for ‘the final design, engineering and bid document development for the new floating pier that is part of the Fall River Multi-use Terminal....We should be able to pick a contractor in the next couple of weeks - the value of the contract will be in the order of $5-600,000. {e-mail to ANR&P 6.Mar.07}

NEW HAMPSHIRE

ST: MORE ON COMMUTER TO MANCHESTER

23 January. **THE COMMUTER RAIL TASK FORCE PRODUCED A TWO-PAGE SHEET DESCRIBING PROPOSED SERVICE TO MANCHESTER.** [See 06#11A.] Salient facts:

‘Rail Shuttle’ – Passengers would use rail shuttle between Manchester and Lowell. A transfer would occur in Lowell from those using MBTA rail from Lowell into Boston.

**Three Stations** – Stations are proposed in south Nashua, near Manchester Airport and in downtown Manchester.

**Four Round Trips Per Day** – The service would provide four round trips per day with three of four in the morning and afternoon commute hours.

**Pan Am Railways** – Pan Am Railways would be the operator for the service.

**Nashua-Wilton Feeder Service** – Also included as a part of the proposal is a feeder service from Wilton to Nashua. [See 06#11A.]

**Ridership Forecasts** – Modeling studies forecast opening day one-way ridership of 994 passengers per day and 20 year forecasts of 1,684 one-way passengers per day.’

**Development Costs:** $77.4 million in capital costs for Lowell-Manchester, including $5.1 million for 16 coaches and 8 locomotives. $36.2 million for Wilton to Nashua service. Funding sources: existing federal earmarks of $25.8 million, new federal earmark of $65.1 million needed by end 2007, local match (construction of stations) $22.7 million.

**Operating costs:** Initially (2010) CMAQ would pay $5 million of the $8.4 million. In 2016, the state would pay $7.03 million and the farebox $3.0 million of the total $10.03 million. {text of two-page report}

26 February, Concord. **A REPORT ON THE STATUS OF THE COMMUTER RAIL TASK FORCE** was presented to the New Hampshire Railroad Revitalization Association by Steve Williams, executive director of the Nashua Regional Planning Commission.

‘Although contract requirements for operating passenger rail service are through the Federal Transit Administration (FTA) via proposals, Pan-Am Railway (formerly Guilford Rail System) is now considered the likely entity to operate the service. MBTA was initially considered as an option when the anticipated terminus was in Nashua, but now that Manchester will be the targeted endpoint, most of the corridor is in NH on Pan-Am right of way.

‘MBTA would have sought double tracking the entire length such that a derailment would not trap equipment north of their territory. MBTA does allow for other passenger rail operators to run on their trackage. Amtrak has also been considered as an option, but they are geared more toward intercity operations and would not likely be able
to ever provide more than four round trips per day. The service will initially operate four round trips, but it is expected that ridership growth will demand more. Concord Trailways has agreed to do joint ticketing and cooperative scheduling once the rail service starts.’ {minutes of meeting}

VERMONT

NECR BIODIESEL

6 March, White River Junction. **THE EVANS GROUP IS CONSIDERING A BIODIESEL STORAGE FACILITY** north of town off River Road [see 06#12A]. Evans bought the 15-acre parcel from the Town of Hartford (which contains White River Junction), which lies to the northwest of the RSD Transportation Warehouse [our Directory #1068].

Plans
In 2006, Doug Evans, president of Evans Motor Fuels part of the Evans Group in Enfield NH, said the company already sells biodiesel at its pumps, and wholesales it to the Upper Valley.
The company would use the facility to blend bio-heating fuels for both New Hampshire and Vermont. It would need approvals from the Town of Hartford and Act 250 permitting. He hoped to break ground in the summer of 2007.

{Guy Denechaud in Valley Business Journal}

Concerns about grade crossing
Jack Dail, manager of marketing & sales for NECR, has met with the Evans Group. He expressed concern about the short distance between the Old River Road from which trucks would turn off, and the track. ‘Trucks could end up sitting on the track before entering’ Old River Road.. He would like the company to use an alternate route. Evans has not yet formally requested a crossing. {e-mail to ANR&P 6.Mar.07}

QUEBECK/MARITIMES

HALIFAX: 2006 STATISTICS

**OVERALL TONNAGE REGISTERED A SMALL INCREASE; CONTAINERS A 1.6% DECREASE.** reported the Halifax Port Authority. ‘Overall port tonnage ...increased 0.13% to 13,679,787 metric tonnes from the previous year's level of 13,661,775 metric tonnes. Both the bulk cargo and Roll-On/Roll-Off cargo sectors registered increases for the year, climbing to 1.6% and 6.4% respectively.

Breakbulk: Michelin rubber traffic gone
‘Breakbulk conventional cargo was down 30.7% from volumes of 196,697 in 2005 to 136,404 in 2006. Most of this decline is attributed to the mid-year closure of a tire plant in Ontario which had previously imported its raw material rubber requirements through the port on a conventional breakbulk service.

Containers down 3.6%
‘Decreases in tonnage were registered in the container sector which was down 1.6% to 4,572,020 in tonnes. TEUs decreased 3.6% for a total of 530,722 TEUs, compared to a record year of 550,462 TEU in 2005....Changes in the containerized cargo industry initiated in 2005, which saw four major carriers serving the Canadian marketplace consolidated into two companies, resulted in the reorganization of routes and services. This consolidation manifested itself in a decrease of empty units handled. It was also coincided with a softening of import container tonnage which was down by 2.5% versus the 2005 level. A variety of factors including the high Canadian dollar, increased energy costs, carrier schedule changes, and route rationalization combined to change the environment in
container carrier services. In 2006 carrier profitability also came under increased pressure.

**EWL will connect with Eimskip**

‘Nonetheless, a new service to the Caribbean of Europe West Indies Lines (EWL) was initiated in October 2006 at the Port of Halifax and a new call by Eimskip was announced in the fourth quarter of 2006 that will help the port continue to service the Canadian and regional marketplace quite strongly in 2007. EWL announced in January 2007 that its service at Halterm...would become a weekly service. In addition EWL has entered into a connecting carrier arrangement with Eimskip which is set to begin calling Halterm... on February 23rd. {undated ‘Synopsis’ from Port Authority website}

**Comment and explanation**

Michael Cormier, Halifax Port Authority's vice-president of business development and customer relations, said keeping overall tonnage numbers slightly ahead of last year was one of the bright spots. “But really (container traffic) is the number we focus on more than any other number.”

He saw several factors that contributed to the slight downturn and “probably if any one had gone just the other way, it would have made the difference between being down from a record year and setting another record.”

The loss of Halship through receivership eliminated a feeder service between Halifax and New England [see 06#10B], “and although their volumes were small [about 100/week] compared to the big guys, the impact of every container we didn't move into and out of New England” had an effect.

Hapag-Lloyd's acquisition of CP Ships, plus an ownership stake in CP's Gateway Terminal in Montreal had an effect; Cormier suggested that cargo previously moved by Hapag through Halifax may now be going through Montreal. “But to be fair, some cargo that moved on CP Ships over Montreal is now being routed over Halifax where it make sense service wise.”

Michelin Tire is the Ontario manufacturer which will continue moving product through Halifax, but shifted rubber imports to containers, away from a breakbulk. {Tom Peters in Halifax Herald 15.Feb.07}

**HALIFAX: NO INLAND TERMINAL?**

3 March. **THE PORT AUTHORITY CAN EXPAND TO CONTINUOUS AREAS AND HANDLE 2 MILLION TEUs**, said George Malec, vice-president of operations and security. The authority is already working on upgrades such as a new truck plaza and on-dock rail expansion [at Ceres (Fairview Cove)--see 06#12B] for immediate capacity increases. “But we have also done some careful analysis and we are doing engineering and environmental work now on the development of contiguous lands in the port,” he said 1 March.

**Convert Ocean Terminals for container handling?**

Ocean Terminals, a common user area basically used for break bulk cargo, does handle containers with the use of mobile cranes. Inbound break-bulk has decreased [see above], and Malec expects more of that type of product to move in containers.

“We are looking at plans where we could reconfigure the footprint of Ocean Terminals to add significant more container handling area.” The area has on-dock rail, and the authority could install the infrastructure for on-dock cranes [with the operator, as have Halterm and Ceres, expected to supply the cranes].

[Madeline Paquin, who in 2000 expressed strong interest in operating a container terminal in Halifax—see 00#13, said on 6 March that she had not talked to HPA about the possibility of operating such a terminal. {ANR&P discussion}]

**Expand Fairview Cove**

The Authority has acquired the former Winlie property and is negotiating to acquire other property within the immediate area. [Winlie, a container repair firm which occupied six acres adjacent to Fairview Cove, has moved to the Ragged Lake industrial park, served only by truck. {ANR&P discussion with Winlie official 6.Mar.07}]
Two million TEUs possible (without inland terminal)

“We are putting ourselves in a position to take us to well over two million TEUs with investment in contiguous lands,” Malec said. Converting these lands to container will depend on the growth of cargo volumes. In the meantime, the authority is positioning itself to make cargo space available as the need arises. {Tom Peters in Halifax Herald 3 Mar.07}

The port now handles about 500,000 TEUs, and has much room to expand at both terminals. In 2006, a study looking at a possible inland terminal concluded that an inland terminal would be useful when Halifax was handling about 900,000 TEUs [see 06#01A]. Then in 2007, the RFP for a business plan for the terminal apparently put the tipping point at 1.5 million TEUs [see 07#01A], and now Malec believes HPA can reach 2 million. Where then the case for the inland terminal? {editor}

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* includes petroleum, chemicals, molasses, fish oil etc.
** includes potash, sugar, sulphur, tapioca, fish meal etc.

SHELBURNE: EIMSKIP GONE

27 February. **EIMSKIP’S SKOGAFOSS WAS THE LAST CALL FOR THE CARRIER AT THIS PORT**, as it moved its Nova Scotia call to Halifax. It had an increase in cargo for Halifax, new clients, CN rail service, and a drop in fish shipped from foreign sources that is transported to regional fish processors from Shelburne.

Eimskip made the announcement in November [see 06#10B], and stayed longer than expected. {Mark Roberts in Novanewsnow.com 27.Feb.07}
RAIL SHIPPERS

Described in this issue.

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

AES (NS, Johnson City NY–see Regional)
Axis (NYRR, Brooklyn–see Regional)
California Olive Oil (ST, Massachusetts #199)
Domtar (ST, Maine #850)
Evans Biodiesel (NECR, Vermont–proposed)
Fore River (ST, Maine #5)
Hugo Neu (NYRR, Brooklyn–see Regional)
Lafarge (NYRR, Brooklyn–see Regional)
Mattabasset (PW, Connecticut #550)
Middletown (PW, Connecticut #556)
Mid-City Scrap (BCLR, Massachusetts #298)
Weyerhaeuser (CSXT, Massachusetts #287–see Regional)
Weyerhaeuser (CN, New Brunswick & Nova Scotia–Regional)

EDITORIAL

NO $ FOR DISTRIBUTION CENTERS!

Until states and the federal government start charging truckers the full cost of using our highways, the distribution center model will continue to spread. This issue notes that California Olive Oil, which has a plant in Salem, Massachusetts, is consolidating to the parent company East Coast Olive Oil in Utica, New York. That means trucks delivering product to New England will be driving that much farther.

If Massachusetts charged truckers more, and supported its rails better, East Coast Olive Oil would find that keeping the plant in Salem made economic sense. Counting only the savings on highway maintenance, as Bristol Connecticut is experiencing [see 07#02A], the state would be better off supporting the railroad to keep the plant in Salem.

Class Is may tout the distribution center model, and its close cousin intermodal, as moving traffic to rail. Yet even with this effort, rail’s market share is not growing. And the distribution center and intermodal facility, located on the outskirts of cities, only exacerbate traffic congestion as more and more trucks try to penetrate into the city to make deliveries.

Better solution? Award those companies, and only those, who receive rail direct. Yes, some products such as heating oil do not lend themselves to direct delivery to the user.

But assuming a limited number of dollars to assist companies which want to convert to rail direct, government entities should award them first priority.

Second priority should go to distribution centers serving small areas. For example, New England (which must act as a region in this instance, not six quarrelling states) should reward the company which builds many distribution centers, rather than one massive one.
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