*Article unchanged from e-bulletin.
**Blue type in article: changes from e-bulletin.

**REGIONAL ISSUES**

No new terminals needed! See end of issue.

PW: GATX buys 5%, makes a deal on railcars.*

STB: Congress removes jurisdiction over railroad waste facilities, for one year, with exceptions.**

PW: CSXi starts new schedule NY-Stackbridge.

**NEW HAMPSHIRE**

NEGS v ST: NEGS files suit for non-payment of carload revenues. Still operating the line.**

PORTSMOUTH: Update salt, scrap, & containers.*

RHODE ISLAND

[No report.]

**VERMONT**

VAOT: New position created to handle rail better.

**MARITIMES/QUÉBEC**

CBNS: No buyer for TrentonWorks plant.

MMA Quebec: Takes dispatching in house.*

**SAINT JOHN**

First load of petroleum coke arrives.*

**SYDNEY**

Port master plan emerges.

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Event: April symposium in Quebec on safety and the environment.*

EDITORIAL

Regional port commission, better port studies needed.

FROM THE PUBLISHER

A week away

On Boxing Day, I had an amazing, and sad, experience. My mother died, with much of her family in her bedroom or making a belated Christmas dinner, myself included. I shared the privilege of washing her body and laying her out, as well as pushing the button to send her body into the crematorium.

From 24 to 30 January, I am going back to Minneapolis to participate with my five siblings in handling all the estate details we eschewed at the end of December. We chose to celebrate her life, instead.

No issues until February, after this.

- Chop Hardenbergh

Next issue 8 February.
REGIONAL ISSUES

NO NEW CONTAINER TERMINALS
NEEDED IN THE REGION

[See Special Article at end of this issue.]

PW: CASH RAISED

10 January, Worcester. GATX BOUGHT 5% OF THE RAILROAD, in the form of 239,523 shares of PW common stock the company was previously authorized to issues, paying $5,509,029 or $23 per share. PW General Counsel Marie Angelini noted that GATX had paid roughly a 42% premium to the stock’s 9 January closing price of around $16/share. Under the terms of the Stock Purchase Agreement, GATX will be entitled to one seat on PW’s board.

Railcar provider too

According to the PW press release: ‘In addition, GATX has become P&W’s exclusive provider of substantially all of P&W’s rail car needs. As part of these arrangements, P&W and GATX have entered into various transactions covering approximately 400 railcars.’

The GATX press release added: ‘Under these agreements, GATX will initially lease to P&W railcars worth approximately $35 million over the course of 2008 and 2009. Additionally, GATX has acquired a portion of P&W’s existing railcar fleet and invested approximately $5.5 million in exchange for a 5% equity interest in P&W. ...GATX is one of the largest railcar and locomotive leasing companies in the world and one of the largest tank car and specialized railcar leasing companies in North America. GATX’s North American owned railcar fleet totaled approximately 111,000 cars on September 30, 2007.’ {company press releases}

More information: autoracks!

Angelini wrote that under the deal, PW acquired title from GATX to 137 open top hoppers for coal moves. The railroad will lease from GATX 200 autoracks and 72 gondolas. It retains 30 locomotives and the 36 maintenance of way cars.

“PW will contribute the autoracks to the North American reload pool,” said Angelini. “The cars will bear PW marks. This contribution as equity enhances PW’s ability to serve auto companies and distribution centers.

GATX has leased railcars to Providence and Worcester for about 10 years, but the new deal makes GATX sole supplier over the next few years, said Rhonda S. Johnson, GATX director of investor relations. The relationship between the two companies led GATX to take the equity stake in the railroad, something GATX does not ordinarily do. “This is a rather unique situation for us. That was something that was important to Providence and Worcester, and because of our unique relationship with them, that’s why we did this.”

Use of money

PW will use the $5.5 million investment from GATX to install a drop table to change wheels in an engine house in Worcester, complete work on two bridges on the railroad’s Gardner branch, and upgrade track, Angelini said. {Lisa Eckelbecker in Worcester Telegram and Gazette 11.Jan.08; ANR&P discussion 11.Jan.08}

No cash flow problem

Angelini also wrote, in response to a question about cash flow: ‘I'd like to remind those who might speculate on P&W's motivation for this transaction that over the past two years, P&W has made significant improvements, including those at ProvPort (expanded and improved on-dock rail to support coal traffic), to the railyard adjacent to the Motiva terminal for ethanol, built approximately 4800 feet of rail structure for loading and unloading autos at Quonset Point/Davisville, and enhanced the rail connection between Norwich (main) and the Willimantic Branch,
All these improvements were "financed" from cash flow rather than debt, consistent with the Company's philosophy and the means by which it has steadily grown over the years. P&W is optimistic about its future and it's obvious that it is not alone in that optimism, as demonstrated by GATX's investment.' {e-mail to ANR&P  11.Jan.08}

ST: STB WASTE DUTY GONE?
26 December, DC.  **PRESIDENT BUSH SIGNED A BILL REVAMPING STB JURISDICTION** on waste facilities. The language will permit the STB to okay railroad handling of solid waste only if the facility agrees to abide by state licensing and permitting regulations.

[Because the language is contained in the omnibus appropriations bill, it applies to the STB only during the time period for which the bill appropriates funds, in this case until 1 October 2008. Editor]

SEC. 193. (a) None of the funds appropriated or otherwise made available under this Act to the Surface Transportation Board of the Department of Transportation may be used to take any action to allow any activity described in subsection (b) in a case, matter, or declaratory order involving a railroad, or an entity claiming or seeking authority to operate as a railroad, unless the Board receives written assurance from the Governor, or the Governor's designee, of the State in which such activity will occur that such railroad or entity has agreed to comply with State and local regulations that establish public health, safety, and environmental standards for the activities described in subsection (b), other than zoning laws or regulations.

(b) Activities referred to in subsection (a) are activities that occur at a solid waste rail transfer facility involving-

1. the collection, storage, or transfer of solid waste (as defined in section 1004 of the Solid Waste Disposal Act (42 U.S.C. 6903)) outside of original shipping containers; or

2. the separation or processing of solid waste (including baling, crushing, compacting, and shredding). {from Division K, page 79 of the omnibus bill}

Lautenberg comment
Frank Lautenberg, US senator from New Jersey, has sought for some time to limit STB jurisdiction. He said: “States need to be able to protect their communities from pollution and fire hazards from waste on rail sites. I am proud to have secured this critical step to allow New Jersey to protect our environment and the safety of our communities and am working on a permanent ban.” [See 07#03A, and House hearing 07#10B.] {Mac MacEntire in Wilmington Advocate  2.Jan.08}

Shipper filing fees at the STB also reduced
Right after the STB provision, the bill contained this language:

SEC. 194. None of the funds appropriated or otherwise made available under this Act may be used by the Surface Transportation Board of the Department of Transportation to charge or collect any filing fee for rate complaints filed with the Board in an amount in excess of the amount authorized for district court civil suit filing fees under section 1914 of title 28, United States Code.

16 January, DC. **THE STB ACKNOWLEDGED THE NEW LIMIT TO ITS JURISDICTION** contained in the US Consolidated Appropriations Act of 2008: ‘no pertinent Board decision issued during this period…will authorize any of the specific solid waste rail transfer facilities prior to receipt of written assurance [of compliance]…from the governor of the state where such activities are proposed.’ {STB website decisions page, decision #EP-675-0 15.Jan.08}

PW: CONTAINER SERVICE
18 January, Port Authority NYNJ. **NEW SCHEDULES FOR CONTAINER TRAINS TO WORCESTER** were announced by the Port Authority of New York and New Jersey.

New York Container Terminal
Beginning on 28 January, boxes originating from the New York Container Terminal (Staten Island) will move two days a week, on Tuesdays and Thursdays (Saturdays will be added in February).
With an on-dock cutoff of 1300 on day 0, they will reach the two Worcester PW terminals at 1600 of day 2. [The boxes go to Syracuse, then come back to Worcester. Editor]

Elizabeth Marine Terminal
Boxes landing in Elizabeth will move to “Stackbridge”, the CSXI name for the two PW terminals, Tuesday and Thursday. On-dock cutoff 1630 day 0, arrival in Worcester 1600 day 2.

Port Newark Container Terminal
Boxes landing in Port Newark will move to Stackbridge Monday, Wednesday, and Friday. On-dock cutoff 1100 day 0, arrival in Worcester 1600 day 2.

Notes from CSXI
These changes are designed to optimize service at each of these three port facilities, while reducing some of the complexities customers face transferring shipments between terminals.

CSXi's Pricing Department will establish line-haul rates from NYCT and PNCT to the new service destinations equal to your existing line-haul rates at EMT. These rates will be automatically activated in your current rate agreements on January 28th and will be subject to all surcharges.

Please note that the current service schedules for traffic destined to EMT, NYCT and PNCT will not change until phase two of the operating plan is enacted in the second quarter of 2008. {CSXI notice to customers}

CONNECTICUT

ST: ABANDONMENT
7 January, DC. ST FILED TO ABANDON 1.5 MILES OF THE CANAL LINE IN SOUTHTON. The Canal line currently extends 3.75 miles south of Plainville, and has three customers. According to the map in the filing, ST is abandoning the last customer on the line, Amerigas. [The map apparently errs, though.]

The exact line
The filing stated that the abandoned section begins at milepost 24.00 (from New Haven) (roughly under the I-84 overpass) and continues north to milepost 25.51, which the map in the filing places at the town line between

[Map of the abandoned section]
Southington and Plainville. [See map, but mile post 25.51 ends, according the ST ‘Railfan Timetable’ created by Joshua Moldover, one-quarter mile short of the Town Line Road, and therefore leaves room for ST to switch Amerigas. Does the stated mile posting take precedence over the map, in STB filings? Editor].

The filing includes this sentence: ‘There is no passenger or freight traffic on the Line. Any traffic previously moving over the Line was rerouted more than two (2) years ago.’ {STB website, filings page, Docket No AB 32 (Sub No 101X) and Docket No AB 355 (Sub No 35X)}

Amerigas position
This company built a major distribution facility in Plainville with the promise of getting significant rail service [see 04#07B]. But according to the map accompanying the filing, the track serving Amerigas, as well as enough of the branch to switch into the facility, would be abandoned.

John Brown, regional Amerigas manager, said ST and his company have scheduled a meeting in February. ST has told Amerigas that it definitely wants the propane traffic. {ANR&P discussion 10.Jan.08}

Trail use
According to Bill Davies, former executive director of the Farmington Canal Rail to Trail Association, the trail along the former canal and rail line extends north from New Haven in pieces. Southington has constructed a couple of miles and plans next to build southerly to the Cheshire town line. {ANR&P discussion 9.Jan.08}

The Connecticut Department of Environmental Protection wrote to ST on 1 October 2007, when the railroad was gathering documentation to prepare to file for abandonment. Fred Riese of the DEP, who serves as secretary of the Connecticut Public Transportation Commission [see 06#01A], stated to ST that ‘as the owner of the abutting segment of the Canal Line to the south of the subject property, as well as the owner of portions of the Canal Line in Cheshire and Hamden, [the state] is interested in acquiring this segment for recreational purposes.’ {letter in ST filing}

ST: BAER SUPPLY EMBARGO
23 December, Waterbury. ST RENEWED ITS EMBARGO OF THIS CUSTOMER. ST had explained a year ago that it would not replace a damaged bridge; the company is trucking to the Waterbury facility from two other rail-served company warehouses [see 07#02A].

ST stated in the embargo renewal the cause: ‘bridge out of service’. {Embargo No: ST000407, renewal ST000306 issued 23.Dec.07, found on AAR embargo website} [Since ST has no intent of replacing the bridge, is this a mis-use of the embargo system, which per its description is for ‘temporary’ interruptions? Editor]

MAINE

SLR: LOWER VOLUME
9 January, Auburn. WITH THE SHUTDOWN OF WAUSAU IN GROVETON, SLR LOST SOME VOLUME of traffic moving out from Cascades Auburn Fiber. Sharon Lacy, who handles transportation for the company, said formerly the facility shipped out about 40% of its 75,000 tons of kraft pulp production by rail. That dropped to 30% with the loss of the Groveton customer [see 07#10B].

Cascades has replaced the sales with a customer receiving by truck. {ANR&P discussion}

ST: NEWPAGE DROPS A MACHINE
16 January, Miamisburg OH. THE RUMFORD MILL WILL CLOSE #11 PAPER MACHINE, its oldest and smallest, leaving three machines. Tony Lyons, a mill spokesperson, described the decision as part of the company’s restructuring plan following its acquisition of paper company Stora Enso North America in December 2007 [see 07#12B]. Newpage is cutting roughly 660 jobs at mills in Wisconsin, Ohio, and Maine (60 jobs).
Not much impact on rail
Despite the closure, however, the Rumford mill’s annual production will not significantly change, as the mill will be producing higher-weight paper of a more profitable grade, as well as producing more commercial pulp, Lyons said. {MaineBiz 21.Jan.08}

MASSACHUSETTS

BCLR-MC: STARTUP
5-6 January, southeastern Massachusetts. AT MIDNIGHT, BCLR WITHDRAW FROM TWO PROPERTIES: THE CAPE LINES AND THE DEAN STREET LINE. Bernie Reagan, senior vice-president for marketing, said by agreement between the parties, BCLR will continue to switch Mid-City Scrap on the Watuppa line [see 07#11A], though MC has operating rights to serve the scrap yard [our Directory #298].

A revamping of BCLR operations
The short line has retained locomotives at its two properties: the Watuppa line and the Millis line. While BCLR front offices remain in Braintree, it has moved operating headquarters from Wareham to Dartmouth, said Reagan. A small trailer just west of Old Reed Road serves as an office, and several other trailers hold materials.

Future
BCLR will continue to operate its two properties, said Reagan. The future of the Millis line looks a little brighter because GAF, the major customer, may retain its rail-served warehouse there as a distribution center for New England [see 07#11A]. As planned, GAF will stop manufacturing at this location in May. {ANR&P discussion 10.Jan.08}

MC startup?
[Rail observers report revenue movements, but MC has not returned phone calls seeking comment.]

CSXT: CUSTOMER BOUGHT
11 December, Assonet. ROARK CAPITAL ANNOUNCED IT ACQUIRED WEYERHAEUSER'S BOSTON WOOD PRODUCTS DISTRIBUTION CENTER here [our Directory #287]. The operations, to be renamed Wood Structures Assonet, will become part of Wood Structures Inc. [see below]. According to Roark Managing Director Lawrence J. DeAngelo, Wood Structures Inc. and the Assonet facility are two very complimentary businesses with similar products. “This distribution center will allow Wood Structures to extend its geographical reach beyond its core markets into western Massachusetts, Vermont and eastern New York. The acquisition will also play a significant role in our growth strategy.” {Roark press release}

MORE ABOUT WOOD STRUCTURES
On 13 September 2005, Roark Capital Group, an Atlanta-based private equity firm, announced it had acquired its ninth company: Wood Structures, Inc (WSI). Headquartered in Biddeford, Maine, Wood Structures is New England's largest wood truss manufacturer and a leading distributor of engineered wood products. {Roark website} The Biddeford facility is served by ST [our Directory #31].
NEGS v ST: LAWSUIT FILED

NEGS stated that ST had not made any payments under the lease in the last five months, amounts which were set by the monthly accounting ST provided to NEGS. [However, NEGS did not state that the lease has expired, as ST had provided the required 90-day notice in spring 2007 to terminate, putting the lease termination date at about 1 August 2007. See 07#08A.]

In addition to arguing that the lease term required payment, NEGS argued that two doctrines of common law required ST to pay $430,000: quantum meruit, and unjust enrichment. [These, according to my now-hoary legal training, would require ST to pay even if the lease is shown to be void. Editor]

Finally, NEGS argued that under section 358-A of the New Hampshire Consumer Protection Act, ST is liable to pay NEGS for ST’s use of a deceptive trade practice, to wit: not paying, and making NEGS file suit.

Similar unfair actions by ST

NEGS noted that ‘this unfair method of competition or deceptive trade practice is a regular business practice for the defendants. On information and belief, during the past four years, more than ten (10) companies, including other railroad companies and rail car lessors, have been forced to file suit against the defendants in order to collect payments due under contracts and leases with the defendants.’ [See for example, 06#02B Regional.]

The violation of the Consumer Protection Act entitles NEGS to double or triple the actual damages. {Civil action No. 1:07-cv-403-SM}

9 January, Concord. ST HAD TOLD SHIPPERS IT WOULD TAKE OVER SERVICE ON 1 JANUARY but that did not happen. The shipper, who declined to speak on the record, said ST’s Dick Willy had called on the shippers late in 2007. “He swore up and down that [ST] would take over on 2 January. But no one showed up.”

The shipper called ST officials, and was told ST had not taken over “because of legal issues.” {ANR&P discussion 11.Jan.08}

NEGS President Peter Dearness said he had planned to stop service. But when he was told that ST was not starting service, he confirmed with the STB, the shippers, and with ST that NEGS retained operating authority, and resumed service. Were it not for two customers who are paying him directly, he would have a hard time staying in business. {ANR&P discussion 9.Jan.08}

Steps which must occur before ST can resume operation

Although ST has begun a proceeding at the STB, it has not filed the requisite papers. The history:

- The lease started in 1985 and ran for 10 years.
- The lease expired. NEGS continued to operate, but ST declined to formally renew the lease.
- ST gave NEGS the requisite 90-day notice, terminating the lease as of 1 August 2007.
- NEGS declined to vacate the property.
- ST began an adverse discontinuance case at the STB by filing a request for waiver 8 August. {07#08A}
- NEGS opposed the waiver. {07#08B}
- STB called for negotiations. {07#10A}
- NEGS filed suit to recover car revenues. {07#12B}
[The STB has not ruled on the waiver, nor has ST filed the formal adverse discontinuance. Without STB permission, ST cannot resume service. That's how I read the record. Editor]

20 January, Concord. **NEGS IS STILL OPERATING THE LINE HERE.** {ANR&P discussion with Dearness}

**PORTSMOUTH: SCRAP AND SALT**

q9 January. **THE MARKET STREET TERMINAL WILL CONTINUE TO HANDLE TWO BULK PRODUCTS,** though some would like higher-rated commodities. Dick Green, executive director of the Pease Development Authority (the terminal falls into its port division) explained:

**Scrap**
The board of the Authority on 2 December approved another extension of the lease [see 07#11A for previous extension] by Grimmell to move scrap, this time for one year to 31 December 2008, “with an option year if they meet certain conditions,” said Green. Among them: the company must apply for environmental permits to handle surface water; and it must hold a public hearing within nine months on its operation.

**Salt**
The International Salt Company (ISCO) holds a contract for some of the terminal which ends in May, said Green. In January, ISCO will come before the Board to negotiate a new contract. In June 2007, the Board had asked ISCO to agree to removal of all salt from the terminal to an off-site location for a time during the summer [see 07#11A].

Green said ISCO had already told the Authority that it could not find an appropriate site. Locations too far from the Market Street terminal affected its ability to bid on salt contracts.

**Containers**
Green acknowledged that the effort to start a container operation had not yet worked [see 07#10B]. He argued that the requirement to use ILA labor made container handling too expensive. {ANR&P discussion}

But Jack Humeniuk, ILA representative for New England, responded that the problem lay in volume. To handle containers on chassis, someone has to man the gate all week, regardless of volume. To charge or discharge the ship, the ILA contract with the carriers asks for a four hour minimum. Spreading those costs over five containers makes each container very expensive. If Portsmouth handled 80 containers week, the handling charge per container would be very acceptable.

Humeniuk added that the port had made concessions to help the container traffic. {ANR&P discussion 11.Jan.08}

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**VERMONT**

**VAOT: SHAKEUP IN RAIL**

18 January, Montpelier. **VAOT IS ADDING A POSITION TO THE RAIL SECTION,** according to an announcement by Sam Lewis, director of operations.
The old structure had a one program manager, Dick Hosking, and one technician who worked on the projects. ‘The program manager was working on program issues as well as project issues. The new structure will have a program manager, a project manager and a technician, thus allowing the project manager to concentrate on projects.’

Project manager. ‘Dick Hosking will be assuming the role of Project Manager for the Rail Section. Dick will be concentrating on oversight of consultant design contracts as well as acting as the rail liaison for those projects that are the responsibility of the Roadway and Structures Programs. This action will serve to increase the project management capacity of the rail program as it will allow two people to concentrate their efforts on the delivery of the agency’s rail projects.’

Program manager. VAOT will seek a program manager to succeed Hosking. In the interim, Lewis will hold that position; he held it as an interim appointment in the past. {e-mail to ANR&P 18.Jan.08}

Rail planning coordinator. Charlie Miller, who once served as program manager [see 06#06B People], is still serving as ‘AOT Planning Rail Coordinator.’ {ANR&P discussion from John Dunleavy, VAOT assistant attorney general}

One view of the reason for the change
One observer of the state rail management in Vermont, who declined to make a statement on the record, expressed the dissatisfaction your editor has heard from several others:

‘The rail program is lacking leadership and a front man who will be the champion for rail projects. Dick has done a good job with the part of his job that he'll now focus on - infrastructure projects.

‘He hasn't been that leader, and Sam's actually been doing a lot more of that than he should.’ {e-mail to ANR&P 19.Jan.08}

QUEBEC/MARITIMES

MMA: DISPATCHING IN-HOUSE
6 January, Farnham. **THE RAILROAD CREATED A DISPATCHING UNIT AT ITS FARNHAM OFFICES**, which handles the Sherbrooke subdivision (Sherbrooke to Brookport), Adirondack subdivision (Brookport to St.Jean), St.Guillaume subdivision (Farnham to St.Rosalie), and Stanbridge subdivision (Farnham to Bedford).

Bangor dispatchers now handle the Canadian side of the Moosehead subdivision, which *in toto* runs from Sherbrooke to Brownville Junction, as well as the Newport subdivision (Brookport to Newport, Vermont). The rail traffic controllers (RTCs) at Farnham also control the yards on the Canadian side.

Reason for the change
Railterm was handling the dispatching. It continues to handle VRS and other lines. MMA President Bob Grindrod said: ‘Obviously this provides a reduction in the costs of operation, and provides an improved level of control by doing the dispatching directly.’ {e-mail to ANR&P 9.Jan.08}

SAINT JOHN: NEW BULK CARGO
4 January. **THE FIRST LOAD OF PETROLEUM COKE ARRIVED** at the Saint John Port Authority’s new facility on the Atlantic Erie 1 January. Logisteck spent two days unloading the ship via a chute through a roof hatch.

Petroleum coke is a solid derived from processes at oil refineries and can be burned like coal. NB Power is testing petroleum coke at its Coleson Cove generating plant as an alternative to burning much more expensive bunker C oil. If the tests are favourable, the utility has said it could convert up to three units at the plant to burn the fuel with a projected savings of approximately $30 million per year.
The power company received permission from the province in April to burn petroleum coke mixed with heavy oil. In February 2007, Darrell Bishop, vice president of NB Power, told the media the petroleum coke would be handled so carefully in Saint John that dust would not escape because it would remain covered at all times. Unfortunately, a video showed the chute above the roof level, and steam vapor [thought by the reporter to be dust—editor] blown away by the wind. {CBC webposted 4.Jan.08}

Port authority officials later explained that the ship handlers forgot that the tide would lift the chute above the roof line. {ANR&P interview 17.Jan.08}

Future pet coke movement
In March 2007, Saint John Port Authority President Captain Al Soppitt said: “The introduction of pet coke as a fuel source for Coleson Cove presents a great opportunity for Saint John. Once the process is finalized at Coleson Cove, this cargo will add an additional 600,000 tonnes to port traffic annually over the long-term which in turn will also lead to increases in limestone.” {SJPA website, city council briefing}

CBNS: NO BUYER FOR CAR PLANT
15 January, Trenton. CONSULTANT ERNST AND YOUNG SAID IT HAS BEEN UNABLE TO FIND AN ACCEPTABLE PROPOSAL for the mothballed Pictou County rail-car manufacturer, in a statement posted on its website.

‘After careful consideration and due diligence, we have yet to find an acceptable proposal. The majority of proposals received are unacceptable; all remaining proposals are being reviewed and discussed with key stakeholders.’

New operator?
Dan Dugas, spokesperson for Foreign Affairs Minister Peter MacKay, the Central Nova MP, said in an e-mail this day to the Halifax Herald: ‘The minister remains confident that an operator can be found for this important facility.’

But in the previous week, Mark Rittenbaum, a vice-president for parent company Greenbrier, said it was "accelerating the timeline for liquidation" of the money-losing facility, in a comment on Greenbrier's 1Q08 (fiscal year) results.

Greenbrier closed the Trenton facility in spring 2007 [see 07#04A]. {Canadian Press 15.Jan.08; CBC webposted 15.Jan.08}

SYDNEY: PORT MASTER PLAN
14 January. PORT OFFICIALS HERE SAID DEVELOPMENT SHOULD BEGIN WITH DREDGING a 7.5 kilometre lane in the harbour’s outer channel, at an estimated cost of $44 million.

Virginia-based TEC Inc. put together the plan [see 07#09A] at a cost of $400,000, much of it paid for by the Sydney Marine Group, the consortium of stakeholders.

Bob Wardwell, project manager in charge of port development for TEC, suggested a public-private partnership could raise the funds for dredging.

Container and larger bulk carriers need a draft of about 16.5 metres. The area of Sydney harbour that requires dredging has an average depth of 13 metres and is 11.5 metres at its shallowest point.

Capital improvements
In addition to dredging, the plan calls for upgrading the International Coal Pier at an estimated cost of $52 million; developing of a container terminal at the Sydport greenfield site in two phases at a total cost of $302 million; and reconstructing the pier at Sydport Industrial Park to attract cargo vessels.

Cape Breton North MLA Cecil Clarke, whose riding includes part of the port, said: “The Port of Sydney, in my mind, has great attributes to be developed. And if you think that one project, dredging the harbour, can unlock the potential of Cape Breton's regional municipality, then it's definitely worth every dollar of investment.”
Cruise increase
More than 50 cruise ships visit Sydney each year. About 86,000 passengers are expected to dock this year. That number could swell to 238,000 cruise visitors by 2030 if new berths were built to handle the overflow, Wardwell said.

Container terminal
“Large ships come to a place like Sydney, drop the containers, get on rail, get to the Midwest fast if not faster than going to the West Coast ports,” Wardwell said.

Next step
Jim Wooder, of Laurentian Energy Sydport operations, said the release of the plan signals the moment to broaden the discussion.

“It's a question of this community coming together, with a vision for the port. Having done a great deal of work to get us to this point, the master plan is really the embodiment of a lot of that work and provides a roadmap for the unlocking of the future potential of the port.

“It's a process. We're still involved in a process that's going to take a lot more work and significant investments aren't just going to come and fall in our lap. We have to continue to market the port. We have to make sure that Sydney is on the international map and I can tell you from my last year and a half's experience that that takes work.”

Wooder said the group has no timeline for improvements. It depends on how quickly investors can be found. He could build the new container terminal by 2012, but that is dependent upon demand [see Special Article at end of this issue]. {Nancy King in Cape Breton Post 14.Jan.08}

### 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.*

Amerigas (ST, Connecticut #625)
Baer Supply (ST, Connecticut)
Cascades Auburn (SLR, Maine #909)
Intransit Containers (PW, Massachusetts #s 443, 447)
Newpage (ST, Maine #881)
TrentonWorks (CBNS, Nova Scotia)
Weyerhaeuser (CSXT, Massachusetts #287)
EDITORIAL

Better Studies on Terminals

The Maine Port Authority and Maine Department of Transportation should not have paid good money for the lousy report on Maine ports done by the Cornell Group.

How to get better reports

The Cornell Group ‘study’, called the *Port Development Strategic Plan*, could have been improved by:

- Putting local people on such a study. Anecdotal evidence indicates the people from the Cornell Group did not understand the local situation. More important, local people could have pointed out obvious errors, such as the statement that the Port of New York and New Jersey has no on-dock rail.

- Getting peer review once a study is completed. The Maine Port Authority board has only one person with actual experience working in a port. A group of ‘wise people’, who have actual port experience, could have read the first draft of the Cornell Group Powerpoint presentation and strengthened it considerably, as well as eliminated some errors.

Needed: a cross-border regional port commission

I fear that additional container terminals in Searsport, Canso, or Sydney will only end up feeding on each other and the existing ports. I recommend the creation of a regional port commission, covering both sides of the border. Representatives of the ports of (not politicians or DOT bureaucrats) Boston, Portland, Searsport, Eastport, Saint John, Halifax, Canso, and Sydney would make up the commission. They would create a rational plan of collaboration among the terminals, and decide whether indeed new terminals were needed.

This September, Maine will host the annual meeting of New England governors and eastern Canada premiers in Bar Harbor. This summit meeting should announce the creation of such a commission.

No more studies

The commission should be barred from soliciting further studies on container traffic and port capacity. Unless the commissioners will pay for them out of their personal pockets. Enough information exists, already.

People, Event

Dick Hosking will take up a new position at VAOT [see Vermont].

The twelfth TRAQ Annual Railway Symposium
Tuesday April 22nd and Wednesday April 23rd 2008, at Hotel PLAZA-Québec in Québec City (District of Ste. Foy/Sillery).

Two topics. Environment & Safety/Security. Both subjects are presently vital for railways and Regional railways. A number of speakers will address various aspects of this issue; a panel will follow on Wednesday afternoon which will yield a practical plan of action.

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SPECIAL: NO NEW CONTAINER TERMINALS NEEDED

This article provides the information, in a form re-arranged from a Powerpoint presentation, the presentation made by Chop Hardenbergh on 17 January to the Transportation Club of Moncton.

THE PROPOSED OR STUDIED NEW TERMINALS

Three proposed new terminals for the Atlantic Northeast base their purported need on congestion in existing ports:

North American Atlantic Coast ports including Savannah, Charleston, Norfolk, Baltimore, New York, and Halifax ship significant volume of containers to Chicago, Detroit, Cleveland and other Mid-western regional markets.

Even with the planned expansion at these ports the capacity will be inadequate, and additional container port facilities, with good land transportation connections to Chicago and the Midwest, will be needed at U.S. East Coast ports to serve these markets. (page 45 of Maine Port Authority Port Development Strategic Plan 11.07)

Searsport concept

The Maine Port Authority study cited above was completed by the Cornell Group in November 2007. It suggested that a private party could develop part of now-green Sears Island into a container terminal:

With a world-class container facility [at Searsport] and timely inland connections to Chicago and the Midwest, Maine has an opportunity to capture cargo from its competitor ports on the Atlantic East coast

Strait of Canso plan

The Melford International Terminal Group proposes a new terminal on the south side of the Strait, in the Melford Industrial Reserve. It would not only land containers for furtherance by CBNS/CN to the interior, but it would also transload into smaller vessels to feed other ports. This article relies on information about the new terminal presented to Strait of Canso Port Days in July 2007.

Sydney plan

Sydport, the private terminal operator, is studying the creation of a container terminal which would land boxes for furtherance by CBNS/CN, and could feed other ports. Information about this proposal is sparse [but see Sydney in this issue].

Each of these proposals rests on bad foundations

All the proposals assume one or more of these points: a tsunami of inbound containers, a lack of capacity at existing terminals, congestion in southern ports, congestion on US rail lines, competitive advantages over southern ports, and booming traffic through the Suez Canal.

Each of these points is wrong, may well be wrong, or needs much better evidence.

TSUNAMI OF CONTAINERS?

Four factors might slow the container flood: a long-term turndown in the US economy; carbon emission limits making container shipping very expensive; cost of oil slowing boxships and not enough ships to put into the rotations; and the end of oil production.

None of these have a likelihood of more than 10%. Nevertheless, one of them may come to pass, eliminating

FALSE FACTS. TranSystems wrongly contends, in this slide, that North Atlantic port capacity will remain constant from 2007 to 2024. See article.
the tsunami.

ENOUGH CAPACITY AT ATLANTIC NORTHEAST TERMINALS
TranSystems, the consultant hired by the Melford group to provide the data to support the need for the new terminal in Canso, put up a slide claiming that by 2025, 2.7 million TEUs could head for the Atlantic provinces. Even if TranSystems has that figure correct [given other errors in the TranSystems presentation, people should examine the evidence for that slide], existing ports can handle that.

According to the December 2007 Halifax Stakeholders Report: “Fully maximizing use of current terminals, expanding onto adjacent lands, and further efficiency upgrades could facilitate expansion to 2.5 million TEUs in Halifax.”  {Stakeholder Report 12.07} That does not include the proposed New Inland Terminal which could add half a million TEUs, if needed.

Saint John can also grow. On 17 January, Vice-president Andy Dixon said that the port has enough room to handle 500,000 TEUs. Al Soppitt, Port Authority president, hastened to add that the existing terminal facility has a throughput of 50,000 TEUs and could easily expand to 100,000 TEUs.  {ANR&P discussion}

Adding Saint John and Halifax future capacities together, we see that they have enough room to handle the projected growth in TEUs in the Atlantic Gateway.

NO CONGESTION IN THE FUTURE IN SOUTHERN PORTS
The Cornell Group report and the TranSystems presentation each argues that, as TranSystems says, “At current productivity and growth levels, by 2020 North American ports and their associated intermodal systems will be severely congested.”  {slide 14 of 45} Both consultants erred.

PORT CAPACITY CALCULATIONS

<table>
<thead>
<tr>
<th>Port (million TEUs)</th>
<th>Actual traffic 2006</th>
<th>Reported capacity 2017+</th>
<th>Date of reported capacity</th>
<th>Cornell capacity 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYNJ</td>
<td>4.6</td>
<td>17.34</td>
<td>2020</td>
<td>8.80</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>2.06</td>
<td>8.00</td>
<td>2020</td>
<td>5.31</td>
</tr>
<tr>
<td>Baltimore***</td>
<td>.5</td>
<td>1.30</td>
<td>2015</td>
<td>1.30</td>
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<tr>
<td>Philadelphia</td>
<td>.25</td>
<td>.50</td>
<td>(in ‘others’)</td>
<td></td>
</tr>
<tr>
<td>Montreal</td>
<td>1.30</td>
<td>2.0</td>
<td>2017</td>
<td>1.45</td>
</tr>
<tr>
<td>Saint John</td>
<td>.05</td>
<td>.150</td>
<td>2010</td>
<td>(in ‘others’)</td>
</tr>
<tr>
<td>Halifax</td>
<td>.5</td>
<td>2.00</td>
<td>2020</td>
<td>1.00</td>
</tr>
<tr>
<td>Others***</td>
<td>0.25</td>
<td></td>
<td></td>
<td>0.90</td>
</tr>
<tr>
<td><strong>TOTAL CAPACITY</strong></td>
<td><strong>31.54</strong></td>
<td></td>
<td><strong>Cornell total 2015</strong></td>
<td><strong>18.76</strong></td>
</tr>
<tr>
<td><strong>Demand per Cornell Group in 2015</strong></td>
<td><strong>17.48</strong></td>
<td>Add demand at 8%/year</td>
<td><strong>Cornell demand 2020</strong></td>
<td><strong>25.68</strong></td>
</tr>
</tbody>
</table>

*** Used Cornell Group study figures
The Cornell Group versus the future
[How did the Cornell Group get paid a reported $200,000 for putting together a 72-slide presentation it fobbed off as a substantive report? No citations, no footnotes, only handwaving.] In the Powerpoint presentation of the Cornell Group, it projected capacity in 2015 in ports Hampton Roads and north, including Montreal, at 18.76 TEUs [see table].

The consultant should have gone out to 2020. The various ports report much better capacity by 2020:

A factual error from TranSystems
The slide [shown above] on capacity constraints from TranSystems falsely states port capacity. {Port Days presentation, slide 75 of 82} Even using the Cornell Group lowball estimate of port capacity, the North Atlantic port capacity will grow.

NO RAIL CONGESTION
Various consultants claim that rail congestion between Chicago and eastern ports will force container traffic to look for new outlooks. For example, the slide in this article from the TranSystems presentation provides a USDOT projection of congestion. {Port Days presentation, slide 79 of 82}

TranSystems and others assume that the railroads will not grow capacity. However, like the ports south of New England, railroads are already expanding capacity on their lines. When that happens, congestion can disappear. A slide from a September 2007 study done by Cambridge Systematics shows that in 2035 [see below], areas east of Chicago can have no congestion when railroads invest. Like the container ports south of Boston, the railroads will invest when faced with booming traffic. {American Association of Railroads website}

NO COMPETITIVE ADVANTAGE
Existing ports such as Halifax, as well as the advocates of the proposed new terminals, argue that because their locations lie closer to Europe or to the Suez Canal, shippers can land their boxes sooner on the North American continent, and get them to destination quicker. This argument holds no water.

Shippers care much more about reliability
As the slide in this article from TranSystems shows, rates and predictability of deliver matter much more than speed of delivery. {Port Days presentation, slide 33 of 82} [Especially given non-daily rail service such as that for

<table>
<thead>
<tr>
<th>TRAVEL TIME FROM ROTTERDAM TO DESTINATION</th>
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<tbody>
<tr>
<td>HOURS</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>Norfolk</td>
</tr>
<tr>
<td>Baltimore</td>
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<tr>
<td>NYNJ</td>
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<tr>
<td>Boston</td>
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<tr>
<td>Searsport</td>
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<tr>
<td>Halifax</td>
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<tr>
<td>Montreal</td>
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</tbody>
</table>

* Calculated at 25 knots per hour. ** Rail at 40 miles per hour.
Counting rail time, no port has any advantage
The table here adds together sea transit and rail transit time. The boxes in light blue show that between New York and Montreal, total travel time from Rotterdam to Chicago varies only seven hours. No port can claim an advantage there.

For the Montreal-Rotterdam trip, only 13 hours’ difference separates the shortest, Searsport, from the longest, NYNJ. Again, no advantage.

THE SUEZ ROUTE WILL NOT GROW MUCH
Atlantic Northeast port supporters maintain that traffic through the Suez Canal will grow, and provide their terminals with significant traffic. But TranSystems points out that China is providing 95% of the growth in Asia-US container traffic, and China traffic moves across the Pacific.

India, which supposedly will drive much of the Suez traffic, is growing because of services, not because of manufacturing, contends Mary Brooks, professor of commerce at Dalhousie University in Halifax.

The PIERS (Port Import Export Reporting Service, a private service) data for 1995-2006 showed that China share of global container traffic grew to 40%. The India share grew from 1.2% to 1.9%, but for the other drivers of Suez traffic, the Middle East dropped from 1.8 to 1.6%, and the Association of South East Asian Nations dropped from 9.2 to 7.9%.

Peter Tirschwell, editor of the Journal of Commerce, concluded: “If the Melford [substitute Searsport or Sydney here also] location were viable, Halifax should be leading the way. But [Halifax] volumes are declining.” {Journal of Commerce 25 June.07}

RECOMMENDATIONS
In a presentation to the Maine Port Authority, as well as the Transportation Club of Moncton, your editor made two recommendations. See Editorial.
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.

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*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).

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