Helping to move rail and port traffic through New England, the Maritimes, and Eastern Québec.
A weekly trade newsletter.

Atlantic Northeast

Rails & Ports

operating railroads + ports, intermodal facilities, and government environment

www.atlanticnortheast.com

Issue 08#05A 19 May 2008

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

Regional Issues

PW: 1Q08 shows carloads up, intermodal down.
CN/NECR/ST: Fuel surcharge impact.*
RailWorks: Takes over RT Ames projects.*
CSO: Biodiesel facility coming in Suffield.*
PW/New Haven: Rail stopped by Q-Bridge?*
Port: Logistec leaves Bridgeport,* traffic down at New Haven and New London.*

Maine

MDOT: New IRAP round winners public soon.*
SLR: Intermodal up a bit.*
SLR/Portland: Ethanol by rail moving to pumps.*
ST: Planing mill in Enfield planning a rail spur.*
MMA/Searsport: Both a container port and a conservation area would provide revenue.**
Portland: Logistec leaves.

Massachusetts

EOT: State rail plan contract for HDR & HNTB.**
House: Bill to tax railroads to inspect bridges.*
CSXT: Berkshire Biodiesel. *Box on relation between Berkshire and CT Biodiesel.*
CSXT v EOT: Tim Murray says no-fault no-go.*
GU: Possibly better political support in Upton.*
MC: Praise for performance, and questions.*
PVRR: ASLRA award for Candle transload.*
ST: Northpoint partners now need a new buyer.*

New Hampshire

Rhode Island


Vermont

VRS: Trailer operations to Milestone Equipment.*

Maritimes/Québec

CBNS/Sydney/CN: PEV coal move to Lafarge resumes, with CN help.**
CBNS: Federal grant for APUs.*
SCFQ: Loss in 1Q08 per Logistec.
Sydney: Gets $200 million support for containers.
Canso: Melford finds Ohio feeder interest.*

Rail Shippers/Receivers

A cross-reference to companies mentioned here.

From the Publisher

Why no NS-ST story here?
Because e-bulletin(m), issued 16 May, will become part of 08#05B. This issue was already full when the bolt-from-the-blue announcement came.
E-bulletin recipients will get more information later this week, and print-only subscribers will get the NS-ST story in two weeks. [Remember, any print subscriber can also get the e-bulletins.]

- Chop Hardenbergh

Next issue 28 May.
REGIONAL ISSUES

PW 1Q 07 RESULTS
14 May, Worcester. PW CARLOAD TRAFFIC INCREASED 24.8% in the first quarter. ‘Operating revenues increased $811,000, or 15.6%, to $6.0 million in the first quarter of 2008 from $5.2 million in the first quarter of 2007. This increase is the net result of a $1.1 million (26.3%) increase in conventional freight revenues, an $85,000 (56.7%) increase in other freight related revenues, and a $31,000 (37.8%) increase in other operating revenues, partially offset by a $403,000 (52.2%) decrease in container freight revenues.

Conventional freight volume
‘The increase in conventional freight revenues is attributable to a 24.8% increase in traffic volume and a small (1.2%) increase in the average revenue received per conventional carloading. The Company's conventional carloadings increased by 1,165 to 5,863 in the first quarter of 2008 from 4,698 in the first quarter of 2007.

‘Shipments of ethanol, coal, automobiles and steel ingots accounted for most of the increase in traffic volume. Ethanol and automobiles are commodities which the Company began hauling during the second half of 2007. These increases were somewhat offset by declines in shipments of construction aggregate, chemicals, building products and other commodities during the first quarter. These decreases largely relate to the economic slow-down which the United States economy is currently undergoing. The small increase in the average revenue received per conventional carloading is mostly attributable to a change in the mix of commodities hauled.

Intermodal down still
‘The decrease in container freight revenues is the result of a 55.3% decline in traffic volume partially offset by a 6.8% increase in the average revenue received per container. Container traffic volume decreased by 7,331 containers to 5,934 in the first quarter of 2008 from 13,265 in the first quarter of 2007. During the second quarter of 2007 the Company began to experience a steady decrease in the volume of its container traffic which has continued into 2008.

‘Among other factors, rate increases imposed by western rail carriers in the United States has resulted in steamship lines using "all water" routings to the East Coast for an increasingly larger portion of container traffic thereby significantly reducing the volume of such traffic shipped cross-country by rail. While the reduced level of traffic seems to have stabilized, the Company is unable to predict if and when container traffic volume may significantly increase. The increase in the average revenue received per container is attributable to contractual rate adjustments based upon railroad industry cost indices and to a change in the mix of containers handled.’ [This language reiterates that in the Annual Report for 2007–see 08#04B.] {text of quarterly filing with SEC}

CN/NECR/ST: FUEL SURCHARGE*
9 May, Whately, Massachusetts. THE IMPACT OF RISING DIESEL PRICES is brought home by this anecdote from Phil Nash, principal of Pacific Northwest Wood Products here. He brings in wood pellets from British Columbia to ST’s East Deerfield yard, whence he transloads [see 06#06B].

Per Nash, ‘ST and CN seemed to have changed to mileage from percent fuel surcharge which added another $800 per car on top of standard percent fuel charge rate. They are using 63 cents per mile, which for a long haul like mine, 3,200 miles, [the] spread is magnified.’ {e-mail to ANR&P}

NORTHERN NEW ENGLAND TRACK*
6 May, New Sharon. R.T.AMES ‘IRON HORSE’ TRACK CONSTRUCTION COMPANY WAS SUBSUMED BY RAILWORKS on 16 March, said Robert Ames, the former principal. Now area supervisor for RailWorks, he said that despite his 65 years, “I am far from retiring.”
“We have quite a lot of projects already going in Maine.” He listed the E.J.Carrier siding in Milo to receive woodchips [see 08#04A] (now underway, he built panels in his shop over the winter and is trucking them to Milo currently), Grimmell’s one mile of siding in Topsham which “needs a lot of work” before scrap can move out of there [see 08#05A], and smaller jobs for SLR such as NEPW track in South Paris and Auburn.

As well, he will have future work for SLR in New Hampshire, plus possible work for Lincoln Pulp and Tissue rebuilding a trestle, and rehabbing the spur for Pleasant River in Enfield [see Maine].

Why the change
Ames said he “could not keep up” with the amount of work he had. By joining RailWorks, “we have a big labor pool and expertise.” He has already hired “two or three of Randy Pike’s people” [Pike operates Maine Track Maintenance-editor]. [ANR&P discussion]

RailWorks spokesperson Kathy Simpson emphasized that RailWorks did not buy Ames’ company. It did buy some of his equipment, and took him and others on, and the former Iron Horse office has become a RailWorks office.

Simpson also noted that her company continues to expand. Its Canadian subsidiary, PNR [Pacific Northern Rail Contractors] RailWorks, in April bought Entretien de Voies Ferrees Coyle Inc., also known as E.V.F. Coyle Inc., the largest railway contractor in Quebec. [ANR&P discussion 7.May.08]

CONNECTICUT

CSO: POSSIBLE BIODIESEL*
7 May, Suffield Connecticut. A SIZEABLE NEW CUSTOMER WILL PRODUCE BIODIESEL at a new facility here. Garth Klimchuk, president and CEO of CT Biofuels, is heading an effort to construct a production plant near the AB Massa Paper Company [our Directory #567] on Firestone Drive. The facility would produce 50 million gallons per year. [Assuming that much of the raw material arrived by rail, that would translate into 1900 27,000-gallon tank cars per year! Editor]

Why this location? Permitting
Klimchuk said his partner found the site. They were looking for 15 acres on rail and access to Interstates 90 and 91; they had help from the Connecticut Economic Development Authority. The greenfield acreage is in a light industrial area with non-rail companies Teleflex Fluid Systems and others nearby. “You’ll hardly be able to see the plant” from any residential area.

CT Biofuels has applied for a special-use permit. Despite some opposition calling Suffield an “agricultural area” [hard to believe with several rail-served distribution centers and a paper company! editor], Klimchuk expects the Town to provide a permit by the end of May, and to start construction in June.

The Massachusetts firm Barr and Barr is doing the design and construction; it will hire the rail contractor. [ANR&P discussion 7.May.08]

Hearing on the proposed plant
On 10 April, the Suffield Zoning and Planning Commission conducted its final hearing on the proposed facility. The Commission must decide whether the term ‘chemical manufacturing’, which is prohibited by Suffield zoning laws, applies to the biodiesel refinery. It has 65 days from 11 April to make a decision on CT Biodiesel’s request for a special use permit. {Korey Locks in Journal-Inquirer.com 19.Apr.08}

Rail structure for the plant
CT Biofuels’ website describes the rail: ‘The facility will be situated along the Bradley Spur of the Connecticut Southern Railway (CSO). This line is currently served by CSO five times a week. It is projected that the proposed biodiesel plant will require switching by CSO 3-4 times per week. A passing siding will be constructed along the spur on the railroad right-of-way. This passing siding will have a 12-15-car capacity and short-term storage for switching flexibility.
‘Entrance to the facility will be from a switch located on the passing siding, which will then lead to a four-track “ladder” type yard. Each track in the yard will be able to hold five 65-foot long, 27,000-gallon tank cars. The tracks will have containment pans built in so that in the unlikely event of a spill, any material will be contained and stored for further treatment and/or removal. The area between the tracks will contain the infrastructure required for unloading and loading the railcars. The infrastructure will include access platforms, railcar & pipe warming systems, and fire suppression systems.

‘The rail yard will be the main means of delivering feedstock oil and methanol to the facility. It will also be the secondary means of delivering Biodiesel and co-product Glycerin away from the facility to the market.’ {website}

Win of grant award to build co-generation plant
On 2 April 2008, the Connecticut Department of Public Utility Control awarded $4.7 million to CT Biodiesel to build a co-generation plant alongside its proposed $65 million biodiesel production plant. The combined heating and power plant, consisting of two generators, would be fueled by the biodiesel produced on-site and would generate heat and electricity to help keep the production plant running, according to CT Biodiesel's application to the state. The company would sell any excess power to the electric grid, which delivers power to residents and businesses across the region, the company said in its application.

If the town's zoning and planning commission approves plans for the production plant, the company could apply to the state for permission to build a co-generation plant without the town's say.
The grant is part of a program to reduce peak demand for electricity by helping large electric users install their own generators, allowing them to go off the grid, either permanently or at times of high demand. Electric ratepayers fund the grants through their monthly bills.

“It's a program that's been very successful,” said agency spokeswoman Beryl Lyons. “This will take these customers off the grid particularly at peak times, thereby leaving more electricity for everyone else.” CT Biodiesel's one-time grant must be used within three years or the state could revoke it. The company submitted to the state a timetable for the generation plant that calls for construction to begin in October 2008 and service to begin in the following March.

The company's application also includes a layout of the generators and a detailed breakdown of construction costs, including conceptual design, permitting and engineering fees, that total $19.7 million. But company officials have insisted that they are still deciding whether to install the generators. The plans submitted to the DPUC in 2007 year were merely "thrown out there" to apply for the grant, said P. Wayne Moore, the company's executive vice president.

“There really is no plan yet. As we've told the zoning and planning commission, it's something we want to do and are thinking about doing in the future." \{Lynn Doan and Mark Peters in Hartford Courant 3.Apr.08\}

**Relationship to Berkshire Biodiesel**
[See box in Massachusetts.]

**PW/NEW HAVEN: RAIL ACCESS**
8 May. **DURING THE LONG RECONSTRUCTION OF THE Q-BRIDGE, PW ACCESS MAY BE LIMITED** to Waterfront Street, only just re-opened this spring [see 08#04B]. Bernie Cartier, director [correcting error in 08#-4B] of engineering, told the Annual Meeting on 30 April that PW could receive payments to compensate for lack of rail access.

Marie Angelini, PW general counsel, explained this day: ‘The Pearl Harbor Memorial Bridge (a/k/a Q-Bridge for Quinnipiac River) ConnDOT project is a long-term project expected to take 8 to 10 years to complete. Railroad tracks will be constructed and/or relocated, temporary crossings will be installed and signals will be moved to facilitate P&W's continued service to customers during the term of construction of the new bridge.’

The ConnDOT Plan called for ‘interrupting rail service for as long as six months. We hope to reduce or eliminate this entirely by working with the state’s contractor.’ \{e-mails to ANR&P\}

**BRIDGEPORT: LOGISTEC LEAVES**
6 May, Montreal. **THE STEVEDORING COMPANY HAS LEFT BRIDGEPORT.** Its customer, Turbana, moved to Philadelphia [much to the consternation of port and labor officials--see 07#12A] and the owner of the facility, Coastline Terminals, has not found another customer for the fresh-fruit refrigerated operation. [Calls to Coastline and the Bridgeport Port Authority to ascertain the terminal status were not returned before deadline. *Editor*]

In its 1Q08 report issued this day, Logistec stated: ‘The Company will discontinue operations at Bridgeport (CT) in the second quarter of 2008. This was a marginal port and we do not expect this to have a material impact on our future earnings.’

In 2Q07 Logistec had first announced this move: ‘[W]e will be discontinuing operations at the Port of Bridgeport (CT), effective April 2008. We have received notice that Turbana, our sole customer at this facility, has opted to use another port facility. Although we offered another existing facility with higher draft and rail siding, we were unable to retain this customer within our network. We have therefore elected not to renew our lease at this port. We do not expect this to have a material impact on our future earnings.’

The 2Q07 report also stated: “Long-Term Debt” including the “Current Portion of Long-Term Debt” totalled $8.3 million as at June 30, 2007, down by $0.6 million over the balance as at December 31, 2006. Note that we have reclassified $0.4 million from “Long-Term Debt” to the current portion following the non-renewal of our lease for our Bridgeport (CT) facility. A long-term debt was attached to that property and repayable in regular installments until 2015, conditional on the Company continuing its operations at Bridgeport (CT).’
US lumber and steel down
The 1Q08 report also stated: ‘Marine services were quite stable as this segment’s revenue was down by $0.4 million or 1.0% to $41.3 million from $41.7 million in the first quarter of 2007. In fact, revenue would have increased if it had not been for the Canadian/U.S. dollar exchange rate, which negatively impacted our U.S.-generated revenue by $1.7 million when consolidated in Canadian dollars."

‘Container activities in 2008 are expected to grow with the addition of a new liner service at our Termont container facility in Montréal (QC). Bulk cargo should hold steady with several new contracts coming on stream.

‘General cargo, on the other hand, continues to have headwinds, particularly with respect to lumber [much of which goes through New London–editor] and steel imports [much of which goes through New Haven–see 08#04B], which are both down quite dramatically in the USA. We are attempting to diversify our cargo mix in the facilities affected by these downturns.’ {reports from company website}

MAINE

MDOT: ANOTHER IRAP ROUND*
6 May, Augusta. **THE STATE IS SELECTING ANOTHER SET OF IRAP GRANTEES**, said Nate Moulton, rail manager. “We solicited applications over the winter,” roughly from December to March, with about $600,000 available in the Industrial Rail Access Program [see 07#09A for previous round]. MDOT will soon release a list of the winners. {ANR&P discussion}

SLR/PORTLAND: ETHANOL MOVING*
9 May, Chelsea, Massachusetts. **MAINE’S ETHANOL WILL PRIMARILY ARRIVE BY RAIL**, said Ron Sabia, senior vice-president and chief operating officer of Gulf Oil LP, the receiver of ethanol in Maine thus far. From the Safe Handling transload in Auburn [our Directory #923] it moves by truck to the Gulf Oil terminal in South Portland, and is distributed from that point.

Gulf, one of the largest users of ethanol in the Northeast at 10-15,000 barrels, has a terminal in Boston. It could also use barge from one of several points, including New Jersey, to deliver to South Portland, said Sabia. The company will choose the mode based on cost. {ANR&P discussion}

Gulf in Maine switches to an ethanol blend
The Gulf Oil LP terminal in South Portland, which sells to Gulf and Exxon stations, is blending 10% ethanol with its gasoline supply; the resulting ‘E10’ fuel began emerging from gasoline pumps in the Portland area in May, and will expand to other areas by summer.

It's the first step, according to Jamie Py, executive director of the Maine Oil Dealers Association, in a wide-scale conversion this year of the gasoline sold in southern and central Maine. The oil price run-up has made ethanol-blended fuel less expensive. On top of that, federal subsidies that amount to 5 cents per gallon create an incentive for companies that produce and market the product. “Ultimately, we’ll just have E10 gasoline at the terminals in southern Maine,” said Py.

On the plus side, ethanol burns more cleanly and helps reduce America’s dependence on petroleum. Not so good: ethanol contains less energy than gasoline, cutting fuel mileage a little. And ethanol can strip any contaminants that have settled into a fuel tank because it is a solvent; it also absorbs water and separates from gasoline over time. {Tux Turkel in Portland Press Herald 8.May.08}

SLR: INTERMODAL*
14 April, Lewiston. **SLR INTERMODAL INCREASED A BIT.** Parent company Genesee & Wyoming reported 125 “carloads” for April, still below the average during the past year [see box], even considering the loss of the bark mulch in mid-2007 [see 08#02A]. {GWI press release}
ST: ENFIELD*
17 April, Dover-Foxcroft. **Pleasant River expects an IRAP grant for a spur** off ST in Enfield, said Jason Brochu, one of the principals. It would provide rail access to a planing mill, formerly owned by Cold Stream Lumber. He filed the IRAP application on 26 February [see other story].

Pleasant River is using the mill, which has reopened, to make finish lumber in addition to what it makes in Dover-Foxcroft.

The history
In 2005, Pleasant River announced plans to build a sawmill on Route 2 in West Enfield, next to a biomass power plant [see 05#07B]. By March of 2006, Pleasant River filed an application at MDOT for an Industrial Rail Access Program (IRAP) grant [see 06#03B], which would pay for the reconstruction of a former spur off ST to Route 2.

In April 2006, part of the Cold Stream Lumber facility in Enfield on 542 Hammett Road, next to ST, burned. Later, Brochu and other principals of Pleasant River bought the Cold Stream facility. In early 2008, the Town of Enfield agreed to change the Pine Tree Zone designation from the Route 2 site to the Cold Stream Lumber site; PTZ provides certain tax advantages.

Rail operation
At this point, Pleasant River has trucked much of its finished lumber from Dover-Foxcroft, though, said Brochu, he is transloading some to rail at ST sister company Perma Treat [our Directory #851] in Mattawamkeag and MMA's terminal in Hermon. “We’ll do more once the siding is set up,” because that will lower both transportation and handling costs.

Who will do the work?
Brochu said in order to file the IRAP application, he has gotten a quote from ST and is getting a quote from RailWorks [formerly Iron Horse, see Regional] of New Sharon, Maine. [ANR&P discussion]

**MMA/SEARSPORT: CONTAINERS?**
25 April, Searsport. **Possible tax revenue to the town was discussed** at the Joint Use Planning Committee for Sears Island, which is allocating the land and activity between a possible rail-served port and a wild area.

The port side could generate property taxes from, for example, the equipment. John Henshaw, director of the Maine Port Authority, noted that $16.6 million in cranes alone would produce $156,870 in taxes at a $18.50 mill rate. Total tax revenue from a new container terminal could come to $1.6 million.

The wild side could, according to a 2006 study by Planning Decisions, generate $1.7 million in retail sales tax generated by visitors. In addition, five to six new workers to help the visitors would inject $200,000 into the local economy. {George Chappell in Bangor Daily News 29.Apr.08}

**PORTLAND: LOGISTEC LEAVES**

Logistec’s 1Q08 Stated:
‘We are present in 21 ports in eastern North America, one fewer than in 2006. We have retired from Portland (ME), a site where we hoped to handle import lumber [see 06#01A] but, due to the slowdown in construction, this did not materialize. This abandoned operation will have no impact on results.’ {Company website}
MASSACHUSETTS

LEGISLATURE: MISCHIEF

30 April, Boston. THE MASSACHUSETTS HOUSE PASSED A LEVY ON THE STATE’S RAILROADS ostensibly to pay for bridge inspection. The language was included in the ‘outside sections’ of the FY09 budget bill, as it came from the House Ways and Means Committee:

SECTION 7. Section 12F of chapter 25 of the General Laws, as so appearing, is hereby amended by inserting at the end thereof the following paragraph:

The commission may make an assessment against each railroad corporation or railway company under the jurisdictional control of the department, based upon the intrastate operating revenues as shown in the annual report of each such company to the department. Said assessments shall be made at a rate sufficient to collect a maximum of $500,000 annually, as shall be determined and certified annually by the commission as sufficient to reimburse the commonwealth for funds appropriated by the general court for costs incurred by the transportation division related to railroad bridge inspections.

Massachusetts Railroad Association opposition

A draft letter to be sent to senators from the Association noted in part: ‘All railroads in the United States already inspect their bridges annually under the direction of the Federal Railroad Administration. This proposal would have the railroads pay a sizeable sum to do work we are already performing and doing so with great diligence. This fee is not assessed in any of the other 49 states and will make our railroads and the many businesses we serve less competitive.’

Mike Rennicke of PVRR [see article below] commented: ‘While our surrounding states continue to increase the level of infrastructure funding, our own government is trying to take money from us and reduce our ability to improve our railroads.’ {text of letter and bill from Rennicke 8.May.08}

EOT: STATE RAIL PLAN CONTRACT

2 May, Boston. EOT ANNOUNCED THE BEGINNING OF THE STATE RAIL PLAN CONTRACT. It was signed on 24 April, according to one of the participants of the winning team: HDR Inc, HNTB, and Global Insights. [See 08#02B.]

The EOT press release, which inexplicably omitted the companies who were actually going to do the work, quoted Lieutenant Governor Timothy P. Murray: “Creating the first State Rail Plan in nearly 20 years is critical to our ability to expand commuter rail service in a smart and responsible manner, while also ensuring the efficient delivery of goods to the market.”

It also stated that the ‘study will include the involvement of freight and rail owners, operators, and shippers and an extensive public process that includes public hearings and outreach to municipalities and metropolitan planning organizations.

‘The new State Rail Plan, including a review of common freight and passenger rail lines and examination of current and future rail initiatives, will put the state in an improved position to identify and obtain federal railroad funding that is available on a competitive basis.
‘The $1 million study will engage a team of experts in freight transportation with particular expertise in railroad infrastructure and operation. The schedule for completion of the study is 15 months.’ {text of press release}

State Freight Plan too
EOT’s Tim Doherty confirmed that HDR (lead person Ron O’Blenis) and HNTB (lead person Dennis Coffey) formed the team to do the freight plan and the state rail plan. “The scope of work is the same and the intent is the same,” to produce a State Freight and Rail Plan and a separate State Rail Plan [see 07#11B]. In the 15 months allotted for the project, the team will do both products. {ANR&P discussion 13.May.08}

CSXT v EOT: MORE HOT WORDS*
9 May, Worcester. LIEUTENANT GOVERNOR TIM MURRAY CASTIGATED THE RAILROAD during his speech to a packed audience, including CSXT representatives, at the Worcester Rail Summit, sponsored by the City of Worcester. “No-fault is a deal breaker,” Murray, the former Worcester mayor, said, referring to the railroad’s insistence on such an insurance approach, and the state’s dislike for it [see 08#04A].
Lisa A. Mancini, CSX’s vice president of strategic infrastructure initiatives, said CSX supports passenger service, but under certain conditions. She said CSX is trying to avoid a situation such as the aftermath of a recent train accident in Canton that injured more than 100 people, where “everybody’s suing everybody else.” Asked about Murray’s comments, Mancini said, “I was a little surprised at the tone.” {Priyanka Dayal in Worcester Telegram & Gazette 10.May.08}

CSXT: PITTSFIELD BIODIESEL
15 May, Pittsfield. BERKSHIRE BIODIESEL IS MAKING PROGRESS ON ITS REFINERY, said Lee Harrison, executive vice-president. “It’s in final design,” with construction to begin 3Q08, and plant startup 3Q09.

Rail spur
Because the state provided funds for the rail spur, the City of Pittsfield will oversee the spur into the facility [see map in 07#05B]. Off the spur will come three tracks for offloading raw materials, and one public team track. {ANR&P discussion }

CT BIODIESEL, BERKSHIRE BIODIESEL: SISTER COMPANIES
CT Biodiesel (CTB) is the Connecticut-based biodiesel development arm of NorthWinds Biodiesel (NW), an affiliate company of NorthWinds Renewables, a merchant banking firm focused exclusively on the renewable energy industry. Berkshire Biodiesel (BBD) holds the same position in Massachusetts. Per the website:
‘To the greatest extent feasible, NWB will rely upon the core technical team assembled for the BBD project to design, develop, finance and construct CTB.’

Can both find a market?
Lee Harrison, executive vice-president of BBD, said about the possible overlap of NorthWinds’ two companies: “There’s a huge market out there. The Northeast is the largest consumer of distillate (fuel oil and heating oil) in the country. It needs 13 billion gallons a year.”
BBD is looking at the market east-west from its site, Albany-Springfield-Worcester-Boston. “Just Boston could take all our production.”
CTB is aiming at the market south and west of Suffield: coastal Connecticut and Rhode Island, and the New York City area.

Coordinating construction
Bahr and Bahr is constructing both plants, Harrison said. For BBD, the rail construction project is substantial, but it already has a building. CTB’s rail construction is “easy but it has no building.”

The process engineering will cost less per plant because the process component is the same for both. The equipment will be manufactured off-site and delivered, probably by truck, to the site for “plug and play.”

Financing is the hurdle now
Per Harrison, the preparation for both plants is almost complete, with the permits to come soon.

“Final permits require construction drawings, and we are not going to do that until the financing is in place.” The parent company is seeking financing for both plants together. Harrison acknowledged: “It’s not the best time in the history of the republic to be financing anything. But we do have serious institutions we are talking to.”

He expects financing in the next two to three months. The company will soon thereafter “break ground on rail and everything else.” {ANR&P discussion 15.May.2008}
GU: BETTER SUPPORT?*
5 May, Upton. **A MORE FAVORABLE SELECTMAN WAS ELECTED**, when Michael Goodwin won over former Chair Marsha Paul, at least judging from public statements:

Concerning the probability that GU will be running through town again soon, before the election Goodwin said his background in hazardous materials would help to ensure that everything is done correctly. “The railroad has been in town a long time. It's only dormant. It's coming back,” Goodwin said, noting that if the line stops in town, it would generate revenue.

Paul said she contacted the owner, Jon Delli Priscoli, as well as federal and local officials, when she heard it was coming back. “You can't stop it. We need to work with the owner. I will continue to monitor the process.” {Paul Crocetti in *Milford Daily News* 2.May.08}

MC: PRAISE AND QUESTIONS*
22 April, Hyannis. **EOT’S TIM DOHERTY PRAISED MC MANAGEMENT**, during a meeting of the Hyannis Access Study Task Force. John Kennedy, MC president, sketched out his five-year plan to “get this sick patient stabilized and make slow but necessary improvements” after what he described as years of neglect. He cited stepped-up track maintenance, including an aggressive brush-cutting effort, and promised action on grade crossings that “need critical attention.”

The future for freight service on the Cape involves transloading, according to Kennedy. Lumber could be brought onto the peninsula from the Northwest by train at much lower costs than by truck, then offloaded and delivered locally. A direct siding is not needed.

Taking some commercial as well as passenger traffic off the Cape’s “two fragile bridges and antiquated roadways” is a Cape Rail goal, Kennedy said. He urged greater use of the recently-restored railroad bridge over the Cape Cod Canal, and foresaw the possibility of connector service from Buzzards Bay to Boston-bound passenger trains in Middleboro in a year, and service from Hyannis two years later.

This would not be high-speed MBTA service, but another option for travelers. Kennedy suggested that a Cape Cod resident might take the train to Boston for the day and return on a Plymouth & Brockton bus scheduled after the last return train trip, all on a single ticket.

Doherty, EOT director of rail, told the Task Force that Kennedy is doing a “great job” in his first few months in charge of local rail lines.

Questions for MC
Cynthia Cole, executive director of the Hyannis Main Street Business Improvement District, spent the previous week on a citizen’s clean-up of the railroad yards south of Route 28 and adjacent to the Hyannis railroad passenger depot. She spoke of piling full trash bags on top of a discarded sofa. Even if a section is not open to public view, Cole said, stakeholders should work together “to keep that area a little more on the straight and narrow.”

Kennedy agreed; MC assumed the property from BCLR in January and is committed to a five-year upgrade plan. Doherty noted: “It’s a critical issue that shows up nationwide.” {Edward Maroney in *Barnstable Patriot* 25.Apr.08}

ST: NORTHPOINT BUYER OUT*
9 May, Boston. **BOSTON & MAINE CORPORATION SEEKS A NEW BUYER** for its former Somerville-Cambridge rail yard, along with its erstwhile partner Cambridge North Point. They had a buyer in Archon Group [see 08#01B] at $177 million, but Pan Am Group (the entity owns B&M which in turn owns the yard) President David Fink said recently Archon is definitely out, though other buyers are circling. Construction continues at the site, which will house commercial and residential uses. {Scott van Voorhis in *Boston Herald* 9.May.08}
RHODE ISLAND

DAVISVILLE/PW: CONTAINERS?*
25 March, Providence. NORTHEAST FREIGHT TRANSFER AND PARTNERS ADVOCATE A NICHE CONTAINER TERMINAL at Davisville. Eric Moffett, who runs Integrated Rail Group, and Evan Matthews, operations manager of the Port of Davisville, explained this day to visitors from the New England Railroad Club that the port could offer two services:

Short-sea
QDC, Matthews underscored later, is not partnering with Moffett and others. The port does welcome exploring initiatives such as Moffett’s.

[Davisville did have barge service to New York via Columbia Coastal sponsored by the proposers of a mega-container terminal. It ran briefly in 1998—see 98#08.] The problem, said Matthews: “Rail is faster and more efficient from New York. Two lifts is the problem. Without a change in policy,” service from New York will not work.

However, Matthews believes that Davisville could offer container barge service from middle Atlantic states and farther south.

A information handout from the partners noted that within a 50-mile radius of Davisville, 50,000 TEUs originate or terminate directly at the customer. Short-sea service could reach Baltimore ‘second morning’ and Norfolk ‘second morning.’

Overseas niche with rail
Moffett said later in an interview that the proponents did not envision huge boxships calling Davisville [that idea died, as Saul Kaplan, chair of the Quonset Development Corporation, pointed out in 2007—see 07#11B]. But the port could attract smaller container ships sailing in a niche lane, because of the on-dock rail offered by Seaview Rail with connections to PW.

Ocean State Job Lot a container user
Matthews said that Ocean State receives 4400 containers a year drayed from PW’s international container terminals in Worcester. Many of these boxes land in New York and move by CSXT to Worcester. “They have a bill of lading to Worcester.”

The partners
The handout stated: ‘Our partnership with logistics and assets companies offers us the ability to develop port-to-door drayage services, logistical services, as well as neutral chassis pools, supplied by industry and not steamship companies.’ {ANR&P coverage}

According to the Integrated Rail Group website, its partners consist of Seaview Railroad, Northeast Freight Transfer, and SMG Cartage. Northeast Freight operates a transload in Taylor Yard, Scranton Pennsylvania, served by CP and NS. {CP website}
VERMONT

VTRZ: NEW OPERATION
25 March, Providence. VERMONT RAILWAY’S TRAILER OPERATIONS HAVE COMBINED WITH MILESTONE EQUIPMENT, said Eric Moffett, who once operated the trailer program (‘VTRZ’) [see 06#03A].

Milestone, out of Burr Ridge, Illinois, uses the name ‘Optimized Pool Trailer Program’ for the combined Vermont Railway fleet and Milestone Fleet. [Milestone website]

Moffett continues to assist in national marketing and sales, though he also works on other logistics projects [see Davisville article]. The combined operation owns about 6000 trailers. [ANR&P interview]

QUEBEC/MARITIMES

CBNS: FEDERAL GRANT*
6 May, Ottawa. CBNS WILL RECEIVE A GRANT OF UP TO $72,146 TOWARDS THE PURCHASE OF FOUR DIESEL AUXILIARY POWER UNITS (APUs), according to a press release from Transport Canada this day. These APUs will allow locomotives to be shut down during extreme temperatures by keeping the engine oil warm and batteries charged to ensure a reliable engine startup. In addition, the units provide heating and cooling when the locomotive is not running, further reducing the need to idle the locomotives generally.

Money in the ecoFREIGHT Program comes via Transport Canada’s Freight Technology Incentives Program, for companies to purchase and install proven but underused freight transportation technologies that reduce emissions. The ecoFREIGHT Program falls under the ecoTRANSPORT Strategy, which is part of the Government of Canada's ambitious agenda to protect the environment and the health of Canadians, and to further Canada's economic prosperity.

Projects...are eligible for a contribution of 50% of eligible costs, up to a maximum of $500,000, and must be implemented within a two-year period. Remaining costs must be contributed by funding recipients and their partners. Each company will be responsible for securing any provincial permits or authorizations that may be required for projects in those jurisdictions. All funding is subject to signature of a contribution agreement with Transport Canada. [Transport Canada press release]

CBNS/SYDNEY: SYSCO COAL**
6 May, Sydney. THE COAL MOVE TO LAFARGE RESUMED, said Jimmy Graham of the Provincial Energy Ventures (PEV) here. In 2006 the coal had also landed at PEV’s pier [the former Sysco pier—see 06#08] from which CBNS moved it to Truro, and then it was trucked from there to Lafarge Cement in Brookfield [Lafarge had wanted to burn tires—see 07#11B]. In 2007, Lafarge began receiving the coal in Halifax, and trucking it to Brookfield.

Now, in May 2008, the Sydney route is resuming. Graham said this time CN is providing the cars, picking them up from CBNS in Truro, and delivering them to Brookfield. He called the Class I “very cooperative.” Earlier CN had not provided a feasible rate for the move so it had to be trucked from Truro; Graham had no reason for the change in heart.
Tonnage
The first ship, carrying 45,000 tonnes, arrived on 5 May [that translates into 450 cars a year—editor]. Lafarge will use that for the balance of this year, and then take another 45,000 tonnes next year. Graham had no concern about the draft of the harbor; it can take vessels up to 58,000 tonnes. \{ANR&P discussion 8.May.08\}

Lafarge and CBNS comment
James Kirkpatrick, Lafarge plant manager, explained that the coal supplier decides the route: he buys the coal “FOB Brookfield.” He noted that from Sydney to Brookfield (200 miles) is farther than from Halifax to Brookfield (60 miles).

Outbound cement has decreased from 500 per year [see 06#08A] to under 100 carloads a year. \{ANR&P discussion 16.May.08\}

Roy Budgell, CBNS marketing manager, had no direct reason for CN’s change on prices; “I’d like to think it was due to the marketing guy at a short line.” Perhaps CN’s supplying the cars had something to do with it.

The move is lined up only for 2008, stopping only when the weather gets so cold the coal will freeze in the cars; he’d like to push the parties involved to a multi-year contract. \{ANR&P discussion 15.May.08\}

SCFQ: 1Q LOSS*

**LOGISTEC REPORTED THE RAILWAY HOLDING COMPANY HAD SUFFERED A LOSS** via Logistec’s 1Q08 report:
‘The share in the results of companies subject to significant influence, which consists mainly of our share in the results of Quebec Railway Corporation Inc. (“QRC”), amounted to $(0.1) million in the first quarter of 2008, up from $(0.4) million for the equivalent period in 2007. As discussed in the 2007 Annual Report, due to a special “put” option of one of QRC’s shareholders, its portion of the capital stock should be considered as a liability and not equity, and be valued at fair value in QRC’s books, as per the Canadian Institute of Chartered Accountants’ (“CICA”) EIC-149 “Accounting for Retractable or Mandatorily Redeemable Shares”. In the first quarter of 2007, the Company had received a new evaluation of QRC’s market value and therefore the reduction in our share of QRC’s earnings by some $0.6 million was mainly due to the application of this rule. No new evaluation of QRC’s market value was received in 2008; therefore the results posted represent Logistec’s share of QRC’s loss in the first quarter of 2008.’ \{Logistec website\}

SYDNEY: CONTAINER SUPPORT

15 May. **LAURENTIANT ENERGY ANNOUNCED SUPPORT OF $200 MILLION FOR ITS CONTAINER TERMINAL PROJECT**, during Sydney Port Days. Laurentian CEO Jim Wooder said the manufacturing and commercial property management group will now work with Paris-based Galaxy SARL to design and construct the terminal on the west side of the harbour’s south arm at Sydport, and select an operator.

The two-berth container facility would have an annual through-put capacity of 750,000 TEUs. That compares with a capacity at Halifax of about 1.2 million TEUs and 1.5 million TEUs for the Melford terminal in Canso [see other article]. The terminal is estimated to create 1,200-1,500 direct jobs and up to 3,500 positions once indirect and induced jobs are
considered.

Wooder said the opportunity facing Sydney is driven by vessel size, cost, and efficiency. A greenfield site will allow them to develop ship-to-rail efficiency and set Sydney up as a low-cost service provider, he added. “It’s relying on the most natural of assets, it’s relying on development of something that gave Sydney a reason to exist in the first place...

“You can’t build these things sequentially and hope to be to market in an appropriate period of time, so we will get into design engineering, selection of design build contractors, selection of terminal operators, all in parallel,” Wooder said.

Galaxy comments

“This is my job, this is what we do, we invest in infrastructure projects worldwide,” said Corinne Namblard, Galaxy fund founder and CEO. “We will raise ourselves the funding and we will commit the necessary level of equity.”

Ports are a piece of a supply chain, she said, and Galaxy works with others interested in becoming partners in that supply chain. She said her firm funds projects in the billion-dollar range, and called the Sydney project well within its scope.

“There is a window of opportunity ... there is a time line when these superships are coming into the market and we’ve got to be ready,” Namblard said.

Laurentian comments

Laurentian knew that at some point it would need a partner not only to bring more money but also understand how to operate in this community, Wooder said. “Galaxy brings to us absolutely everything that is required to take this project from this point forward to fruition.”

Wooder said the project could be built for less than the $200 million commitment. “We benchmarked that against other greenfield sites that have been constructed in recent memory and this project has no rivals in North America.”

Dredging needed first

Dredging the harbour’s outer channel to a depth of 17 metres, costing $30 million, is the subject of an environmental assessment [see 08#01A] which was filed in April; the terminal needs that to handle 8500-TEU ships. The assessment is expected to be completed in January and, if approved, dredging would begin in the fall of 2009. The terminal would be expected to start operating in the second half of 2010.

Laurentian and Galaxy are working together to secure financing for the dredging, and Namblard said they will look to government gateway programs for possible assistance for that component, although there will be private funding as well.

The harbour dredging will also open up potential bulk cargo opportunities for the port, Wooder said, such as coal shipments if Donkin mine reopens. {Nancy King in Cape Breton Post 16.May.08}

CANSO: MELFORD TERMINAL*

13 May, Halifax. INTEREST IN USING THE PROPOSED CONTAINER TERMINAL HERE IS GROWING, said Richie Mann, vice-president marketing for Melford International Terminal Inc. He is “pleasantly surprised” by the interest from the Great Lakes, more than the company had expected “this early on [from] ports and independent companies interested in establishing a fleet for short sea and feeder services.”

Export, especially refrigerated

Mann is aware that booming exports from North America have caused a shortage of international containers, and
refrigerated space. For cargo needing cooling, he noted, time in transit is important. Canso is the closest port to Asia via Suez.

As for the shortage of containers, he said that “we are working with partners taking all that into account. We have the advantage of starting with a blank canvas.”

Visit to Ohio
In early May, Melford officials including Mann visited Columbus, the state capital, to talk with Governor Ted Strickland about opportunities for short-sea and feeder shipping via Canso. Melford believes that a majority of containers through Canso would make the inland journey by rail. But the port could become a relay point for smaller container vessels moving freight between Nova Scotia and Ohio via the St. Lawrence Seaway and Great Lakes.

“There is the potential for waterborne inland distribution,” said Terry Johnson, administrator of the St. Lawrence Seaway Development Corporation, who accompanied the Melford delegation to Columbus. Ohio is “a natural distribution point,” with about one-third of the cargo Melford anticipates handling destined to points within a one-day truck haul from northern Ohio.

The Cleveland-Cuyahoga County Port Authority has been working with an investor in the Great Lakes Feeder Line [see 08#03B] to plumb business prospects here. Officials want the shipping line to add Cleveland as a stop in the next couple of years. “We can handle some [containers] today,” said Cleveland-Cuyahoga County Port Authority President Adam Wasserman. “We’re trying to move the market and create a place in the logistics hub that makes Cleveland more of a center point.”

Toledo officials also attended the meeting. “It almost seems tailored for Toledo to become a major stakeholder and beneficiary,” said James Hartung, president of the Toledo-Lucas County Port Authority. “There’s the potential for a very direct, real application of the short-sea shipping concept.” If only 20% of the freight went through the seaway, it could be a “wonderful opportunity” for Toledo.

Problems for US Lakes ports
Container-hauling capability into the Great Lakes is generally confined to deck placement on bulk-cargo freighters. The seaway's wintertime shutdown, typically from Christmas until late March, discourages potential shippers who prefer to avoid making seasonal supply-chain adjustments.

And the economy of short-sea shipping is stymied by the harbor-maintenance tax that the United States charges on cargo shipped to U.S. ports. Legislation sponsored by U.S. Representative Stephanie Tubbs Jones (D, Cleveland), would exempt non-bulk cargo, such as containers, from the tax. The bill is moving through Congress.

“No question there are challenges,” said Johnson of the St. Lawrence Seaway Development Corporation. “The numbers have to work for the private sector. But it's promising. We are a channel for bulk [cargo] now, and to become one for containers would be very exciting.”

A seaway-size vessel probably could carry between 700 and 800 TEUs, “boxes now targeted to specific markets,” said Hartung, potentially enough to allow Cleveland and Toledo to pursue such shipments cooperatively, rather than trying to compete with each other for it. {David Patch in Toledo Blade 4.May.08; Tom Breckenridge in Cleveland Plain Dealer 10.May.08}

Target dates
Per Mann, the company has “everything submitted for our environmental permits,” and the deciding bodies, both federal and provincial, have time lines for a decision. “The indication is that provincial and federal governments should issue permits this summer.”

Melford is proceeding at this time with engineering for the terminal, the landside facilities, and the rail spur to Melford from the current CBNS line [see 08#01B (two articles) and 07#05B]. Stakeholders CBNS and CN are
participating in the rail work. With permits in hand, Melford will find contractors to do the actual construction. {ANR&P discussion 13.May.08}

How can both terminals prosper?
Roy Budgell, the railway’s marketing honcho, attended Sydney Port Days and the announcement about Sydport [see above]: “It’s exciting news.”

Asked about handling both Sydney and Canso container terminals, he said: “We are proceeding with each one as they develop. We take the next steps, they’ve been small steps so far.” The question of building two large terminals close to an existing one, “has crossed our minds.”

Who would build the new spur for Melford is not yet decided, he said. Indeed, “the actual alignment not completely confirmed.” {ANR&P discussion 15.May.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.

Berkshire Biodiesel (CSXT-proposed, Massachusetts)
CT Biodiesel (CSO - proposed, Connecticut)
Grimmell (ST - proposed, Maine - see Regional)
Lafarge Cement (CN/CBNS, Nova Scotia)
Maine Intermodal (SLR, Maine #914)
Pacific Northeast (ST, Massachusetts)
Pleasant River (ST - proposed, Maine)
Safe Handling (SLR, Maine #923)

---

### ATLANTIC NORTHEAST RAILS & PORTS

162 Main Street  
Yarmouth, Maine 04096

Vox (207) 846-3549  
Fax (contact me for #)

Chalmers (Chop) Hardenbergh, publisher and editor
editor@atlanticnortheast.com  
www.atlanticnortheast.com

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.

Pricing
Subscriptions cost $395 for professionals, $115 per year for students, young and old. (Subtract $30/year for e-mail). Introductory prices available. The e-bulletin, sent by e-mail at least weekly between issues, is free of charge to all subscribers.

Advertising
Subscribers may purchase half-page ads for $100 per issue. Non-subscribers, $200.

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

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