

*Article unchanged from e-bulletin.

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

OTHER REGIONAL ISSUES

MMA: Service cutbacks due to traffic loss.

NS-ST DEAL

NS-ST deal: STB rules minor transaction.

NS-ST deal: Filings:

- Who intends to participate
- Other filings

NS-ST deal: VRS concern, response.

NS-ST deal: New Hampshire response.*

- NHDOT's Campbell and meeting with Fink*
- NEGS owner Pete Dearness*
- MBRX owner Peter Leishman*
- 1987 track standard order.*

NS-ST deal: Ayer customers in ST account.*

NS-ST deal: ConnRiver, Rotterdam 10 mph.*

CONNECTICUT

ST: National Eastern closed its doors.

MAINE

MMA: First laminated-strand lumber.* Service.*

MMA/Searsport: Biomass slows oil move.

SLR: Possible intermodal customer.

Safe Handling: Pittsburgh ethanol transload.*

ST/MMA: Hazmat permit need renewed.*

ST: New coal receiver at Cavendish facility.*

ST: Red Shield files for bankruptcy.

Portland/ST: Suspension of barge service.

Portland: Possible container customer.

Searsport: Irving planning to receive ethanol.*

MASSACHUSETTS

ST: Indicted for unreported oil spill.* Update on

spats with Westminster and Deerfield.*

NBSR/ST: More on new USG facility in Ayer.*

NEW HAMPSHIRE

Legislature: Passenger rail liability bill signed.*

NEGS-MBRX: See *NS-ST deal*.

ST: Hazmat permit need renewed.*

ST: Perini Corporation no longer a customer.

RHODE ISLAND

[No report.]

VERMONT

[No report, but see *Regional* on VRS concerns.]

MARITIMES/QUÉBEC

MMA/CN: Railpower in St.Jean sur Richelieu.

Halifax/CN: Traffic drop but CN keeps service.

Halifax: Great Lakes feeder started with Toronto.**

Saint John: Looking to Latin America for growth.*

Yarmouth NS: Freight ferry, offshore oil and gas.**

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Peter Touesnard, Louis Elisa, Rick Armstrong,
Robert Grossman.

FROM THE PUBLISHER

File today!

If you're thinking you want to comment on NS-ST,

Common abbreviations: **BCLR** - Bay Colony RR, **BML** - Belfast & Moosehead Lake RR, **CBNS** - Cape Breton and Central Nova Scotia Ry, **CCCR** - Cape Cod Central RR, **CCRR** - Claremont Concord RR, **CFQ** - *chemins de fer Québec* System, **CMAQ** - congestion-mitigation or air quality (money from the US federal government for these purposes), **CN** - Canadian National Ry, **CNZR** - Central New England RR, **ConnDOT** - Connecticut Department of Transportation, **CP** - Canadian Pacific Ry, **CSO** - Connecticut Southern RR, **CSRX** - Conway Scenic RR, **CSXI** - CSX Intermodal, **CSXT** - CSX Transportation (railroad), **EOT** - Mass. Exec. Office of Transportation, **GRS** - Guilford Rail System (Maine Central RR, Portland Terminal RR, Boston & Maine, all leased by **ST** - Springfield Terminal Ry), **GTI** - parent to GRS, **GWI** - Genesee & Wyoming Inc, **FHWA** - Federal Highway Admin., **FRA** - Federal Rail Admin., **FRTC** - Fore River Transportation Co., **FTA** - Federal Transit Admin., **HRRC** - Housatonic RR, **MBCR** - Mass. Bay Commuter RR, **MBRX** - Milford-Bennington RR, **MBTA** - Mass. Bay Transportation Authority, **MC** - Massachusetts Coastal Railroad, **MCER** - Mass. Central RR, **MDOT** - Maine Department of Transportation, **MERR** - Maine Eastern RR, **MMA** - Montréal, Maine and Atlantic Ry, **MPO** - Metropolitan Planning Organization, **MTQ** - Québec Ministry of Transport, **NAUG** - Naugatuck RR, **NBDOT** - New Brunswick Department of Transportation, **NBSR** - New Brunswick Southern Ry, **NECR** - New England Central RR, **NEGS** - New England Southern RR, **NHCR** - New Hampshire Central RR, **NHDOT** - NH Department of Transportation, **NHN** - New Hampshire Northcoast RR, **NNEPRA** - Northern New England Passenger Rail Authority, **NS** - Norfolk Southern Railway, **NSDOT** - Nova Scotia Department of Transportation, **Pan Am** - new name for GRS, **PVRR** - Pioneer Valley RR, **PW** - Providence & Worcester RR, **QCR** - Quebec Central Ry, **RIDOT** - Rhode Island Department of Transportation, **Seaview** - Seaview Transportation Company, **SLQ** - St.Lawrence & Atlantic Ry (Québec), **SLR** - St.Lawrence&Atlantic RR, **TIRR** - Turner's Island LLC, **TEU** - twenty-foot equivalent unit (measure of container traffic, equal to a 20x8x8 foot box), **VAOT** - Vermont Agency of Transportation, **VRS** - Vermont Rail System (Green Mt. RR Company **GMRC** + Vermont Ry **VTR** + Clarendon&Pittsford RR **CLP** + Washington County RR **WACR**), **WHRC** - Windsor and Hantsport Ry.

file a Notice of Intent to Participate by Friday. That's the deadline. See *Editorial*.
- Chop Hardenbergh

Next issue 18 July

OTHER REGIONAL

MMA: SERVICE CUTBACK

3 July, Bangor ***THE RAILWAY ANNOUNCED IT HAD TRIMMED ITS TRAIN SERVICE AND FURLOUGHED 33 EMPLOYEES AT THE END OF JUNE.*** “The current economy has caused a downturn in paper, lumber and other forest products shipments which, along with extraordinary snow removal and spring flooding expenses, have forced us to make adjustments to keep the railroad operating efficiently and still provide reliable service to our customers,” said Bob Grindrod, MMA president.

The Katahdin Paper Millinocket mill shutdown on 28 July [see08#06A] also affects MMA: “Paper from the Millinocket mill and inbound raw materials account for about 12% of our total business,” Grindrod said. [See *Maine* for drop in oil move.]

The service reduction

Cutbacks include reducing service from six to five days a week on the main line between Millinocket and Montreal. Trains on most other main and secondary lines will operate three days a week. Layoffs will primarily affect operations, mechanical and engineering forces, Grindrod said.

Per the press release, the railway ‘coped with an even larger downturn in 2003 when its largest customer, Great Northern Paper (now Katahdin Paper), closed both its Millinocket and East Millinocket mills and filed for bankruptcy.’

Paper and forest products generate about 60% of MMA’s volume. MMA handles about 40,000 freight shipments annually and serves approximately 300 customers in Maine, Vermont, Quebec, and New Brunswick.

Searsport initiative

In an effort to gain new customers, MMA has launched an international initiative to increase shipments via Searsport, Maine. “The Mack Point Terminal is one-to-three days shorter sailing time between Europe and large East Coast ports,” notes Grindrod. “It’s also less congested and we have larger clearances for oversized shipments.”

The rail advantage

The press release underscored the advantage of rail: ‘Since operations began in 2003, MMA has handled about 250,000 shipments while taking an estimated 700,000 trucks off US and provincial highways. “In addition to reducing pollution and saving energy, MMA rail service has reduced road repairs and expense to taxpayers,” Grindrod added. {text from MMA}

One reaction

A rail industry insider commented: “This economy is going to be in turmoil for a long time...In an age of uncertainty, you want to have a lot of diversity both in commodities carried and in geography. MMA has neither. The freight business in Maine is in decline and MMA needs to maximize the overall value of the franchise and the job won’t be done until the railroad is handling everything that covers its direct and shared cost of capital -- however we agree to measure that.” {quoted in Roy Blanchard’s *Railroad Week in Review* 4.July.08}

NS-ST DEAL

STB: ACCEPTS AS ‘MINOR’

27 June, DC. *THE STB ACCEPTED THE NS-ST DEAL AS A MINOR TRANSACTION AND SET A PROCEDURAL SCHEDULE.* The Board wrote: ‘Based on the information provided in the application, the Board finds the proposed Transaction to be a "minor transaction" under 49 CFR 1180.2(c). A transaction that does not involve two or more Class I railroads is minor if (1) it would clearly not have anticompetitive effects, or (2) any anticompetitive effects would clearly be outweighed by the transaction's contribution to the public interest in meeting significant transportation needs. On the face of the application, there does not appear to be a likelihood of any anticompetitive effects resulting from the Transaction....’

However

‘The Board's finding regarding competitive impact is preliminary. The Board will give careful consideration to any claims that the Transaction would have anticompetitive effects that are not apparent from the application itself.’

Procedural schedule

‘The Board is adopting a procedural schedule that is similar to Applicants' proposed schedule, but providing more time for interested parties to file comments:’

7 July	Comments on the Environmental Appendix
11 July	Notice of Intent to Participate
11 August	Comments, protests, requests for conditions
5 September	Responses and other opposition and rebuttal
(no date)	A public hearing or oral argument, if Board decides
20 October	STB final decision
5 November	Effective date of decision

{FD 35147 from STB website }

NS-ST DEAL: WHO WILL JOIN?

As of 7 July, the STB website carried the following filings:

NOTICE OF INTENT TO PARTICIPATE

RailAmerica, CSO, NECR. Filed 26 June. Counsel Louis Gitomer.
PW. Filed 30 June. Counsel Ed Greenberg (Galland, Kharasch, Greenberg)
UTU. Filed 30 June. Counsel Daniel Elliott (UTU)
VRS. Filed 3 July. Counsel Andrew Goldstein (McCarthy, Sweeney, Harkaway).

POSSIBLE PARTICIPATION

NHDOT: Commissioner George Campbell wrote on 7 July: ‘Kit [Morgan] and I discussed intervention last week.’

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As a department of transportation we will receive all the filings and keep abreast. Intervention is a level of potential involvement and cost I am not sure is warranted at the present.' {e-mail to ANR&P 7.Jul.08}

VAOT: Considering filing, will decide after reviewing VRS filing. {ANR&P discussion}

EOT: No comment yet.

Maine Public Advocate: Dick Davies wrote: 'My office is not able to intervene in any railroad matters since railroads are not regulated by the Maine PUC and we can only get involved with utilities within the jurisdiction of the Commission.' {e-mail to ANR&P 7.Jul.08}

ConnDOT: The Connecticut Public Transportation Commission at its 5 June meeting agreed to recommend ConnDOT intervene. {CPTC minutes} Calls to ConnDOT were not returned by press time.

SUBSTANTIVE FILINGS

BLE and UTU. Filed on 3 July a request to make the transaction significant, joining with VRS. The unions note that the Notice of Exemption does not seem to have any labor protection attached to it, though the initial Application did.

Progressive Rail. Filed on 2 July a letter from President Dave Fellon supporting the transaction.

VRS and VAOT request to make significant transaction.

Applicants response to VRS 24 June. Counsel Andrew Goldstein (McCarthy, Sweeney, Harkaway). [See below.]

NS-ST: EFFECT ON VRS

24 June, DC. **VRS EXPRESSED CONCERN ABOUT THE IMPACT OF THE NS HAULAGE** on its own traffic, in a filing supported by VAOT (letter written by Sam Lewis, director of operations). 'The proposed transaction will alter traffic patterns throughout Massachusetts, Connecticut, and Vermont and throughout the VRS system...making the territory served by VRS a new dominant market for NS.' {page 4}

The main fear: NECR will cancel its haulage between White River Junction and Palmer, and ST cannot provide adequate replacement haulage.

ST service to White River Junction

'At present, the Applicants operate just one or two trains a week over that route [East Deerfield to White River Junction] and nothing in the Application indicates that improved service is contemplated by the Applicants.

'By contrast, using NECR haulage, VRS traffic moves between the Palmer interchange with CSX, Bellows Falls, and White River Junction on an average of six days per week. Thus, forced reliance on Applicants's service [if NECR cancelled the haulage agreement to Palmer] would sharply reduce the ability of GMRC and WACR to compete and sharply reduce the quality of service enjoyed by their customers.' {page 6}

VRS interchange with CSX and NS

According to Wulfson's Verified Statement, VRS has significant (amount redacted) traffic with both CSXT (reached via NECR haulage to Palmer) and NS (reached via CP in Whitehall).

VRS interchange with CSX via ST

Wulfson further stated: 'On occasion, when required by shipper routing, VRS has used B&M routing and service between White River Junction, Bellows Falls, and Springfield, but B&M service is so poor it is avoided by VRS whenever possible....I have even seen a written statement that the Applicants have no plans to upgrade service along the Connecticut River.' {page 2, page 7}

GMRC haulage proposal

Wulfson again: 'On January 12, 2000, GMRC made a haulage proposal to Guilford Rail System...for haulage by ST between Bellows Falls and White River Junction, in return for allowing ST access to VRS' White River Junction yard XXXXXXXX (redacted) and the parties were to work toward increasing service on ST to five days a week. The proposal was signed, but VRS cannot locate its signed copy. Pursuant to that agreement, ST has used our White River Junction yard for over eight

years, beginning right after the January 12 agreement was exchanged XXXXXXXXXXXX (redacted).

'GMRC has not yet exercised the haulage rights to White River Junction in part because of an inability to reach an appropriate haulage agreement with ST. The January 12, 2002 Agreement [Wulfson said both 2000 and 2002 may be correct—VRS may have two agreements with ST. {e-mail to ANR&P 8.Jul.08}] with Guilford suggests to me that the Applicants believe they have the right to provide haulage for third parties over the track owned by NECR between White River Junction, Bellows Falls, and points south that are owned by NECR.

'In fact, for over a year prior to the filing of the current application, I held frequent conversations with a senior official of Pan Am Southern and predecessor companies, looking toward increased operations over the B&M lines along the Connecticut River, but as soon as the current application was filed, that official terminated our talks.'

NS-ST reply

NS and ST, in their response to the VRS petition, wrote: 'In this case, VRS' principal complaint is that the Transaction will provide another short line railroad, [NECR], a shorter and better route via the new [PAS] than NECR now has over VRS, which VRS speculates will cause NECR to discontinue a haulage service it now provides to VRS. Even if there were any basis for that improbable speculation, the result would not reflect any harm to competition, only a possible harm to a competitor; competition and service to customers in fact would be enhanced.'

'Mr Wulfson speculates that the Transaction will induce NECR to stop providing haulage for VRS traffic because the Transaction will make it unnecessary for NECR to continue using a VRS haulage service over a northern route from Bellows Falls through Rutland to Whitehall in order for NECR to connect with [CP] and [NS]...: "I believe firmly that, if NECR no longer requires haulage via VRS to connect with NS via Whitehall and CP, NECR will have no reason to continue to maintain a commercial balance with VRS and will terminate the haulage that is essential to VRS between Palmer, Bellows Falls, and White River Junction."...

[Wulfson does not mention that the new interchange between VRS and ST in Hoosick Junction has reduced ST's use of NECR track between Bellows Falls and East Northfield—see 08#04B *Regional*]

NS and ST continue: 'Even if NECR did decline to continue moving VRS traffic on a haulage basis, it would continue to have a legal obligation to interchange traffic with the VRS carriers and to move that traffic over NECR's line on an interline basis....

[Footnote 5 states] VRS will also be able, post-Transaction, to utilize PAS...to move its north-south traffic between White River Junction and other Vermont points and CSXT at Springfield, MA via PAS's line between Springfield MA and East Northfield MA. Although VRS disparages the quality of Springfield Terminal's rail service over that line to date [see above for direct quote]...and the fact that the initial capitalization for PAS will be devoted to the Patriot Corridor, Applicants believe the large infrastructure investments they propose eventually will result in improved service over the entire PAS system.

Alternative: haulage to Rotterdam Junction

Wulfson noted that the VRS system could not sustain the loss of traffic resulting from the cancellation by NECR of its haulage of VRS traffic. 'The Board should take procedural steps that will allow a thorough exploration and evaluation of service options in Vermont that will be threatened by the proposed transaction. One such option is to require B&M, ST, or PAS to provide reliable and frequent haulage between Bellows Falls and White River Junction.

In particular, Wulfson also requested that the STB make provision for an alternative connection between VRS and CSXT. 'There may be more than one way to do so, but the best alternative would be to require PAS or another member of the Applicants family of carriers to provide haulage of VRS cars between Hoosick Junction and Rotterdam Junction where there is also an interchange with CSX....Hoosick Junction to Rotterdam Junction is only 43 miles, far shorter than the 122-mile route of Applicants from White River Junction to Springfield.' {page 5}

NS-ST DEAL AND NEW HAMPSHIRE

In the filing of the NS-ST deal, the railroads show they would create the Pan Am Southern, which would, as far as New Hampshire is concerned, affect only the western edge: the trackage rights which ST holds on NECR from East Northfield to White River Junction.

The 'remaining Springfield Terminal system' as the filing dubs it, will retain the trackage from Nashua to Concord and beyond, called by ST the "New Hampshire Main" with branches. Two New Hampshire short lines, NEGS and MBRX, utilize this trackage and have concerns about the effect of the deal on their operations.

Interestingly, a 1987 State of New Hampshire Order requiring certain track standards on the ST lines recently came to light. This is summed up below.

Position of NHDOT Commissioner George Campbell

On 6 June, Campbell and the department's rail administrator, Kit Morgan, met with ST President David Fink for a briefing on the NS-ST deal. Campbell commented on 12 June:

“As a general commitment, DOTs would like to move more freight to rail.” The \$140 million in private investment in the rail lines, and the strengthening of intermodal, is “totally beneficial, with no downside....[it gets Norfolk Southern] into the region as a partner, and provides competition.”

Asked whether due to ST’s commitment to PAS, things might get worse for the remainder of the ST system, Campbell said: “It’s not my sense that things will get worse. In order to get a return, [they will] keep up the service, and do an even better job....That backbone will see even more traffic, and needs to be fed from New Hampshire.

“I can see where people might have a concern, but I believe all ships go up on a rising tide.” He added: “This investment shows a re-commitment to the northeast corridor. Pan Am is stepping up. They have wanted dearly to hold on to ownership and issues like that. I got the sense from Fink, that this is a demonstration of rail service throughout the northeast corridor.” {ANR&P discussion 12.Jun.08}

On 16 June, Campbell met with the owners of NEGS and MBRX:

NEGS

Pete Dearness, owner of the New England Southern Railroad, has an outstanding lawsuit against ST for unpaid car revenue, and an outstanding STB proceeding for adverse discontinuance in which ST wants to remove him from its tracks [see 08#05B–ST has not moved ahead on this]. On 17 June, Dearness noted that NEGS will submit something to the STB on the deal.

His fear: the commitments ST is making to maintain service for PAS [see 08#06A] may draw away resources from the rest of the system. In the past, he has noted that when service got better elsewhere, for example in Maine, his service got worse. {ANR&P discussion}

MBRX

Peter Leishman, owner of the Milford Bennington Railroad, is concerned about the state of the ST track over which he operates. For his sole customer, Granite State Concrete [see below], MBRX moves aggregate from a quarry on the state-owned, MBRX-leased part of the Hillsborough, to a processing facility for the company on the part of the Hillsboro branch owned by ST.

On 5 June, Leishman noted that the existing lease between MBRX and ST “has long since expired, and we are trying to negotiate a new lease.” Track condition on ST’s section is now so poor it is excepted track [trains must run below 10 miles per hour, no hazardous or passenger traffic permitted–*editor*]. “It’s hurting us. Our customer needs four trains a day, we can’t do it. We have trouble doing even three.” Yet across the country, railroads are thriving, he commented.

On 17 June, after his meeting with Commissioner Campbell, Leishman noted that Pike and Monadnock would like to use rail but were concerned about service [see below]. “We’re just missing out” on more traffic on the branch.

Offer to buy line

Leishman noted that he has for some time “put forward proposals to buy” the ST trackage he runs over. “We would upgrade to better than class 2, and give ST free trackage rights to their one customer” Hendrix Wire and Cable [see below].

“They have shown absolutely no interest; it’s baffling to everyone, since they would get track in better condition to run to Hendrix, and retain the entire division settlement. We’re not looking for anything in addition.” {ANR&P discussions 5 & 17.June.08}

Current, former and future customers for ST and MBRX

Hampshire Paper, near West Street. Served by ST, this company receives one or two carloads a year. {ANR&P discussion 17.Jun.08}

Hendrix Wire and Cable, 53 Old Wilton Road, our *Directory* #77. ST delivers plastic pellets.

Granite State Concrete #76, #80. MBRX moves thousands of carloads a year between a quarry in Wilton (#80) and a processing plant in Milton (#76) near Old Wilton Road on the ST section.

Suburban Propane, #78. Located at 8 Hitchner Way on the ST section in Milford. Last used rail about four years ago. {ANR&P discussion 16.Jun.08}

Pike Industries, 50 Quinn Drive in Wilton, #81. Pike, formerly a significant supplier of stone to ST, has declined to sell to the railroad because of past failure to pay bills. Pike did permit ST to pick up some stone in 2004, but that was paid for by a third party [see 04#08A]. ST has trackage rights over MBRX to serve Pike, but has not used them since 2004.

Monadnock Paper. If service improved, MBRX could also serve Monadnock Paper in Bennington, formerly served by ST before it sold the end of the branch to the state. Leishman has kept the tracks open to Bennington at his own expense. In early May, Richard Varney, Monadnock CEO, said: “The truckers keep raising the fuel charges every month, and it’s very difficult to pass on to our customers. In an ideal world, we’d love to have rail service.”

But Varney fears that ST cannot provide reliable service. The company has refitted its shipping dock for truck service, and changing back would be costly. {Hippo Press (Manchester alternative newspaper) 12.May.08}

TRACK AND SERVICE STANDARDS ST IS NOT MEETING

Curiously, ST was given standards of track which do not reflect its current operation on the New Hampshire Main, though it can legally maintain that those standards no longer apply.

In 1987, the leadership of the B&M and the Maine Central sought to improve labor efficiency by leasing the entire system to one small part of it: the Springfield Terminal Railway which then operated from Charlestown New Hampshire to Springfield Vermont [see photo of original track in 02#11B]. ST and B&M jointly applied to NHDOT’s Bureau of Rail Safety for approval of the lease of four lines:

- The New Hampshire Main from the Massachusetts state line (milepost 34.50) to Manchester (MP 56.00).
- The Hillsboro Branch from Nashua to MP 16.3 in Wilton.
- The northern part of the Manchester-Lawrence branch from Manchester to MP 4.3 in Londonderry.
- The western segment of the Manchester-Portsmouth branch from MP 0.25 to MP 2.01 in Manchester.

NHDOT decision

The Bureau of Rail Safety approved the lease, and imposed the following conditions:

Track maintenance. ‘[A] track maintenance program shall be adopted to upgrade’ the last three lines to FRA Class 1; and

The New Hampshire Main ‘shall be maintained as Class 2 or above’.

Reasons for decision

The hearing officer, Walter Kingsley, who administers the Bureau of Rail Safety, took testimony from shippers with major traffic [none of which remain twenty years later—*editor*]:

- Georgia Pacific 786 carloads of building materials to Manchester (noting that system-wide, ST handled 12,000 to 14,000 carloads)
- W.R.Grace 3,000 carloads of hazardous materials to Nashua (noting it would like to add more trackage to its yard and do its own switching).

- Coca Cola 700 tank cars of corn syrup to the Hillsboro branch. The traffic manager expressed concern that ‘over the past few years the condition of the track has deteriorated with no plans for improvement with the result that slow orders have been in effect and unless improvement in the track structure is made the service cannot be continued very long in the future.’

Coca Cola had conferred with other customers along the branch to seek track rehab, without success. It requested a track upgrade and six-day service.

Kingsley noted in his findings: ‘Much reliance is placed on the fact that a short line railroad such as the Springfield Terminal is in a better position economically to provide the required service and to upgrade the approximately 23 miles of excepted branch track mileage to Class 1 condition as required by the provisions of the lease in addition to the necessary yard tracks. The testimony at the hearing indicates that the general manager of Springfield Terminal was unsure of the plans for rehabilitation required by the lease, the subject of our approval...

‘[I]f the deterioration of the property is allowed to continue as it has in the past few years it will be impossible to safely operate trains even at very slow speeds.’

NEGS

Dearness told the hearing officer of inadequate interchange facilities in Manchester. {text of findings and order}

NS-ST DEAL: AYER SWITCHING

30 May, DC. ***ST WILL RETAIN ALL CUSTOMERS AROUND AYER***, according to the filings on the NS-ST deal. As noted in the draft Operating Plan attached to the Application: ‘PAS will also provide switching services to Springfield Terminal permitting Springfield Terminal to retain access to customers in the defined Ayer switching district.’ {page 11}

The ‘Ayer Switching Agreement’, appendix H to the Application, states in the recitals: ‘Whereas the Transaction Agreement provides for Pan Am Southern to provide to Springfield Terminal certain switching services for the movement of certain traffic that moves in Springfield Terminal’s own revenue waybill account (“Springfield Terminal Traffic”) between the lines remaining to Springfield Terminal immediately following the completion of the Contribution that lie north and east of Willows (“Remaining Pan Am”) and certain industrial locations in Ayer,’ {Switching Agreement page 1}

Which customers affected?

‘The Industrial Locations are all those industrial and commercial locations served by rail on the attached Ayer Customer Map [map not included in filing] between CPF 312, Ayer and Shirley line, and Ayer and Harvard line, other than the Sanvel [sic] Automotive Facility and the Ayer Automotive Facility....By way of clarification only, and without intending to modify the immediately-preceding sentence, the Parties intend that Springfield Terminal shall have access, pursuant to this Agreement, to all current and future shipping customers located at the Industrial Locations, and that access is not to be restricted to shipping customers existing as of the date of this Agreement....’

ST has no access to the intermodal facility, except to deliver intermodal traffic to and from the Remaining Pan Am.

‘For revenue purposes, cars switched under this Agreement shall remain in the account of Springfield Terminal, and Pan Am Southern shall not be entitled to any line haul revenue for the handling of such cars, nor appear in any rates, routes, or divisions pertaining to any Cars in the account of Pan Am Southern [sic, but NS spokesperson Rudy Husband wrote it should say ‘Springfield Terminal’–{e-mail to ANR&P}], except as specified otherwise herein.’ {Switching Agreement, section 2, page 5}

If ST no longer operator

‘In the event that Springfield Terminal ceases to be the Railroad Operator to Pan Am Southern, Pan Am Southern commits to switching a customer facility within 48 hours after Pan Am Southern receives notice that the customer

has released cars for movement....Pan Am Southern shall reimburse Springfield Terminal for any car hire expenses incurred as a result of failure to provide such switch within said time.’ {Section 3, page 7}

NS-ST DEAL: TRACK CONDITIONS

Underscoring the need for investment in infrastructure:

early June. **ST POSTED THE ENTIRE CONNRIVER MAIN AND ROTTERDAM JUNCTION RUNNING TRACK TO 10 MILES PER HOUR**, according to one source with access to the Temporary Speed Restriction Summary. {e-mail to ANR&P}

CONNECTICUT

ST: ANOTHER CUSTOMER LOST

3 July, Plainville CT. **NATIONAL EASTERN CLOSED ITS DOORS TWO MONTHS AGO**, according to a person manning the phones here. {ANR&P discussion 3.Jul.08} It received structural steel by rail [our *Directory* #621].

Reportedly, the owner, in his 80s, did not want to sell the business as a going concern. Over the last few years, it had wound down to only a handful of workers. {CT shortlines post 3.Jul.08}

Other business lost to ST

The Plainville facility of Tilcon [our *Directory* #619], which produces aggregates, no longer uses rail to deliver to the Waterbury facility [#633]. Nor does Flakeboard [#628]. Peter Paul closed [#635]. Baer in Waterbury is embargoed [see 08#01A].

On the bright side, Clark Steel plans to start railing in steel to its new Bristol facility in August. CNZR is installing track. {e-mail to ANR&P from General Manager Patrick Ricks 8.Jul.08}

MAINE

MMA/SEARSPORT: OIL MOVE

1 July, East Millinocket. **KATAHDIN'S MILL HERE STOPPED USING ITS OIL-FIRED BOILER** in the past week, said spokesperson Glenn Saucier. The mill relies on oil (40%) and biomass (60%) to produce steam [see 08#06A] normally. During the summer, with building heat nil, and some “very small projects” reducing the need for steam, the mill has found it can rely on biomass alone. Come autumn, though, it will resume using oil.

A change to biomass could be replicated at the mill in Millinocket, which will close 28 July because its oil costs make operation unprofitable. The East Millinocket accomplishment “reinforces the fact that we can be a lot more profitable if we put a boiler in Millinocket,” Saucier said.

Chances for a new biomass boiler

Apart from the travails of Katahdin, an entrepreneur seeking to build a biomass power station in Dolby, a village between Millinocket and East Millinocket, was stopped by the lack of capacity on the New England transmission lines. {Nick Sambides in *Bangor Daily News* 21.June.08}

Saucier said the Dolby station would have had no steam lines to either mill, so it could not have helped the Millinocket facility. Help may come though: he expected news in the next week or two on assistance in building a new biomass boiler.

Rail impact

Millinocket will still need oil until the end of July, and East Millinocket will need oil in the autumn. {ANR&P}

discussion 7.Jul.08}

MMA: LOUISIANA PACIFIC

4 June, New Limerick. **LOUISIANA-PACIFIC CORPORATION SHIPPED THE FIRST RAIL CAR OF LAMINATED STRAND LUMBER (LSL)** from its new LSL manufacturing facility here, L-P's first and one of only a few in North America, according to the company. The facility had produced oriented-strand board (OSB) since 1982 and began making LSL in March. The new, structural-engineered product is based on wood-strand technology and used in residential construction for headers and beams, wall studs, roof beams and rafters, and truss chords.

The mill can produce seven million cubic feet per year. {company press release}

Rail service disappointing

Skip Cleary, the plant's general manager, said on 16 June that he expected to ship five to ten carloads of LSL outbound each week.

Inbound, he receives a carload of resin every four days, and a carload of propane every week. "I'd like to get six carloads of wood three days a week," but MMA cannot move the carloads quickly enough from Irving woodyards farther north in Aroostook County. Irving will load the cars, said Cleary, "but they just sit forever before anyone moves them. We had 30 backed up at one time." Irving has sent the carloads to competitors in the past, because MMA will not deliver them. He has had to change to truck for some inbound wood. [When the plant produced OSB, it shipped 100 carloads a month, and received 15 per month, so MMA is actually getting less traffic unless the inbound wood at 18 carloads a week is added. See 06#07B.]

Cleary was also not happy with his switches. MMA provides a switch at 7PM on Tuesday, then returns before noon on Wednesday. "That's not enough time for me to unload." A third weekly switch usually happens on Friday. Between switches, Louisiana-Pacific uses a front-end loader to move cars. {ANR&P discussion 16.Jun.08}

MMA comment

Joe McGonigle, who handles marketing for MMA, wrote:

'Our current schedule to service LP is three days per week, Tuesday-Wednesday-Friday. We are spotting extra empties (centerbeam flats) so that LP can load at leisure, but generally the traffic is 4-5 carloads a week and developing.

'There have been operational issues, but we've overcome some issues by increasing the amount of spots available (inbound wood from four spots to eight spots) for unloading. The...backed-up wood [developed] during the winter where snow impacted us throughout the whole system, but LP didn't need the wood immediately because at that time they were not operating. I think the 30-carload backup he refers to is misleading, as the wood was on the ground at Irving (not loaded) and LP didn't need it at the time(not operating). Over the rough winter, we didn't want them to take the wood unless they actually needed it so it would give us time to dig out of the snow.

'I think what you have here is a smattering of issues over a long period of time, but as the LP mill increases production/shipping, we will increase the frequency in which they are served. In the meantime, we will serve them according to the above schedule, and we'll continue to work with them in any emergency situations.

'You are correct in that today we are getting less business, but the markets for LSL are being developed by LP Sales and we're confident it will grow and we'll grow with it.' {e-mail to ANR&P }

SLR: NEW LOGISTICS LOCATION?

30 June, Auburn. **THE PLANNING BOARD WILL REVIEW THE PROPOSED 'KITTYHAWK BUSINESS PARK'**, located between Hotel Road and I-95, south of Kitty Hawk Avenue, at its 8 July meeting. Joseph Casalinova, president of Building Solutions of Oxford, Maine, is partnering with the owner of the property, Hart Transportation, to develop the 30-acre park into a logistics and distribution center, as well as a hotel location.

Casalinova touts the Maine Intermodal Terminal [our *Directory* 914] as a plus. "A lot of out-of-state companies are looking to relocate in the general area of the airport and intermodal facility, so this is good geographic access for transportation services," said Casalinova. Among those he's spoken with: General Mills, including its Pillsbury,

Betty Crocker subsidiaries.

Some of the agribusinesses are exploring whether to ship their product in bulk via rail to a packaging and distribution facility in Auburn, then transport the finished goods to markets throughout New England or even overseas.

Foreign trade zone

An added benefit to those companies that ship, manufacture or package products is the Foreign Trade Zone, a designation Auburn won in 2004 from the federal government. The zone, centered on the intermodal facility, is considered outside U.S. Customs, which means goods that pass through it are exempt from certain duty taxes.

Paul Badeau, the Lewiston-Auburn Economic Growth Council's marketing director, has been trying to find clients that would use the FTZ since its designation four years ago. Several companies have looked at the zone and crunched the numbers, but none have pursued a formal agreement.

Building Solutions was awarded an economic achievement award in May from the city of Auburn at the Lewiston-Auburn Economic Growth Council annual dinner. It performs planning, permitting, design, engineering, construction and other services to clients. It recently completed projects for World Harbors, Western Maine Transportation, and Toddle Inn. {Carol Coultas in Lewiston Sun 30.June.08}

The other Auburn logistics companies

Safe Handling [our *Directory* #923], founded to handle chemicals for the paper industry, also receives flour for a customer at its Food Handling subsidiary in Auburn.

Bisson Transportation in 2007 opened a distribution facility on the SLR [see 07#05A] and is now receiving by rail. And, infamously, Wal-Mart built a New England distribution facility in Lewiston, not on rail.

SAFE HANDLING IN PENNSYLVANIA

3 June, Mount Pleasant, Pennsylvania. **SAFE HANDLING RECENTLY OPENED AN ETHANOL TERMINAL IN WESTERN PENNSYLVANIA**, the area's first rail-served ethanol facility. The company is using the transload it first created several years ago in Mount Pleasant, southeast of Pittsburgh. {company press release}

South West Pennsylvania Railroad (SWP) serves the facility daily, connecting to: WLE/CN at Everson (14 miles), CSX at Connellsville (17 miles) and NS at Radebaugh/Greensburg (8 miles). {company website}

ST/MMA: HAZMAT

6 June, Northern Maine Junction. **ST REQUIRED SPECIAL PERMITS FOR THREE HAZARDOUS PRODUCTS**, in an embargo issued this day, an extension of its 2007 embargo [see 07#06A]. Listed reason: 'Prevent Congestion/Accumulation.' The MMA, after obtaining a permit from ST, may receive their cars containing liquified sulfur dioxide, anhydrous ammonia, or chlorine. {AAR embargo site, Embargo No: ST000208}

ST: NEW AUBURN COMPANY

11 June, Auburn. **COAL WILL ARRIVE BY RAIL HERE** when Ring's Coal re-opens the former Cavendish fertilizer facility at Rumford Junction on Hackett Road. Jon Flink bought the coal delivery side of Ring's in 2007, and Downeast Energy bought the oil side, when the company was situated in Yarmouth.

Flink continues to use the Ring name. He moved the coal business to a farm in Auburn, and when coal demand increased, bought the former Cavendish facility [our *Directory* #886] and a portable under-car unloader. Now, he

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wrote, he anticipates 10-15 carloads of coal a year, ‘although I just sold a job that will need one carload alone.’ {e-mail to *ANR&P* 11.Jun.08}

ST: CUSTOMER BANKRUPT

27 June, Bangor. **TWO RED SHIELD ENTITIES FILED FOR BANKRUPTCY.** Red Shield Environmental LLC owns the pulp mill and the rest of the former Great Works paper mill; RSE Pulp & Chemical LLC operates the mill, which, already shuttered ostensibly due to lack of biomass, will remain closed.

On 25 June, Red Shield said it would likely apply for bankruptcy. Its attorney, Robert Keach of Portland firm Bernstein Shur, said then the move would permit a regrouping period to address a short-term cash-flow problem.

A press release issued by Keach and the companies’ Chief Executive Officer Edward Paslawski stated: ‘Recent market pressures have created a significant cash flow and liquidity problem for RSE Pulp.’ Officials stated that the price of wood chips, which RSE uses as its chief raw material, rose \$30 a ton over the last few months. Rising fuel and chemical costs also have contributed to the problem; the price of pulp has not increased commensurately.

‘The mounting losses at RSE Pulp led to a withdrawal of credit support by the company’s senior lenders, leading the company to default on payments to suppliers. The company also faced possible termination of critical contracts. The company was left with no choice but to seek relief under Chapter 11 in order to continue its turnaround plans and to insure fair treatment of all creditors.’

The company reached profitability in August, September and October of 2007. The company has reactivated a 16-megawatt biomass boiler, and Red Shield’s tenant, RSE Pulp, has brought the 200,000-ton hardwood kraft pulp mill back to full production, according to the company officials.

The creditors

The top three creditors seeking money from Red Shield: Nalco Co. of Pittsburgh, Pa., \$338,838; Anthem Blue Cross-Blue Shield of Lewiston, \$124,603; Old Town Water, \$117,673. Other creditors listed among the top 20 seeking payment from Red Shield include Bangor Hydro-Electric Co., Thornton Construction Inc. of Milford, and J.D. Raymond Transportation Inc. of Dover-Foxcroft.

For RSE Pulp, the three largest claims: EKA Chemical Inc. of Marietta, Ga., \$780,136; Milo Chip LLC, \$626,864; Costigan Chip LLC, \$435,091. These are listed as disputed claims in the bankruptcy filings. Other claims not disputed include International Paper Cogeneration of Maine Inc., F.W. Webb Co. of Bangor, and Nalco Co.

Next step in bankruptcy

On 30 June, the US Bankruptcy Court okayed paying current workers to keep the mill open and safe. Paslawski expected to have found new financing as early as 7 July and possibly get the mill back up by the end of that week.

Rayon pulp and bioethanol plans

In spite of the current shutdown, both companies intend to move forward with their plans to produce pulp and, in a partnership with the University of Maine and American Process Inc., build a biorefinery pilot plant to generate ethanol and other salable products from the pulping process.

Paslawski stated in the release: “With the new revenue sources we have identified and our potential in the rayon pulp market, we continue to believe that the future will be bright for RSE Pulp and Red Shield.”

The press release stated that before filing for bankruptcy, RSE Pulp was in the process of converting its pulping operation to manufacture dissolving pulp, which is sold as rayon and is used principally for clothing. Rayon competes with, and negates the need for, petroleum-based clothing material and is an important fabric in the expanding Asian market because it does not retain body heat and also acts to wick moisture from the body.

DOE grant

Red Shield’s future looked bright just two months ago when the company announced it had received a \$30 million grant from the U.S. Department of Energy. That money, however, won’t help with the cash-flow situation or with replenishing the company’s supply of wood chips. The grant will continue a partnership with the University of Maine and American Process Inc. of Atlanta, Ga., specifically to build a pilot plant for ethanol production at the mill. {Aimee Dolloff in *Bangor Daily News* 26 June-2.July.08}

PORTLAND/ST: BARGE SUSPENDED

3 July. **COLUMBIA COASTAL SUSPENDED BARGE SERVICE TO NEW YORK** because of the Red Shield shutdown. Jack Humeniuk, who runs the P&O Ports America Portland facility, said a Columbia barge had called Portland 22 and 29 June, but will not call again until sufficient traffic builds up.

“Red Shield provided the base volume,” and until that returns, the service is suspended. {*ANR&P* discussion 5.Jul.08}

PORTLAND: CONTAINER?

2 July, Searsmont. **COULD THE COLUMBIA COASTAL BARGE COMPETE WITH TRUCK DIRECT TO NEW YORK?** One Maine shipper, Steve Page of Ocean Farm Technologies, would like to know; he makes Aquapod net pens for aquaculture, a “high-volume, low-weight, high-value” product. To move them to overseas customers, he trucks 40-foot containers to New York/New Jersey for shipping to Puerto Rico, Panama, Korea, the Mediterranean, and other destinations. “Last year we shipped 8 containers, this year we intend to ship 24 containers, and next year could see well over 60 containers.”

The logistics consultant he uses has found him a rate of under \$3000 per container from New York to Korea, compared with a \$9000 price if the box were railed to California and shipped from there. Shipping from Maine introduces a “competitive disadvantage with West coast manufacturers.” {ANR&P discussion}

Other transportation options

Page has a plethora of options: truck to Saint John and Halifax (though he would have to deal with customs); the SLR’s Auburn intermodal terminal to Vancouver or Prince Rupert; the PW intermodal terminals in Worcester and by rail to the New York/New Jersey terminals; and barge out of Portland to New York/New Jersey [temporarily suspended, see other story]. {editor}

Sears Island? Not yet

In a letter published in the *Bangor Daily News*, Page wrote: ‘If I can ship locally, I am that much closer to my markets. I can cut my shipping costs in half and reduce my shipping footprint by a factor of 10 or more.’ He’d like to use Sears Island, if a container terminal ever exists there. {17.June.08}

SEARSPORT: ETHANOL

10 June. **IRVING OIL TERMINALS PLANS TO INCREASE ITS ETHANOL CAPACITY HERE**, according to a Public Notice of Intent to File published today: ‘The application proposes to increase annual throughput of gasoline and ethanol at the Searsport Maine Terminal to provide ethanol blended fuel to be distributed to the marketplace.’ {*Bangor Daily News* 10.Jun.08}

In December 2007, the Maine Department of Environmental Protection issued an amendment to Irving’s air emission license to allow storage and distribution of inbound ethanol and gasoline into three tanks. Now, explained Lynn Ross of the department, Irving is applying for amendments to increase the gasoline throughput in two of the three tanks.

Bob Blanchard, who handles terminal development for Irving, said the company is not yet moving ethanol, and would begin to do so “depending on market conditions.” {ANR&P discussions 16.Jun.08}

MASSACHUSETTS

NBSR-ST: NEW USG LOCATION

June, Ayer and North Billerica. **USG IS IMPORTING WALLBOARD FROM SAINT JOHN**, using NBSR and ST, for the New England region, as well receiving it from other areas and making it in Charlestown.

Indeed, because Atlantic Wallboard is located on east side of Saint John, owned by CN but switched by NBSR, the product begins in the CN account and moves as overhead traffic on NBSR to its interchange with ST in Mattawamkeag.

History

USG (formerly United States Gypsum) imports raw gypsum from Nova Scotia to its plant on Boston harbor in Charlestown, once served by ST rail. The company in 2004 [see 04#11A] decided to move distribution to Westwood on CSXT [our *Directory* #249]; here trucks delivered the Sheetrock made in Charlestown, and CSXT delivered two to four railcars of it per day made outside New England. {e-mail to ANR&P from rail observer 2.June.08}

Synthetic gypsum

New Brunswick Power's Coleson Cove oil-fired generating station has begun scrubbing its emissions with limestone [see 05#07A], producing synthetic gypsum as a byproduct. J.D. Irving and CGC, a subsidiary of USG, began construction of the Atlantic Wallboard plant to make wallboard from the gypsum; this opened in 2008 [see 07#11A] using synthetic gypsum from another NB Power station in Belledune.

Atlantic Wallboard is now using the gypsum from both Coleson Cove and Belledune to churn out Sheetrock. CGC has agreed to take all production for its markets.

The new facility

As described [see 08#06A], Kenco will revamp the track into the warehouse in Ayer to receive the wallboard for USG. Currently, Larson Reload in North Billerica [our *Directory* #205] is receiving the USG product.

When ready, half of the throughput at Kenco will arrive from Atlantic Wallboard. [The other half will come from other USG plants, presumably mostly from the production plant in Charlestown—see 04#11A.]

What ST can provide

According to ST: 'Ayer is also one of our busiest yards and we employ an around-the-clock switcher to provide prompt and flexible delivery service. Empty car supply was another consideration and Pan Am is able to supply a nearly unlimited amount of empty centerbeam railcars thanks to our membership in TTX, owner of North America's largest fleet of flat cars.

'Another advantage of Ayer is that it is at a transportation crossroads. The USG facility is adjacent to the Ayer intermodal ramp, operated in conjunction with Norfolk Southern, and near the intersection of I-495 and MA Route 2, offering USG multi-modal transportation options.

'.....An on-line company like Larson's, that has the ability to transload virtually any type of material from railcar to truck, was another asset that Pan Am was able to bring to the table for USG. When Ayer is fully up and running, all traffic will go to Ayer.

'.....The volume at Ayer will be substantial from both Saint John and other USG plants across the United States. Pan Am Railways is most pleased to welcome United States Gypsum Company to Ayer. We are confident there will be a significant impact on our carloads and revenue well into the future.' {Richard Willey and Michael Clements in *Pan Am Clipper* 1Q.08}

ST: INDICTED

27 May, Woburn. **THE PAN AM PARTIES WERE ARRAIGNED IN MIDDLESEX SUPERIOR COURT** for two counts each of violating the Massachusetts Oil and Hazardous Materials Release Prevention Act, which requires any owner or operator of a site to immediately notify DEP of a release or threat of oil or hazardous materials. Each failure to report is punishable by a criminal fine up to \$100,000.

All parties pled not guilty to the charges returned in indictments by a Middlesex grand jury on 1 April [see 08#03B for details of unreported fuel spill]. {Attorney General press release}

New fuel spill

On 7 June ST immediately notified the authorities of a derailed engine and leaking fuel at the East Deerfield Yard. {1st Responder Wireless News network}

Other local claims against ST

The Town of Westminster filed a court case against ST in December 2007, seeking recovery of \$21,000 in fire-fighting costs [see 07#07A] due to fires started by ST. Brent MacAloney, fire chief, said in late May: 'Our case is slowly going forward, headed for discovery.' {e-mail to ANR&P}

Deerfield would still like payment for its response to a 2006 derailment [see 08#04A]. {e-mail to ANR&P from Bernie Kubiak, town administrator}

NEW HAMPSHIRE

NH: LIABILITY BILL

11 June, Concord. **THE GOVERNOR SIGNED THE RAILROAD LIABILITY BILL**, HB 1404. It requires the New Hampshire Rail Transit Authority to maintain liability insurance for passenger rail service and limits the state's liability at \$75 million. The law is similar to one passed in Massachusetts in 1994. HB 1404 was sponsored by Representatives Peter Leishman [see MBRX in *NS-ST deal* above], Bette Lasky, Peter Bergin and Jim Ryan. {press release from governor's office}

ST: HAZMAT SHIPMENTS

6 June, Merrimack, Manchester, Bow. **ST RENEWED ITS REQUIRED SPECIAL PERMITS FOR THREE HAZARDOUS PRODUCTS**, in an embargo issued this day, an extension of its 2007 embargo [see 07#07B]. Listed reason: 'Prevent Congestion/Accumulation.' In 2007, ST had also increased the price to deliver the cars considerably.

The consignees, listed below, may receive their cars after obtaining a permit from ST:

Public Service of New Hampshire

The Bow coal-fired power plant receives anhydrous ammonia to scrub its emissions. In 2007, ST took over switching the hazardous material from NEGS [see 07#06A].

One source close to the movement said since the price increase of 2007, much of the traffic had gone to truck.

Jones Chemical

This Merrimack company receives chlorine by rail and delivers it by truck to municipal water treatment facilities in New England [see 07#07B]. In 2007, ST had increased prices enormously. {AAR embargo website, Embargo No: ST000108}

ST: CUSTOMER GONE

7 July, Bow. **THE PERINI CORPORATION HAS PUT ITS SITE HERE UP FOR SALE**, according to a local official [see map and description in 06#05A]. While at one time its siding [our *Directory* #97], served by ST, handled structural steel and rail and track equipment, it has not done so "in the last few years," said the official. {ANR&P discussion}

QUEBEC/MARITIMES

MMA-CN: NEW CUSTOMER

27 May, St.Jean-Sur-Richelieu. **RAILPOWER WILL BUILD A MANUFACTURING FACILITY HERE**, with access to both CN and MMA. Railpower Technologies Corporation will own its own facility, "expected to significantly improve our manufacturing efficiencies and provide Railpower with the ability to rapidly expand its current production. We are highly confident that both existing and new customers will recognize the significant enhancements that this facility will create," said Mr. Mathieu, president and CEO of Railpower.

The plant will use a 710,000SF industrial parcel where CN and MMA/CP converge, in the triangle formed by Boulevard Industriel (west), CN (north) and CP with MMA trackage rights (south). The first phase will have 55,000SF of production space and 4,000SF of office space. It will be equipped with state-of-the-art manufacturing and testing equipment for Railpower's complete line of locomotives. In addition, it will have dedicated areas for research and development and also the assembly and testing of crane hybrid power plants.

Financing

Ontario Teachers' Pension Plan ("Teachers"), which invested \$35 million in the Company earlier this year, has agreed to invest, on a private placement basis, an additional \$20 million in Railpower to finance the construction of the manufacturing facility and to allow the Company to build additional demonstration locomotives. The private placement is expected to close in June, 2008. Investment Quebec has granted Railpower a subsidy of up to \$2.5 million to help finance the project and create employment in the Saint-Jean-sur-Richelieu area, subject to certain approvals and conditions. {Railpower press release; e-mail to ANR&P from Kamila Wirpszo vice-president, general counsel and corporate secretary 28.May.08}

MMA as test track?

In April, MMA conducted high-speed tests of Railpower's RP20BD three-genset diesel. MMA received the unit from the CP on 19 April, operated the unit on 21 and 30 April, and returned the locomotive to Railpower (via CP) on 7 May. The locomotive was operated to its top speed, according to one official; the tests looked at braking, traction, and adhesion. The model is now undergoing final adjustments at the CAD Railway Services shops in Lachine. {e-mail to ANR&P from Joe McGonigle, MMA vice-president of marketing; ANR&P discussion with Railpower official}

HALIFAX: CN SERVICE

3 July, Montreal. **CN HAS NOT ANNOUNCED PLANS TO CUT SERVICE TO THE PORT OF HALIFAX**, contrary to a letter to the editor, and a broadcast. Mark Hallman of CN public affairs wrote:

In a speech to the Halifax Chamber of Commerce/Halifax Gateway Council June 25, CN's senior vice-president of sales and marketing, Jim Foote, highlighted the challenges that CN is facing in Halifax, namely: a decrease in the volume of containers and overall traffic at the Port. Mr. Foote said that CN is studying its options at the Port of Halifax very closely, but stated very clearly that no decision regarding a cut in CN service has been made. {e-mail to ANR&P}

More from Foote

After the speech, Foote told reporters that CN's volumes through Halifax have declined about 15% per cent in the first five months of this year. Changes to shipping and trade patterns have affected Halifax but CN is working to rebuild business.

CN is being aggressive with customers and shipping lines that aren't calling at Halifax. "We are aggressively looking at new markets, putting offices in India, looking for different areas where products may be coming through in the future, and that's what is motivating us right now."

Caterpillar

CN's operational problems last winter prompted Caterpillar Inc, a major Halifax customer, to leave for Virginia [see 08#03B]. Foote would not discuss Caterpillar's situation or comment on whether the company is coming back to Halifax, as some sources have suggested.

Congestion will not yet drive traffic to Melford

Foote said Halifax and the planned container terminal for Melford must play a waiting game for cargo to come. The

SOME CN TRAINS IN MARITIMES BIG

While one or two trains do not a trend make, these observations were interesting:

CN 305. This train from Moncton to Montreal left Joffre yard 4 July with 10,050 feet and 12,300 tonnes.

CN 405. This train from Saint John to Moncton on 3 July had 196 cars, 11,500 feet and 12,000 tonnes. On 5 July: 106 cars, 33 hoppers on the head end for McCullys (Potash Corporation Saskatchewan), remainder boxcars, tankcars, woodchip cars, gypsum empties, etc. {posts to RailsNB e-list}

West Coast ports are full, but “U.S. East Coast ports are not that critical” yet. They will become congested, he added, when more cargo comes from India and other Asian countries through the Suez Canal. [But not in the next 20 years, given the pace of expansion and dredging on the US East coast—see 08#01A. *Editor*]

As for Melford, Foote said CN has made no commitment to the Canso project [see 08#05A] other than “to run the best railroad possible if someone builds a new terminal.”

Distribution centre?

In 2006 [see 06#09A], CN President Hunter Harrison mentioned building a distribution centre here, which has not yet happened. Foote stated that Harrison’s proposal included finding someone who wanted to use a centre. “Our position is the same. If we had a customer who thought that was a good idea, we would make the investment.”

Truck route through rail cut

In recent months, Nova Scotia Premier Rodney MacDonald talked about expanding CN’s rail cut from the Halterm terminal to the Ceres terminal, so trucks and emergency vehicles could use it and avoid going through downtown Halifax. It was part of the premier’s gateway wish list[see 08#02B].

MacDonald wanted to start work on the project by the end of the year, but Foote knew of no formal discussions with the province. “We have no problem with doing whatever study is necessary to determine the appropriateness of that. . . . Whatever project is done, we have to ensure we have a railroad that can operate in and out of there and (that) if any land is taken we are adequately compensated for it.” {Tom Peters in *Halifax Herald* 26.June.08}

HALIFAX: GREAT LAKES FEEDER

8 July, Montreal. ***THE NEW FEEDER SERVICE HAS BEGUN!*** Aldert van Nieuwkoop, president of the Great Lakes Feeder Service [see 08#03B], said the ship for the service had arrived with a cargo from Europe.

On 9 July, it will pick up both loaded and empty containers, and sail to Halifax. He anticipated the ship will carry both break-bulk and containers to start. {*ANR&P* discussion}

SAINT JOHN

9 June. ***THE PORT LOOKS TO LATIN AMERICA FOR SOME GROWTH***, said Stephen Campbell, chair of the Saint John Port Authority, during Port Days here. For this existing and natural market, the port has a significant base to build on: potash shipments, sugar and containerized cargo.

Port Authority President Captain Al Soppitt noted the port has no problem holding its own with the Port of Halifax on the Atlantic Ocean. “South America is to Saint John as the Suez Canal is to Halifax due to our strategic location on the Bay of Fundy, which puts us closer to inland destinations via road and rail. This is a proven advantage.”

Energy too

Captain Soppitt is also pleased with Saint John's traffic stability. In 2007, traffic at Port Authority facilities grew 7%, and 9% at other facilities. “Increases in total port traffic were due in large part to a return to normal volumes of refined petroleum products passing through the port. Given our integral role in the ongoing energy hub growth we are experiencing in Saint John, our future is unwavering and secure.” {*CIFFA Bulletin*}

THE FATE OF HALIFAX, REDUX

Readers already know that I believe new terminals at Canso and Sydney the wrong steps to take [see 08#01A]. *Atlantica* for 25 June provides some great detail and argumentation which cast doubt on Halifax itself. I urge you to read the articles, which may become a guest editorial. Find them at the website of the Atlantic Institute for Market Studies.

One advantage of Halifax: dimensional loads

'Much specialized cargo coming to Halifax is destined for Linton, Alberta, located about 50 kilometres from Fort McMurray. Cranes, excavators, and other oversized equipment needed in the oil patch arrive in the Port of Halifax regularly. Calling on Vancouver is out of the question for these items since they are too large to travel by rail through the Rockies.' {*Port of Halifax* June 2008 issue}

YARMOUTH NS

30 May, Providence RI. ***THE PORT'S PROSPECTS IN THE CURRENT AND FUTURE MARKET*** were described by Dave Whiting, port manager at the North Atlantic Ports Association meeting here. He listed problems

Letter to the editor:

You have an excellent publication, and I always look forward to reading it.

Jan Okolowicz, Parsons Brinckerhoff

facing the port, the town, and the province as: a decline in the forestry sector due to the housing slump in the United States; the downturn in fishing due to depletion of stocks; the price of fuel; and the movement of youth west, meaning the remaining fishing fleet has a hard time crewing its ships.

Divestiture

In the 1990s, the federal government spun off most of the nation's ports, offered in order to: (1) the Province, (2) the city/town, and (3) the private sector. [Yarmouth facilities \(Lobster Rock Marine Terminal and Old Public Wharf but not the ferry terminal\) were given to the Yarmouth Area Industrial Commission \(made up of the three municipalities in Yarmouth County\) and are now operated as the Port of Yarmouth. \(Irving owns a private pier yet now delivers petroleum products by truck.\)](#)

The Industrial Commission requested an additional \$20 million, for construction of facilities to support a marine service component and marina facilities, but both were denied. The \$4.8 million the federal government did allot “was suppose to allow us to bring the facilities up to standard and maintain them for 10 years – needless to say, that figure is inadequate.”

Possibility: offshore gas and oil

According to Whiting, drilling will occur in the fields in Brown's Bank and George's Bank. Yarmouth is perfectly situated to provide marine services to the drilling, and air services to the crew. It has retained customs clearances at the airport, and along with Halifax, Canso, and Sydney, has clearing for foreign ships landing in Nova Scotia.

The port does need laydown space, and careful treatment of the massive tides. Concern about damage to fish and lobster habitat in the harbor has led to a proposal to mitigate the habitat damage with a \$100,000 fish ladder for an inland lake.

Proposal: ferry expansion

The increasing price of diesel is leading Yarmouth toward truck ferry services between Nova Scotia and New England. Whiting wants to add pre-clearance by US Customs at his port. “The truckers have to wait two or more hours for the ferry anyway; why not clear customs then?....

“Michelin [one of the province's major manufacturers—*editor*] has told our consultants that they would move US-bound product through Yarmouth should we get pre-clearance, [but] we do not have a contract. We do speculate that most exporters in Nova Scotia would find advantages to moving product carried by truck through Yarmouth, but our consultants have contacted only Michelin.”

[The port must regain control of the ferry pier. Transport Canada retained ownership of the ferry terminal, and leased it to Bay Ferries for five years at divestiture; Transport Canada gave Bay Ferries a 15-year extension in 2007. The previous owner of Bay Ferries did not entertain winter traffic at the facility. “The present owners will work with us, provided their service is not affected.”](#)

The new Canada Marine Act amendments permit ports to reclaim facilities. “We have requested a formal process for divesting the terminal to the Yarmouth Industrial Commission – but to date we have not had a reply from the Government.” {ANR&P coverage}

Provincial support for existing ferry

In early July, the Nova Scotia Department of Economic Development said it had invested \$4.4 million in Bay Ferries to help the company survive in the face of crippling fuel costs. {*Halifax Herald* cited by *MaineBiz* 2.July.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.

Clark Steel (ST, Connecticut, new)
 Katahdin Paper (MMA, Maine #790, 791)
 Kittyhawk Business Park (potential SLR, Maine)
 Louisiana-Pacific (MMA, Maine #781)
 Monadnock Paper (potential MBRX, New Hampshire)
 National Eastern (ST, Connecticut, gone #621)
 Perini (ST, New Hampshire, gone)
 Railpower (MMA-CN, Quebec, new)
 Red Shield (ST, Maine)
 Ring's Coal (ST, Maine, new)
 USG (ST, Massachusetts, new)

PEOPLE

Peter Touesnard became regional vice-president, Northeast, of the **RailAmerica/Florida East Coast** combine. He will oversee the overall operations of all railroads located in the Northeast Region: Cape Breton & Central Nova Scotia Railway (CBNS); Connecticut Southern Railroad (CSO); Goderich-Exeter Railway (GEXR); The Massena Terminal Railroad (MSTR); New England Central Railroad (NECR); Ottawa Valley Railway (OVR); and Southern Ontario Railway (SOR). The combine announced the appointment of all six regional vice-presidents on 7 July. Touesnard former served as director of operations for the Rail America eastern region, and before that as general manager of CBNS.

Louis Elisa has become the director of the **Massachusetts Seaport Advisory Council**. Governor Deval Patrick wanted to make his own appointment to the Council.

Rick Armstrong, former executive secretary, held an interim position as deputy director for the short sea program, but left at the end of June to work for a tidal power program in Maine, affiliated with the **Maine Maritime Academy**. He will also become an adjunct professor of logistics in the Academy's business program.

Robert Grossman, is retiring as vice president of government and industry affairs for the Oregon Region of **Genesee & Wyoming** short line holding company. GWI bought Grossman's former company, Emons Transportation, which owned the SLR and SLQ.

EDITORIAL

FILE TO PARTICIPATE IN NS-ST!

He who hesitates is lost. - Anonymous

Companies and others have only until this Friday, 11 June, to file a 'Notice of Intent to Participate' in the NS-ST

transaction. Those who do not file will lose the chance to comment on the transaction, or to respond to the comments of others.

In my 14 years of writing this newsletter, the deal announced by NS and ST in May ranks as the most far-reaching event to affect New England railroading. Not only will it improve the Mechanicville-Ayer corridor, and therefore deserves plaudits, it presents the New England states with a golden opportunity.

Five of the six states, those with ST operations, can legitimately bring up, in a public forum, ways to improve the New England rail network:

Connecticut should suggest that one of its short lines operate ST's Waterbury branch, and that NS open an intermodal terminal in New Haven.

Massachusetts should call for PAS to divest the ConnRiver line to an operator who can find the traffic to make it FRA Class 2. As well, it should call on CSXT to stop playing dog-in-the-manger on its Ayer auto facility.

Vermont should request that PAS turn over its ConnRiver trackage rights to an operator who will run more than once a week.

New Hampshire should support Vermont, and ask that ST ensure service on the New Hampshire main does not go downhill. ST should sell lines to NHDOT so MBRX and NEGS can serve their customers better.

Maine should warn the STB that its service could deteriorate when ST pays more attention to PAS operation. It should ask ST to spend some of the \$50 million on improving the wretched track and power here in Maine, so our paper mills and other industries can have better service.

File to participate!

No one who files the notice need actually participate. But doing so preserves that option.

Filing requires only a letter, and costs nothing. *File today!*

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Coverage

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

Frequency and the e-bulletin

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

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

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

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Purpose

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