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Issue 08#07A 21 July 2008

*Article unchanged from e-bulletin.
** Blue type shows changes from e-bulletin.

NS-ST DEAL

- List of Notices of Intent to Participate. **
- New Mechanicville facility announced.
- Environmental comments.**
- Other comments.**

OTHER REGIONAL ISSUES

ST lawsuits on car hire*
- Greenbrier $1.435 million.
- GATX $161,000.
- Trinity Rail $93,000. ST says chooses to pay Interline Settlement System.

CSXT v ST: The Class I wants payment for horsepower hours, car repair, trackage rights to Cedar Hill, and environmental cleanup.*

CONNECTICUT

[No report.]

MAINE

MMA: Katahdin’s Millinocket mill will continue to operate past end of July.**

SLR: Intermodal down for 2Q08.*

ST v Fore River Warehouse: Court asks STB to rule on demurrage questions.*

Bucksport: New Webber Energy dock.

PORTLAND: IMT shut, will Port Authority buy?

MASSACHUSETTS

ST: Macnamara applies for MSW permit for Ayer.

NEW HAMPSHIRE

NHDOT: Two commuter rail routes?

VERMONT

[No report.]

RHODE ISLAND

[No report.]

MARIETTIMES/QUÉBEC

CN: Drops one Halifax train.* List of current trains.**

Halifax: Traffic down 16.3%.

Halifax: EWL stops call because of bankruptcy.

Canso: Melford still moving ahead.

Halifax analysis: Suffering from long inland route.

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

[No report.]

FROM THE PUBLISHER

England’s separation of track and operations

While reports from Britain said privatization of train operations did not help, rail punctuality was recently reported at a post-privatization high: 90% for April.

Seven of my eight trips there in June were on time. Drivers told me that the responsible party pays $1200 per minute (after three minutes leeway) for late departures, to the other party. If the track owner and dispatcher does not have the slot ready for departure, it pays the operator; if the operator is not

ready to go, it pays the track owner.
Imagine if that system were in place in New England, not only for Amtrak and MBCR, but for freights as well. Could the system even come close to on-time performance?

- Chop Hardenbergh  Next issue: 4 August.

**NS-ST DEAL**

_The Norfolk Southern Railway and the Pan Am railways (ST) propose to create the Pan Am Southern Railway to operate all of ST’s lines west of Ayer. This section covers that deal, now before the STB. See 08#05B for overview of deal._

**NS-ST DEAL: INTENT TO PARTICIPATE**

As of 21 July, the STB website showed the following parties had an intent to participate:

**Railroads** (11)
- Batten Kill Railroad*
- Canadian National Railway Company
- Housatonic Railroad Co
- Milford-Bennington Railroad Company
- Montreal, Maine & Atlantic Railway LLC
- Morristown & Erie Railway Inc##
- New England Southern Railroad
- Pioneer Valley Railroad Company Inc
- Providence And Worcester Railroad Company
- RailAmerica (NECR and CSO as well)
- VRS - as Clarendon And Pittsford Railroad Company plus VTR, WACR, and GMRC
*Curiously, while the Applicants listed most short lines connecting to the ST line west of Ayer, they did not include the Claremont Concord, which interchanges with ST in Claremont, NH (and did not file to participate) or the Batten Kill. The latter lies off the ST line in New York, but interchanges with CP’s Delaware and Hudson. The D&H uses long-standing trackage rights to run to Eagle Bridge for the interchange. See map in 08#04B.
## Operates the Maine Eastern Railroad, which connects with ST in Brunswick, Maine.

**Suppliers/creditors** (6)
- Carolina Eastern-Vail Inc
- GATX Corporation***
- Greenbrier Leasing Company LLC***
- Progressive Rail
- Trinity Industries Leasing Co***
- U S Clay Producers Traffic Association Inc
*** These companies have filed car hire lawsuits against ST. See Other Regional.

**Governments** (12)
- Connecticut Department of Transportation
- Maine Department of Transportation
- Commonwealth of Massachusetts
City of Springfield, Massachusetts  
Pioneer Valley Planning Commission, Massachusetts  
Town of Ayer, Massachusetts  
Town of Deerfield, Massachusetts  
New Hampshire Department of Transportation  
   City of Nashua NH  
New York State Department of Transportation  
New York State Department of Environmental Conservation  
Vermont Agency of Transportation  

Unions (4)  
Brotherhood of Locomotive Engineers and Trainmen  
Brotherhood of Maintenance of Way Employees Division/Ibt and Brotherhood of Railroad Signalmen  
International Association of Machinists and Aerospace Workers  
United Transportation Union  

Others (3)  
Atlantic Northeast Rails & Ports  
Committee To Improve Rail Service In Maine#  
Consultant Group of Hecking & Remington, LLP**  
**Captain Dirk Hecking has made many filings opposing Pan Am Airways in the USDOT case. Bill Remington, a former ST engineer, has filed a suit against ST for wrongful dismissal.  
#Filed by Tom Hall, former SLR and ST employee.

NS-ST DEAL: NEW MECHANICVILLE FACILITY  
8 July, Mechanicville NY. NORFOLK SOUTHERN AND ST WILL RECEIVE $3 MILLION TOWARD THE $40 MILLION COST OF NEW TERMINALS HERE, announced New York State Senator Joe Bruno (R, Brunswick), at the site. “Today’s announcement by Norfolk Southern and Pan Am Railways to invest in constructing a new facility in Southern Saratoga County is great news for the local economies in Mechanicville, Halfmoon, and Stillwater.”

Wick Moorman, NS chief executive officer, also spoke: “With the demand for moving freight throughout the U.S. and New York’s Capitol Region at unprecedented levels, this rail facility will serve as the premier distribution point for consumer products and finished automobiles for upstate New York and western New England.” Work is expected to begin in the first quarter 2009 and be complete by April 2010. {NS-ST press release}  

Rail officials named companies which have sent letters of support to the STB as: automakers Ford, Honda, Mazda, Mercedes Benz, and Subaru, and transport companies Hanjin, J.B. Hunt, and United Parcel Service. {Environment News Service 8.Jul.08; e-mail to ANR&P from NS spokesperson Rudy Husband}  

According to Kris Thompson, Bruno’s spokesperson, the two railroads had worked with Bruno and others for some months prior to the late May announcement of the Patriot Corridor. The money came out of the capital budget earmarked for such economic development deals. The governor has signed off on it. {ANR&P discussion 21.Jul.08}  

The site  
Mechanicville and neighboring Halfmoon were once the site of extensive railyards operated by the Boston & Maine Railroad, where it connected with the Delaware & Hudson Railway. But by the 1980s, those yards were gone, and some of the land had been sold. Boston & Maine recently purchased seven parcels, paying Saratoga County more than $360,000 for property. {Eric Anderson, deputy business editor, Albany Times-Union 8.Jul.08}
A threat to short-line direct service?
Roy Blanchard, short-line consultant, wrote in his Railroad Week in Review: ‘CSX has done well growing its perishables business into the Albany area with the Railex and Express Lane services offered in conjunction with the UP. This new park will give the Pan Am Southern joint venture a competing service into the Albany ADI as well as a more competitive Boston service.

‘My concern is with the shortline side. There may be carload origin-destination pairs with short lines on one end or the other that could wind up at a Mechanicville transload instead of rail direct.

‘I can also see this as a threat to the carload network CSX has in the Boston ADI where it takes several serving yards and as many days to go between the main line and the branch line customer location. But asset utilization is key; if cars can turn faster via a transload and at lower total cost to the customer, then so be it.’ {12.Jul.08}

NS-ST DEAL:
ENVIRONMENTAL COMMENTS

The following filings were submitted on the environmental sector.

New York State Department of Transportation
NYSDOT supported the deal and said most of it did not require further environmental review. It said of the new Mechanicville facility: ‘[I]t is critically important that this proceeding assess all potential environmental effects of the transaction, as states and local agencies have been held under certain circumstances to be pre-empted from conducting environmental review under state law. Joint Petition for Declaratory Order - Boston & Maine Corp and Town of Ayer, MA FD 33971.’

The Mechanicville project may be eligible for state funding under two different programs. It will require a highway work permit. Both steps would require compliance with the New York State Environmental Quality Review Act. ‘Therefore NYSDOT recommends that NS and PAR consider amending the Environmental Appendix to address the following issues associated with the Mechanicville facility:’

- Effect on the regional highway network, including a Traffic Impact Study. The Applicants met with NYSDOT on 26 June and committed to provide additional information on truck distribution.
- Effect on the National Register of Historic Places, endangered species, surface waters and wetlands, air quality, noise impacts, and security.
- ‘Finally, NYSDOT encourages the applicants to identify and implement measures to make the Mechanicville facility a “green” facility, including the use of low-emissions locomotives and yard equipment.’ {Submission by Roger J Schiera, associate counsel to NYSDOT, STB website filings page, FD No.35147}

New York State Department of Environmental Conservation
NYSDEC recommended an environmental assessment, because ‘activities conducted by rail carriers often elude state and local environmental review.’ The department would like the ‘Environmental Appendix [to] commit the Applicants to work with state and local agencies and comply with state and local environmental regulations, whether a permit is required or not....’ on the Mechanicville facility. Greenhouse gas emissions should also ‘be considered and addressed with regard to this facility.’ As well, the uses of the facility should be spelled out. ‘If the facility will be used as a transfer station for the transfer of any solid or hazardous waste materials, the Environmental Appendix should describe each type of waste to be transferred and the methods and facilities utilized to affect the transfer.’ {Submission from Alison Crocker, deputy commissioner and general counsel, STB website filings page FD No. 35147}

City of Springfield Massachusetts
The City noted that the Applicants planned to improve the rail to carry 286,000-pound cars. It noted that to improve the track, railroads employed trackside lubricators, but the Environmental Impact described by the Applicants failed to address the impact of the oil. ‘Are the trackside lubricants biodegradable? What quantity of the trackside lubricants runs off into the public drinking supply?’ {page 4}
The City is ‘classified as a non-attainment area for eight-hour ozone.’ Locomotive engines contribute to air pollution, so ‘[t]he STB should mitigate this major potential source of air pollution by requiring, as precondition for STB approval of the transaction, that all diesel locomotives, directly or indirectly operated on any track segment involved in the transaction, immediately comply with the EPA Tier 3 emission standards for newly-built locomotives, provision for clean switch locomotives, and idle reduction requirements for new and remanufactured locomotives, and that by 2015 all diesel locomotives, directly or indirectly, operated on any track segment involved in the Transaction meet the EPA Tier 4 standards....’

‘Mitigation measures should be taken to reduce sound pollution from heavier, faster trains moving through Springfield.

**ConnRiver line maintenance** [see 08#06B NS-ST deal]

‘In particular, the Applicants’ failure to properly maintain a rail line segment running north-south immediately adjacent to the Connecticut River, a national historic scenic waterway, must be rectified’ [as it creates] ‘a public health, safety, and environmental hazard. Springfield requests the STB to require, as a precondition for approval of the Transaction, that the Applicants: maintain and inspect, on a monthly basis, the rail line and rights of way...’ Or the Applicants should provide the City with ‘a permanent license to enter’ to clear trash, secure the safety devices, and protect the public water supply.

Finally, the City requested an Environmental Assessment or an Environmental Impact Statement. {filing by Harry Carroll, senior legal counsel, City of Springfield, on STB filings webpage FD 35147 7.July.08}

**Town of Ayer, Massachusetts about San Vel auto facility**

The Town requested further environmental review, based on Applicants’ plan to build an automotive facility at the San Vel site. ‘A full environmental review should be required to ensure no negative impact to the drinking water supply...’ [The STB already ruled in 2003 that as a stand-alone project, the automotive facility was not subject to local regulation, in the case cited by NYSDOT above. But here, Ayer is asking for national regulation. Editor]

Ayer further asks the Board to review why the existing, unused auto facility, leased by CSXT until 2017, should not be opened. ‘The STB would be strongly encouraged to encourage a program that would allow use of this existing facility in lieu of the major construction over the Town’s aquifer.’ {submission by Shaun Suhoski, town administrator, in STB filings page FD No. 35147}

Earlier, Suhoski suggested to the Ayer selectmen that the town, because of its concern about the aquifer underneath the San Vel site, participate in the STB case. The selectmen voted to ask the STB to consider Ayer's environmental concerns. “The question is, can we get the STB and Ford Motor Company to revisit the fact we don't want new vehicles stored on our water supply? Use the existing facility instead,” Suhoski said.

The selectmen approved Selectman James Fay's suggestion that Norfolk Southern be contacted, via a letter of concern from Ayer, to further define its position regarding siting the facility on an aquifer. {Don Eriksson in Nashoba Publishing online 18.Jul.08}

**US Clay Producers Traffic Association comment**

On 10 July, the Clay Producers stated in their Notice of Intent to Participate that ‘the transaction appears to promise improved efficiencies in rail operations.’

But they expressed concern about ‘which party to the joint transaction is responsible for the payment of tank car compensation....the multiple rail carriers to be involved may singularly deny having the statutory authority to pay mileage compensation, as has been experienced by Clay Producers in the past.’

They referred to the case Engelhard v. Conrail and ST where the plaintiff attempted to pursue mileage claims [see 05#01B]. There ST appealed the STB’s decision to permit mileage claims for private car hire, ST arguing that
the statute of limitations had run on the claims. The US District Court in Massachusetts affirmed the STB fining that the statute had not run. [ST v STB 04-cv-12705-RGS order 2 February 2007]

Clay Producers requested that the Applicants ‘satisfy these concerns through stipulation to conditions involving joint and several liability.’ [submission of Vincent Szeligo of Wick, Streiff of Pittsburgh on STB website, filings page]

PW comment
On 16 July, PW endorsed the deal, ‘conditioned on the Applicants’ representation that no competitive options will be eliminated.’ To PW, that means keeping both the interchange at Barbers and at Gardner. It requested ‘any order issued by the Board on this matter require Pan Am, through ST and/or B&M, to maintain the connection with P&W at Barbers...’ [submission by Ed Greenberg of Galland, Kharash in DC in STB website filings page FD No. 35147]

VRS comment
On 17 July, VRS replied to the Applicants supporting the Board’s giving two more weeks than the Applicants had requested for the filing of comments. VRS noted it ‘promptly began discover of Defendants and is reviewing the replies received to date.’ [reply in STB website filings page FD No. 35147]

NEARS AUTUMN MEETING

Theme: How is Rail ‘Fueling’ the Economy
The North East Association of Rail Shippers will emphasize the fuel situation and the US & local economy. We will also be branching into many related topics, such as green business, local issues and developments, a special Rail 101 session that everyone will benefit from, and of course our very popular Railroads and Shippers panels.

Place and date: Red Jacket Mountain View in North Conway, NH, September 17th -19th, 2008. Book early!

Your editor recommends this event for its many networking opportunities as well as the panels.

For forms, Google North East Association of Rail Shippers. Find your way there via the National Association of Rail Shippers website.
Questions, please contact Executive Director Joe Gearin at (603)-430-3746 or joe.gearin@comcast.net.

See you at NEARS!

OTHER REGIONAL

ST LAWSUITS: CAR HIRE*
[See previous coverage of car hire cases, including Greenbrier and GATX, in 06#09A.]

GREENBRIER CAR HIRE CASE
On 4 March 2008, Greenbrier (represented by Lisa Brodeur McGan of Springfield) filed its second recent suit to recover unpaid car hire fees. In the first, filed in 2006, the parties reached a settlement agreement dated February 2007: ST would pay $854,343.84 by 21 September 2007. In return, Greenbrier agreed to waive attorney’s fees. [1:06-cv-10207-NMG]

By August 2007, ST had paid only $250,000 and has paid nothing since then, nor most of the new amounts due. ST owed as of 29 February 2008 $1,455,179.85. Greenbrier filed this second lawsuit, and succeeding in attaching ST’s bank account. [1:08-cv-10362-NMG]

Attachment and execution
On 18 January 2008, the Court issued an Ex Parte Order of Trustee Attachment. On 3 March Greenbrier ‘caused the summons to be served’ on Bank of America. On 5 March Greenbrier sought an order from the Court to require Bank of America to release the sums due Greenbrier.

On 8 May, after considering ST’s opposition, Judge Nathaniel Gorton ordered Bank of America to release $513,559.69 to Greenbrier. [documents from Court website]
ST says money is coming
Brodeur McGan said on 9 July that ST had told her that the company was receiving in excess of $40 million [presumably from the NS-ST deal]. [ANR&P discussion 9.Jul.08]

GATX CAR HIRE CASE
On 20 May, 2008, GATX (represented by Paul Lannon of Boston firm Holland, Knight) filed its fourth lawsuit against ST ‘arising from STR’s willful and repeated failure to pay GATX for use of GATX’s privately-owned railway tank cars.’ In the first, in 2004, the parties reached a settlement in 2005, under which ST would pay $429,584.12 plus 5%, in five installments. ST failed to make these payments or its regular car hire payments.

In the second, GATX filed on 14 June 2006 to collect the 2005 amounts plus ongoing amounts. The parties again reached a settlement, and again ST failed to make the requisite payments.

In the third, filed 20 January 2007, the parties reached a settlement on 8 May 2007 for $191,762.35 at 9.25% interest. ST paid the back amount (late, in 2008), but not the current monthly payments.

In the fourth, GATX is attempting to collect car hire due from June 2007 to March 2008 of $160,806.88. GATX alleges that STR in each case executed the Settlement Agreement ‘with no intention to abide by its terms...to decrease its own operating costs.’ {1:08-cv-10845-JLT}

TRINITY RAIL CAR HIRE CASE
On 9 June 2008, Trinity (represented by Jim Howard of Charlestown) filed a motion for payment of judgement to collect unpaid car hire fees. In 2006, Trinity and ST reached settlement, under which ST would pay $187,655.25 in two installments. The judge ‘expressed the consent of the parties to effectuate the immediate issuance of writs of execution’ but Trinity did not seek attachment.

In 2008, Trinity and ST recalculated the amount due and ST agreed to pay $117,752.22 by 25 April. ST missed this date, paying $25,000 by 16 May.

ST said in June that it offered to automatically debit its bank account for 50% of the amount due in July, and 50% of the amount due in August. Trinity declined this option and is seeking an attachment of ST’s assets to satisfy the amount due. {01:06-cv-10187-RCL}

Explaination for non-payment: need to pay ISS
In an affidavit filed with ST’s response in June, Eric Lawler, senior vice-president and chief financial officer of ST, stated:

- As a rail carrier providing railroad transportation in interstate commerce through its connections with other carriers, ST participates in a process known as the Interline Settlement System (“ISS”). ISS is a railroad clearinghouse that is a means of collecting and disbursing to those rail carriers involved in the transport of goods a pro-rata share of revenues collected from shippers and owed to/from the connecting railroads that carry freight for each other. It is the usual course that ST is a net debtor under ISS, meaning that on the second business day of each month ST must transfer several million dollars to the ISS clearinghouse for disbursement to other rail carriers.¹

- As a result of this requirement, ST has been saving its revenues to meet its ISS obligation as well as the capital needs of ST’s operation and cash flow is presently extremely limited.

- Although cash flow for the month of June is restricted, projections do indicate that the months of July and August 2008 are expected to be less restrictive. {US District Court website}

¹ In the United States, railroads and others are working to create a similar system to automatically bill and collect car hire payments each month. Such a system might reduce the need for rail car lessors to file frequent lawsuits against ST. {Editor}
CSXT v ST: HORSEPOWER, ETC*

HORSEPOWER HOURS
On 11 February, CSXT (represented by Michael Flynn of Quincy) filed in US District Court in Massachusetts a complaint to recover amounts due for four items: horsepower hours, car repair costs, trackage rights in Cedar Hill yard, and an environmental spill.

The complaint describes the Master Agreement governing the exchange of horsepower. Under it, CSXT granted to ST the right to operate CSXT power between Barber Station in Worcester and Rigby Yard in South Portland. ST granted to CSXT the right to use ST locomotives between Barber’s and Selkirk, NY.

‘Since November 2005, [ST] have become deficit users of CSXT’s Equipment for which CSXT has repeatedly invoiced [ST]’ under the Master Agreement.’ CSXT did not state the amount of funds due.

RAILCAR REPAIRS
In the same suit, CSXT alleged that since September 2004, CSXT has repaired ST railcars but ST has refused to pay for the repairs. The complaint did not state an amount due.

CEDAR HILL YARD ACCESS
In the same suit, CSXT stated: ‘CSXT has granted or allowed [ST] certain trackage rights in North Haven, Connecticut, from the Amtrak connection to the Cedar Hill yard subject to certain payments. [ST] have failed to remit payment since 2003 for their trackage rights’ though CSXT has invoiced ST ‘for their use of the trackage rights’. Again, CSXT did not state an amount due.

[Calls to various knowledgeable people on 10 July failed to shed any light on these trackage rights. Editor]

ENVIRONMENTAL CLEANUP
As a fourth cause of action, CSXT alleged that an environmental spill occurred on 11 June 2005 along ST tracks near Turnbull Road in Rotterdam, NY. CSXT was mistakenly called to clean up ‘the white powder’ and had an outside contractor do the cleanup. CSXT requests ST pay the cost of the cleanup.

Trial schedule
The parties have agreed to complete discovery and non-expert depositions by 15 December 2008, to complete expert depositions by 1 April 2009, and hold a final pre-trial conference by 30 June 2009. {1:08-cv-10220-NMG}

MAINE

MMA: KATAHDIN MILL**
9 July, Millinocket. KATAHDIN PAPER WILL KEEP ITS MILL HERE OPEN PAST THE END OF JULY, said Maine Governor John Baldacci, “subject to continued customer orders and positive cash flow,” but he could not say for how long. Efforts to secure an alternative energy source [see 08#06B] are among many efforts that might not come to fruition. While company officials have described the sought-after alternative energy source as a biomass boiler, Baldacci shied away from identifying it.

The paper machine here is the newest in the state, worth $150 million. {Nick Sambides in Bangor Daily News 9 Jul.08}

Potential good news for MMA: it could keep outbound traffic and inbound oil. {editor}

How long will the mill operate?
Glen McMillan, a senior vice president and chief financial officer of Fraser Papers of Toronto, said on 10 July: “As of today, we have no confirmed orders beyond July 28, only through to July 28. If we don’t have any profitable orders for August 1st, then we won’t start on August 1st. If we have profitable orders until August 31st, then we will
run until August 31”. [Company officials] are optimistic that we will get orders beyond July 28 that will have that mill operate on a cash-profit basis in the short term.”

Warmer summer temperatures cut the mill’s oil needs by about a third. But an alternative energy source won’t emerge this autumn: “I can’t see us making any announcement on that before the end of September. We won’t make an announcement before that time,” McMillan said. “Any alternative energy source would likely involve biomass [boiler systems], and there are many parties that need to sign off on that. Large projects like that require capital. It will take awhile.” {Nick Sambides in Bangor Daily News 11 Jul. 08}

SLR: INTERMODAL*
14 April, Auburn. **SLR INTERMODAL FOR 2Q08 DROPPED.** Parent company Genesee & Wyoming reported 362 “carloads” for April-June, below 2Q07 [see box and 08#05A]. {GWI press release}

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<th>SLR INTERMODAL CAR COUNTS AT AUBURN MAINE</th>
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<td>Intermodal carloads</td>
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ST v FORE RIVER: DEMURRAGE*
7 July, DC. **ST ASKED THE STB TO RULE ON DEMURRAGE QUESTIONS** In its lawsuit against Fore River Warehouse on this day.

In March 2007, ST (represented by Keith Jacques of Smith, Elliott of Saco, Maine) filed in US District Court for Maine against Fore River Warehouse (represented by Daniel Rosenthal of Verrill Dana, Portland) to collect $149,280 demurrage not paid for April, May, June, and October 2004, and May, June, July, and August 2006. [In 2006, ST placed an embargo on Fore River because of congestion–see 06#05A.] {2:07-cv-00052-GZS}

ST alleged that Fore River had not unloaded railcars in a timely fashion. Fore River told ST in 2006 that it would not pay demurrage for that year, because the demurrage charges were invalid. First, Fore River is not a consignee. Second, demurrage charges cannot be levied where, as Fore River alleges, cars are backed up due to the fault of the carrier itself. Third, demurrage cannot be charged for SIT (storage in transit) cars. {Fore River motion to refer case to STB 4 June 07}

Referral to the STB
The Court has referred seven questions related to the reasonableness of the demurrage charges to the STB. On 7 July, ST finally, after numerous delays and requests, filed a request for the STB to make a determination on the questions. {STB website filings page NOR 42108}

BUCKSPORT
9 July. **SOME DETAILS ABOUT WEBBER ENERGY’S DOCK USAGE** came to light following its upgrade. The project took about seven months and was finished in May, bringing the dock back into service, according to Patrick Potter, general manager at Webber Tanks. Fuel was trucked to the company’s tanks during that time.

The fuel dock was built by St.Regis Paper in 1949 to serve the paper mill, now operated by Verso Paper. It was designed for ships of 15,000 tons dead weight, but now, said Potter, “We’re dealing with ships of 50, 60, 70,000 tons.” Most of the work involved repairing dolphins and rearranging some pumps.

The traffic
The dock has had just one delivery of jet fuel since the work was completed, but Potter said traffic should pick up once the market had adjusted itself. Although the company provides jet fuel to Bangor International Airport, most of the product that comes to the docks is home heating fuel. He declined to specify the precise amount of fuel that moves through the port at Bucksport and to the tanks, because of competition.

Webber’s tanks [see map 01#04A] store fuel that is shipped to customers throughout the state and beyond, he
said. The company doesn’t refine any of the product at the tanks, but it does mix product to provide the blend customers demand.

Most of the inbound product is produced domestically, but frequently the tankers and barges that deliver it travel into international waters. So the facility falls under the Maritime Transportation Security Act and various homeland security regulations. That makes the dock and the tank a restricted area, Potter said.

Security regulations also prevented him from discussing the length of the dock, although he said there was about a mile of pipeline running underground between the dock and the tanks.

Cruise calls?
Although the refurbished dock will be the host for the Navy frigate USS John L. Hall when it visits Bucksport for the annual Bay Festival later this month, Potter said, it is unlikely that the dock would be used regularly for anything other than oil deliveries.

Smaller cruise ships have made Bucksport a regular stop on their trips in recent years, and Potter said he has spoken with town officials about using the dock for visits from larger cruise ships. The dock, he said, is too high for most of the smaller cruise ships to use and most of the larger ones are too tall to fit under the Penobscot Bay Bridge. {Rich Hewitt in Bangor Daily News10.Jul.08}

PORTLAND: SALE OF IMT?
16 July. THE SUSPENSION OF INTERMODAL OPERATIONS AFFECTS THE SALE OF THE FACILITY, said John Henshaw, director of the Maine Port Authority. Portland was talking to the Port Authority about assuming management of the International Marine Terminal, which needs $8 million to $10 million in repairs that City Manager Joseph Gray has said the city cannot afford. [See 08#03B.] “Obviously, we would look to (manage the terminal) as a service to Maine companies, but we want to realize revenues,” Henshaw said. He remains optimistic the service will resume.

Kevin Mack, Columbia Coastal spokesperson, said that if Red Shield resumes shipping to New York, Columbia will restart the barge service. The company also is working on ideas to create more business in Portland. “But it takes time.” {Beth Quimby in Portland Press Herald 17.July.08}

Jack Humeniuk, ILA representative and manager of the terminal, is laid off along with the other three full-time and 16 part-time workers. He is also optimistic about re-opening, though he cautions that even after Red Shield resumes operation [see 08#06B], pulp would not move out of the facility for weeks. {ANR&P discussion 17.Jul.08}

MASSACHUSETTS

ST: MSW REPLACE C&D?
11 July, Ayer. MACNAMARA IS PROPOSING TO HANDLE MUNICIPAL SOLID WASTE at its Devens Recycling facility here [see 07#09A]. Massachusetts Secretary of Energy and Environmental Affairs Ian Bowles issued a certificate this day stating that adding the handling of MSW did not require a Supplemental Environmental Impact Report.

The Office noted that Macnamara had already received a permit to handle up to 1500 tons of construction and demolition debris (C&D) on 14 November 2005. Macnamara now seeks to handle up to 1000 tons per day of MSW under the 1500-ton ceiling. He will be required to obtain a permit from the Massachusetts Department of Environmental Protection, and local authorities.

Proposed operation
Haulers will bring in MSW from nearby municipalities; trucks and rail may move the MSW outbound, up to six railcars a day. {text of certificate}
**NEW HAMPSHIRE**

**NEW HAMPSHIRE COMMUTER**


**Lowell-Concord**

On 14 July, roughly 250 people attended a forum titled "Rail as the Economic Engine for NH: A Time for Action" at Saint Anselm College in Manchester. Although talk and tentative plans for a mass transit service connecting southern New Hampshire to Boston are decades old, Mike Izbicki, a member of the New Hampshire Rail Transit Authority and Bedford Town Council chairperson, said it could be a reality in five to seven years. State Senator Peter Burling, D-Cornish, a member of the forum's panel, said it could be built in three.

New Hampshire Railroad Revitalization Association member and Bedford resident Mark Richardson, another member of the panel, said the project could cost $200 million, to build train stations and upgrade 35 miles of train tracks between Lowell and Concord; the federal government will fund up to 80%. The state would pay $20 million to $30 million after private funding sources are taken into account, plus $8 million to $10 million a year to run the service.

A ridership study is now underway, funded by Bedford, Manchester, the Southern New Hampshire Planning Commission and the Manchester-Boston Regional Airport. {Joseph Cote in Nashua *Telegraph* 15.Jul.08}

**Lawrence-Londonderry**

The two-year study looking at alternatives to the widening of I-93 will narrow a long list of options to two: the Lawrence-Manchester rail line and a "bus on shoulder" alternative running frequently along the side of I-93, according to Kit Morgan, NHDOT rail administrator. The rail would actually operate only to Londonderry, because of the cost of tunnelling under the Manchester airport runway. But, said State Representative Sherman Packard (R-Londonderry) the cost of laying track, around $200 million, and operating will prevent the realization of this alternative.

The Conservation Law Foundation, which won a court battle requiring the examination of alternatives, “believes that an aggressive schedule for implementing transit is necessary,” said CLF attorney Tom Irwin. But Morgan called the alternative a very long-term plan, with no set time line. {Meghan Carey in Lawrence *Eagle Tribune* 13.Jul.08}
**CN: CUTS HALIFAX SERVICE**

9 July. *CN WILL CUT ITS INTERMODAL SERVICE FROM TWO TRAINS A DAY TO ONE*, just two weeks after saying no decision to cut service had been made [see 08#06B]. Railway spokesperson Mark Hallman wrote:

‘Effective 8 July, CN eliminated a train pair between Central Canada and Halifax -- 122/123 -- on account of reduced volumes of container traffic. Port of Halifax terminals will continue to be served by pure intermodal trains 120/121 between Toronto and Halifax. There will also continue to be merchandise service to and from Halifax.

‘We are discussing the service change with our customers in order to accommodate their needs; however, the remaining intermodal trains have adequate capacity for existing traffic. If volumes increase, CN will adjust train service as required.

‘The train pair that was cut carried a mix of merchandise/intermodal between Halifax and Montreal. All the intermodal traffic that was on this train has been shifted to the daily pure intermodal trains -- 120/121, which were running at less than full capacity and, as I mentioned earlier, have room for the additional intermodal traffic. The result is that CN will move the same amount of intermodal traffic in and out of Halifax each day on the one train pair that it was moving on two.

‘This decision was not taken lightly. CN has been working diligently over the last 12-18 months in concert with the Port of Halifax to retain and secure additional freight to fill out the two trains. CN remains strongly focused on growing import/export traffic over the Port of Halifax.’ {e-mail to ANR&P}

One rail observer reported: ‘It used to be fairly common to see dozens of empties arrive on a train and then the next westbound would be half empties as well.’ {AtlanticRails e-list 18.Jul.08}

Information to stakeholders

Paul Richard, chair of Halifax Shipping Association and an official with ZIM, also said the two daily CN trains were often only 50% full, so the move is “cost-effective” for CN and should not affect the stakeholders. “We will keep a close eye to make sure the one train has all the capacity needed.”

He did note that CN, though it did inform the port of the service change, did not inform all stakeholders directly. “Some were in the dark.” {ANR&P discussion 10.Jul.08}

The existing CN trains for the Maritimes

Another rail observer with close ties to CN said the railway tries not to put freight car traffic on 120 and 121, since it can do 60 miles per hour, while the regular freight cars are limited to 50 miles per hour. When 120-121 get delayed, the higher-ups don’t like it. ‘I strongly believe that 122 and 123 will be re-instated, due to the excessive amount of freight handled between Joffre and Halifax.’ He provided this detail on the trains:

**Carload and auto traffic eastbound**

M30831 (Toronto Mac Yard-Moncton Gordon Yard) brings freight traffic to Moncton.

- Halifax block continues as A40811 (Moncton Gordon Yard- Dartmouth yard)
- Saint John block continues as A40611.

A47421 (Joffre Yard- Moncton Gordon Yard) cars for Halifax can move on Q12031 [see below].

**Carload and auto traffic westbound**

- Halifax block arrives as A40711 (Dartmouth Yard- Moncton Gordon Yard).
- Saint John block as A40511.

M30511 (Moncton Gordon Yard-Toronto MacMillan Yard) takes the blocks as well as Moncton traffic. The 305 usually departs the yard with 10,000 feet and sometimes DPU (distributed power).

A47311 (Moncton Gordon Yard- Joffre Yard) takes overflow traffic from 305 as well as its cars.
Intermodal traffic

Q12031 (Brampton Intermodal Terminal- Halifax Ocean Terminals, stops at Montreal and Moncton intermodal)
Q12131 (Halifax Ocean Terminals-Brampton Intermodal Terminal, stops at Montreal and Moncton intermodal).
{e-mail to ANR&P  17.Jul.08}

Crew costs reduced as well

Another rail observer wrote: ‘The cost savings for CN is obvious. They have reduced their requirement for mainline crews by three between Halifax and Moncton (of nine total mainline crews prior to the change), allowing those crews to be placed in local service where there seems to be a shortage of manpower at this point due to a slew of retirements in recent months.

‘It appears that the manpower savings will result in the re-introduction of a second yard assignment at Rockingham Yard in Halifax, as well as the possibility of returning a second shift to the industrial switcher assigned to the Truro area where the business has been consistently more than can be handled in a single eight-hour shift. This, of course, is good news for customers served by CN from those facilities.

‘The requirement for motive power is also reduced, with the remaining trains 120/121 requiring three or four units depending on traffic volume as opposed to the four-train plan requiring a minimum of four and a maximum of six units.

‘What remains to be seen is how CN will adjust the plan as winter approaches. Their struggles with operating long trains in winter weather have been apparent for the last several seasons, with this past winter being an extreme example. However, CN could mitigate this problem by using distributed power on the longer intermodal trains, although with a limited number of distributed power equipped locomotives, motive power planning may be an issue.

Domestic intermodal may suffer?

‘It also remains to be seen what customers of CN's domestic intermodal product in Halifax think of the change. Under the four-train plan, inbound trailers and containers were available for pickup by 8AM, while under the current plan it appears that the availability time is early afternoon due to the addition of a stop in Montreal into train 120's schedule. For customers in the far corners of Nova Scotia, this could effectively add an extra day to the transit time.’
{e-mail to ANR&P from Mark Rushton, Halifax rail observer 14.Jul.08}

HALIFAX: TRAFFIC DOWN

11 July. HALIFAX’ OVERALL TOTAL TEUs YEAR-OVER-YEAR HAVE DECREASED 16.3% FOR THE FIRST SIX MONTHS, according to a notice on the port’s website. It continues: ‘Several factors are at play:

* The 2007 loss of two weekly services is fully reflected in the first half of the year;

* The high Canadian dollar relative to other currencies;

* The weakening US economy has impacted both export and import cargo volumes through the Port of Halifax;

* The high cost of bunker fuel and the effect on overseas sourcing. In 2003 the average cost of bunker fuel was $152 (USD) a tonne – today bunker fuel is $635 (USD) a tonne - this has had a direct effect on freight rates.

* Continued consolidation of international shipping lines.

The decrease in containerized cargo is not a problem unique to the Port of Halifax – ports all over North America are facing downturns. June 2008 just ended and Asian imports are forecasted to be down 7.1% in comparison with June 2007 at North American ports due to softened import demand.’ {Port Authority website}
Port reaction to CN service cut
Karen Oldfield, port authority president and CEO, said on 11 July: “We understand that CN has spoken directly to port customers and has advised there will be absolutely no impact or change or effect to customer service. Our job is to be very vigilant and monitor that assurance and to make sure that the rail service is seamless.”

Oldfield said the next step will be for CN to explain to terminal operators and some key stakeholders next week how it plans to alter its service without negative impact. The key to this move by CN is service and reliability “and CN is telling customers there will be no change in service and that is what we have to focus on.” {Tom Peters in 

CN did come on 17 July. {Roger Taylor in 

HALIFAX: BANKRUPT LINE
16 July. 

17 July, Halifax. 

STRAIT OF CANSO: NEW TERMINAL
29 May, Providence RI. 

17 July, Halifax. 

New technology?
Stevens has mentioned security and automation as points he would like to discuss, said Murphy. “I get the impression he’s not talking about remotely-operated cranes, but that’s just my impression.”

The new Maersk terminal, built in 2007 at the Port of Virginia, does use remotely-operated cranes. Roger Giesinger of the Hampton Roads Shipping Association said the introduction of the technology did not require an amendment to the master ILA agreement, which governs the relationship between the ILA and all the carriers on the North American East and Gulf coast. The ILA reached a “local agreement” with Maersk on the technology.

Jack Humeniuk, ILA representative in Portland, said labor cost at a port is only a “small part” of the overall cost to use a terminal. {ANR&P discussions 17.Jul.08}
HALIFAX v OTHER EAST COAST PORTS: TOO LONG AN INLAND ROUTE

A new analysis of the ports along the Eastern seaboard shows why some ports and their railroads are winning, and others are losing, in the battle for container market share. The winners get the most calls from ocean carriers. Those carriers, along with their shippers, decide which port gets the most calls, and which inland route is used, often adding or dropping ports with only a couple of months’ notice.

The emerging key to the choice, according to a forthcoming paper Port Hinterland Divergence along the North American Eastern Seaboard by Jean-Paul Rodrigue of Hofstra University, NY, and Changqian Guan of the US Merchant Marine Academy, NY, is the cost of the inland route.

Railroads were already planning better inland routes out of certain ports, believing that the import boom of past years would continue and they would need the extra capacity. NS has begun work on the Heartland Corridor between the Port of Virginia (Hampton Roads) and Chicago, while CSXT in May announced the National Gateway, a route between Hampton Roads as well as the Port of Wilmington, NC, and the Midwest.

Where is that container boom?
In the mid-2000s, many analysts spoke of a “tsunami of containers” headed for the US, a doubling of import container traffic by 2020 [see 08#01A]. Rodrigue was skeptical. The US Maritime Administration (MARAD) which put out such estimates, he said, was “just using a monkey and a chisel” to draw a straight line extrapolation of the growth of the past few years.

The US real estate bubble, where prices were “going to double or triple, drove a lot of consumption and the Chinese were happy to oblige,” says Rodrigue. “This created a surge in imports” and led MARAD and others to revise upward their projected traffic increase. Once the bubble burst, the demand shrunk.

The oil price increase has put a second whammy on imports, driving up the cost of producing goods in Asia, and of transporting them to consumers in North America. A third whammy came from the drop in the value of the dollar, attributed by Rodrigue to “a lack of confidence in the US economy and the staggering amount of debt accumulated by governments, corporations and individuals.”

These three factors have moderated import container growth. In fact, Rodrigue points to the 5.7% drop YTD at the Port of Los Angeles, which has had increases for 26 of the past 28 years, as an indicator of a possible future.

Now what for the railways?
With demand dropping and fuel costs rising, logistics managers see the expensive parts of the chain “standing out like flashing lights,” as Rodrigue put it. The ocean costs are rising more slowly than the land costs; in fact, the cost per TEU on some ocean routes has declined by 50%. For several years, the all-water route from Asia to the East coast via the Panama Canal has cost less than the quicker ocean to the West coast and rail to the East coast route. [For Ocean Farm Technologies, $3000 versus $9000–see 08#06B Maine.]

Because the land costs continue to rise, transportation managers are looking for shorter land routes to their markets. This factor is driving container traffic to ports near their markets, such as Savannah, and away from ports distant from their markets, such as Halifax.

Rodrigue and Guan’s paper describes three sinks along the North American East coast [see map], and suggests that the ports at the ‘bottom’ of each sink provide the shortest land routes.

[Apologies for the orientation of text in the map. Turning the East coast sideways, which the authors did throughout their text, gives the best impression of the ‘sinks’ about which the authors write. Editor]

The Upper Range sink, between Halifax and Boston, has only a small local market, while the larger market of Montreal has direct water access. The Mid Range sink has two major ports at the bottom, both doing well: New York and Hampton Roads. (Baltimore, while closer to the Midwest, has a long channel container vessels must traverse.)

The Lower Range sink has one larger port at the very bottom: Savannah, with Wilmington, Charleston, and Jacksonville more at the margin.

The numbers thus far at the ports illustrate the authors’ point. Halifax is down 16.3% for 1H08 to
In the Mid-Range sink, New York is up YTD through May 2008 6.7%, and Hampton Roads 2.3%. In the Lower Range, Savannah has risen 12.3% YTD, while the smaller ports show losses: Charleston down 6.1% and Jacksonville down 6%.

Rodrigue cautioned that “all this is still speculation. It’s unfolding as we speak. But I suspect that the geographic distance [factor] is coming back with a vengeance.” And that gives the new NS and CSX corridors a new purpose. If they won’t handle the boom, they’ll at least provide a cheaper inland route. [ANR&P discussion with Rodrigue 11.July.08; Rodrigue-Guan website; port websites for latest numbers]

Impact on Halifax
For the Port of Halifax, its large inland markets are made up of Montreal, Toronto, Detroit, and Chicago. Unfortunately, Montreal is best served directly. Or, like the other inland markets, Montreal lies closer to New York than Halifax.

[More on the plight of Halifax from Rodrigue and others in a future issue.]
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