NS-ST DEAL


NS-ST: Fine did not hold up formation of PAS.**

OTHER REGIONAL ISSUES

Jake Awards: Many railroads in the region win.*

MMA: Revenue off.*

SLR: Revenue off.*

ST: Service reduced.**

Halifax-Boston ferry: Alf Howard continues to move ahead on effort.*

CONNECTICUT

[No report.]

MAINE

State rail plan: Work started.

MMA: Can Legislature help? Abandonments.*

MERR: Cement to Pennsylvania?Passenger up.*

SLR: Auburn organic feed mill closed.*

ST: Metal firm would like to use more rail.

ST: Curtains service. Paper mill needs better cars.*

ST: Lewiston Lower ready for customers.

ST: Service questions.

ST: End of Wausau mill, no loss of rail traffic.*

Portland: First pulp by barge to New York.*

State to lease terminal.

Searsport: Consultants respond to RFP.*

MASSACHUSETTS

Bridge fee: House and Senate strip it out.*

Liability: Passenger services bear the brunt, and should not, in EOT/CSXT deal.**

CSXT: End of waste move in Beacon Park...*

PW: Southbridge Street may find another use.*

ST: Fine of $500,000 for environmental crime.*

ST: Oil spills and fires a problem.*

ST: Intra-state scrap move.

NEW HAMPSHIRE

General Court: Study to buy lines moves ahead.*

MBRX: Resolve disputes with ST at the STB.*

ST coal: General Court bills to study or stop the scrubber for the Bow coal plant are dead.*

RHODE ISLAND

State rail plan: Work started.

Proveyor: Wish list includes container feeder.

VERMONT

[No report.]

MARITIMES/QUÉBEC

Belledune: Landing wind mill parts.**

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

What's new

Four post-ebulletin articles, plus revisions of e-bulletin articles. Major point: Pan Am Southern is underway.

See you at NEARS!

- Chop Hardenbergh

Next issue: 30 April.
NS-ST/PAN AM SOUTHERN

The Norfolk Southern Railway (NS) and the Pan Am Railways (ST) will create the Pan Am Southern Railway (PAS) to operate all of ST’s lines west of Ayer. This section covers that deal, approved by the STB on 10 March. The railroads say they will create PAS in May.

TRANSACTION CLOSED

9 April. **NS AND ST CLOSED THE TRANSACTION**, reported Rudy Husband, NS spokesperson. He did not ‘have a schedule yet on improvements.’ {e-mail to ANR&P 14.Apr.09}

Date for creation of Pan Am Southern

In a press release issued on 11 March, after the STB gave permission for the formation of Pan Am Southern, NS and ST stated: ‘The U.S. Surface Transportation Board’s approval of the joint venture will become effective as of 12:01 a.m. (EDT), April 9, 2009. Pan Am Southern is expected to commence operation on or about May 1, 2009.’ {text of press release}

Improvements planned

The Transaction Agreement of 15 May 2008 stated that NS will contribute to PAS $60 million in cash and in-kind contribution within 30 days of closing [see 08#06A][therefore by 9 May, editor].

The Operating Plan filed with the STB stated that PAS will spend more than $42 million over the three years following consummation of the transaction, including tie replacement ($13.1 million), surfacing ($2.5 million), rail replacement ($11.1 million), and bridge rehab [see 08#06A].

Mike Bostwick, ST vice-president marketing, told NEARS in October 2008 [see 08#09B] that most of the work to make the line capable of handling 286,000-pound cars will consist of bridge work, which will start in spring 2009 and take 30 months.

Track work happening

Rail observers report ballasting has started on the west end of the Freight Main. Husband declined to confirm this as part of the PAS plans. ‘We are going to make the improvements on the Patriot Corridor described in our STB filings as expeditiously as possible. If we think the work that is going on is worthy of public attention we will let you know.’ {e-mail to ANR&P 13.Apr.09}

NS-ST: EFFECT OF CRIMINAL FINE*

31 March, Woburn. **THE $500,000 FINE WILL NOT POSTPONE CLOSING OF THE NS-ST DEAL.** Under one of the conditions of probation imposed by the court [see other story], ST is restrained from transferring assets until the four railroads have paid their fines. NS spokesperson Rudy Husband wrote: ‘The PAR legal situation in Mass. will not affect the start-up of PAS.’ {e-mail to ANR&P}

OTHER REGIONAL ISSUES

JAKE AWARDS*

**Jake Award with distinction** (no FRA-reportable injuries for 2008) to the following New England railroads:

Connecticut Southern Railroad

Fore River Transportation Company

Massachusetts Central Railroad

Pioneer Valley Railroad
Jake Award (injury rate below average for 2008)
Bay Colony Railroad
Clarendon & Pittsford Railroad
Montreal, Maine & Atlantic Railway
New England Central Railroad
Providence & Worcester Railroad.
St.Lawrence & Atlantic Railroad
{ASLRRRA announcement 1.Apr.09}

MMA: SNAPSHOT*
2 April, Augusta. **THE RAILROAD IS LOSING MONEY,** President Bob Grindrod told the Rail Caucus, a group of Maine state legislators.

The MMA “costs $100,000 a day to operate. Yesterday we billed $23,000 in revenue.” Generally revenue has declined 35%. {ANR&P coverage}

[For comments specific to Maine, see *Maine.*]

SLR: SNAPSHOT*
2 April, Augusta. **THE RAILROAD REVENUES HAVE DROPPED 25-30% IN 1Q09,** General Manager Ed Foley told the Rail Caucus [see above]. He has had to curtail trains, “and for the first time in 14 years, I’ve had to lay off people.” The paper mills, a significant market for the SLR, “have had a tough time adjusting to these times.”

He told the legislators that the state Industrial Rail Access Program (IRAP), “as great as it is,” does not at $2 million have enough funding. He compared the fund total to “a new off-ramp” for the interstate [in Colorado on I-25, merely reconstructing an on- and off-ramp will cost $8.6 million. {Colorado DOT website}]. {ANR&P coverage}

ST: SERVICE CURTAILMENT
10 April, Maine. **ST IS STOPPING SOME TRAINS THIS WEEKEND,** at least in Maine in the face of the traffic decline, according to two separate sources [see *Maine.*] It also curtailed service on Good Friday [see box].

Stoppage not system-wide
A rail observer in western Massachusetts reported trains running on Sunday 12 April. {e-mail to *ANR&P*}

HALIFAX-BOSTON FERRY*
7 April, Boston. **PLANS FOR A HALIFAX-BOSTON FERRY ARE “DOING JUST FINE”,** said Alf Howard, president of American Ferries, which has long worked on the project [see 06#11B]. He recently concluded an agreement with Martin Karlsen of Karlsen Shipping in Halifax. Karlsen, which runs the Polar Star expeditions, will take over the corporate structure of American Ferries.

The two are talking to potential partners, and to “ship people” in Europe. Despite the proposals for a Yarmouth-New England ferry [see future article], Howard said “Halifax-Boston remains the most reasonable route.”

He anticipates chartering a single-hull ship which would sail the 380 nautical miles at more than 20 knots, permitting a six-hour layover in each port and a sailing every other day.

He had no estimate of the ratio between passenger and freight revenue. He does anticipate that the ferry will carry tractor-trailers loaded with fish and produce.
Some obstacles
He has talked to US Customs about clearing aboard ship. The agency doubted it could be done, but did not turn down the idea.

While others are concerned about the expense of the harbor maintenance tax, said he “had not bumped up against that.”

While Bay Ferries is receiving a subsidy for the Cat, Howard said his operation would not require outside money. {ANR&P discussion}

MAINE

STATE RAIL PLAN
14 April, Augusta. HNTB HAS BEGUN WORK UNDER THE CONTRACT WITH MDOT ON THE STATE RAIL PLAN [see 09#02A]. HNTB will employ subconsultants HDR Engineering, Economic Development Research Group, Morns Communications, Prime Focus LLC, Egan Consulting Group, and KM Chng Environmental Inc. of Burlington, Massachusetts. [KM Chng works in the areas of air quality, noise and vibration analyses and monitoring for transportation and infrastructure development projects. {company website}]

The Scope has seven tasks:

1) Develop the framework, including data review and public engagement.
2) Analysis of existing rail system infrastructure and operations, including ports, terminals, and gateways.
3) Industry trends in goods and passenger movement.
4) Initial set of rail alternatives and public benefits of state capital investments in rail.
5) Evaluate rail line strategic projects.
6) Plan to fund priority projects.
7) Recommendations and next steps.

Public input
In Task 1, Morns Communications will ‘spearhead’ the development and execution of a public and stakeholder plan.
‘Of particular importance will be a plan for how to successfully engage representatives from private interests in the freight industry and how to sustain such involvement throughout the development of the plan.’

The consultants will create a Technical Advisory Group ‘to ensure the accuracy of technical material, the inclusion of all key factors in analyses, and the thoroughness of the analysis.’

The Group will include representatives of NNEPRA, Amtrak, rail service providers, and major shippers.

The consultants will convene two public meetings each in greater Portland and Bangor, one at the conclusion of the data-gathering phase, and a second following the initial development of draft recommendations. {text of scope of work}

Timeline
Nate Moulton, MDOT manager of rail transportation, said on 14 April that the rail plan will be done “December 09.” After the consultants have completed the early stages of data gathering, and confidentiality agreements with respect to the data, he expects to make an announcement about the effort.

The rail plan announcement is not part of the governor’s plans to announce a new rail initiative in the coming weeks to expand both passenger and freight rail, increase access to industrial rail, and better use the state’s ports. Baldacci referred to that in his statement to the annual Paper Days conference on 8 April at the University of Maine in Orono. {ANR&P discussion 14.Apr.09; Kevin Miller in Bangor Daily News 9.Apr.09}
MMA: ACTION NEEDED**

2 April, Augusta. **THE RAILROAD HAS SEVERAL SUGGESTIONS FOR THE LEGISLATURE**, described this day by President Bob Grindrod to the Rail Caucus, a group of Maine state legislators.

**Right of first refusal legislation**

MDOT, under 23 MRSA 7105 (part of the ‘State Railroad Preservation Act’), has right of first refusal on rail lines. The statute also states: ‘In addition, the department shall consult with the Department of Economic and Community Development, the Department of Conservation, and the State Planning Office in making the determination required in this section.’

Grindrod said this consultation clause had, under MDOT and MDOC interpretation, come to give MDOC the right of first refusal. MMA has talked to MDOC “for more than a year” about one piece of property MMA would like to sell.1 MDOC has not signed off, leading Grindrod to use the word “extortion.”

[The state statute apparently does not include a deadline by which the state has to decide whether it will exercise the right of first refusal. Editor]

**Tax assessing**

While the main line of a railroad in Maine is subject to a statewide franchise tax and not to local municipal tax assessment, side tracks, yards, and support buildings are taxed by the municipality. “This leads to difficulties” because different municipalities tax at different rates, and MMA must keep one person full-time on the payroll to handle the tax bills. Grindrod suggested that all railroad property be taxed by the state.

Asked by State Senator Gerzofsky, co-chair of the caucus, whether MMA was looking for a lower tax bill, Grindrod responded, “No. We leave the expenditure of the tax revenue up to you.” The railroad just wants to simplify the system. [New Hampshire does so—see box.]

**Railroad crossings**

Under Title 23 section 7230, MDOT is required to pay up to 50% of the cost of grade crossings. ‘The State may provide annually each railroad corporation with a reimbursement payment. For at-grade crossings, the payment must be determined based on each railroad corporation's verified average cost for crossing maintenance multiplied by the number of eligible crossings, with a maximum payment of $2,500 per crossing.’

Grindrod told the solons that the state now pays only 35%. MMA has 650 crossings in its 500 miles of track, and the state funding is inadequate. He later added: ‘We are not up to the $2500 max per crossing (which was set when the law was passed and has not been adjusted since). The reason we get each year for the short payment is that MDOT has not been provided with sufficient funds by the Legislature. I merely sought to point this out to the legislators who wanted examples of problems we face.’

**IRAP money**

Grindrod, like Foley of the SLR, said the IRAP funding needed a boost: “There’s more demand than there is money.”

**Abandonments**

Lastly, Grindrod brought up a “distasteful” point, about which he would “tell the truth, and not what you want to hear. This region does not have sufficient traffic to maintain the rail system.” The state will have to “judge whether retaining the service is justified” by the cost to do so, under some arrangement with the state.

“Something has to be done. We have, for example, fifty miles of track to maintain which handles only 100 cars a year.”

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1 Grindrod later said he was referring to the ‘Medford cutoff’, which ran from South Lagrange to Packards, a shortcut avoiding Brownville Junction. The Bangor and Aroostook abandoned this segment in the 1980s. {e-mail to ANR&P 7.Apr.09}
The railroad is an economic development tool, Grindrod continued. Is it a public responsibility, or that of private companies? “There are many ways to approach this.” Gordon Fuller [president of Maine Eastern, see below] operates on a line “owned by the state and his economics are vastly different.”

The MMA “costs $100,000 a day to operate. Yesterday we billed $23,000 in revenue.” Generally revenue has declined 35%.

Loss of paper machines
“Three weeks ago we toted up the number of paper machines we serve: 11. At that time, two were operating. That number rose in the past week; three were closed in the first week of April.”

The railroad has cut employment from 315 in July 2008 to 210 as of this day. Management has taken a 15% salary cut. {ANR&P coverage}

What possibility for improved traffic?
After the meeting, Grindrod said that on the Fort Fairfield subdivision in Easton, one customer, Huber Engineered Woods [our Directory #773] was using rail “at a very low level,” and the other [McCain, #772] was only receiving inbound vegetable oil for its french fries. MMA had offered McCain a substantial cost savings to move inbound fuel oil by rail (now trucked from Searsport), or outbound product, but McCain declined. {ANR&P interview}
MERR: SNAPSHOT*
3 April, Augusta. **DRAGON CEMENT STILL PROVIDES THE LION’S SHARE OF REVENUE** for the railroad, President Gordon Fuller told the rail caucus [see above, SLR]. Passenger operations now provide 30% of the total, and in 2008 passenger revenues rose “a couple of digits.”

Cement moves by barge out of Rockland, and by rail to Quebec. Formerly the railroad loaded three barges every two weeks, now two barges every three weeks. In January and February Dragon has produced no cement, and supplied its customers from a stockpile.

**New move?**
MERR is working with ST on a rail move of 400,000 tons of cement [equivalent to 4,000 cars—**editor**] to Pennsylvania, Fuller said. They are competing with a Norfolk Southern rail move out of South Carolina.

He saw opportunities in the conversion of the Brunswick Naval Air Station, and at the former Mason Station power plant site in Wiscasset.

Track work
Fuller agreed with MMA and SLR that the IRAP program does not have enough funding. He noted that other states offer a 70-30 or even 90-10 match (the railroad paying the smaller part), contrasting with the 50-50 match Maine offers.

MERR does do its own track maintenance, sharing the cost of ties. “We do our own signal work.” {ANR&P conversation}

SLR: MILL CLOSING*
2 April, Auburn, Maine. **BLUE SEAL CLOSED ITS ORGANIC FEED MILL HERE,** said Bill Whitney, who manages transportation for the company from his office in Londonderry, New Hampshire. The company announced on 31 March it would close the organic feed mill, which it recently purchased from New England Feeds [see 08#07B Other Regional]. The company is open to other uses for the facility, and looks to SLR to find a use which requires rail, said Whitney.

**The rest of Blue Seal Feeds**
Whitney said the company planned no further closings of Blue Seal mills. And he will use some capacity in Augusta to store organic feed “to give the organic farmers transition time.” {ANR&P discussion}

**Organic farmers not happy**
Maine has one of the highest percentages of organic dairy farms in the country, with nearly 70 of the state's 330 dairy farms certified as organic. Mounting costs and low milk prices mean these are tough times for conventional dairy farmers. “Blue Seal Feeds recently made a difficult decision to cease producing and selling organic feed in the state of Maine. This decision was the result of low demand coupled with the high cost to produce this specialized feed,” said company President Kevin Fields. “We have to have certain requirements in the production process, there’s more significant requirements on the producers that supply us with products, and then just from a volume standpoint, there aren’t the efficiencies.”

“If you think about it, you have 70 dairy farms and to run a mill it takes two to three people,” said Russell Libby of the Maine Organic Farmers and Gardeners Association. Libby says he can understand how the basic economics could work against the feed mill. He says although Maine has one of the highest percentages of organic dairy farms, the actual numbers are still low, at just 70 farms. "So each of those farms would have to support their share–3%, 4%–of the total facility." {Tom Porter in MPBN 31.Mar.09}

ST: A CALL FOR RAIL
13 April, Newport. **NEWPORT INDUSTRIAL FABRICATION WOULD “LOVE TO USE MORE RAIL,”** said Dan Gerry, owner of the firm. It makes architecturally-exposed structural steel for customers near and far, including
Coney Island’s train station, a Dorchester subway station, and the Rockland ferry terminal.

The company does receive some steel by rail at the ST siding in East Newport. “We help pay for a lease there each year.”

Why no outbound rail
“To ship out by rail is very frustrating. For trucking, I can call up six companies and get six different prices in one hour. The truck comes with tarps, chains, and straps to load the load.”

For rail, Gerry said, “If I am persistent, in several weeks I might get a price. I’d love to send more by rail, I have a big problem” in the distance from major markets.

“Pan Am has tried. They have visited here, and worked on a big project.” The customer ended up choosing truck delivery, which took only three or four days, versus three or four weeks by rail, but with “a huge savings.” The customer called New England rail “unworkable.”

The smaller customer
Gerry could not understand why getting a quote took so long. “Railroads are interested in the paper companies” where they can fill 30 cars at once.

But in Maine “there are 100 people like myself, who could fill one car every three weeks. Rail would make such a difference to my business, a 25-40% cut to my freight rates.” {ANR&P discussion}

ST: SERVICE CURTAILMENT*
10 April, Maine. ST HAS REDUCED SERVICE IN MAINE, in the face of the traffic decline, according to two separate sources. A third source, in the paper industry, confirmed that his mill is affected: “We’ll get switched, but we will not have an inbound train or an outbound train this weekend. This works out for us because we are not running full-tilt anyway.

“We all need to work together,” the source continued. “If we don’t have to have service, we don’t want them to run.”

Quality of service and equipment
He went on to say that service between the mill and the railroad “has been better—we have a lot of communication.” But “service does need to improve...especially when the economy turns around, and it eventually will.”

He agreed with the assessment in the Verso Paper report [see 09#03B] that the railroads need to improve service for the entire Maine paper industry. The report’s call for better locomotives and boxcars is correct.

ST operations “don't have enough locomotives to give good service. They need to purchase or lease” more power to provide additional service.”

As for the cars, “no one is making new cars” and in using the old cars, “transit damage is getting worse. In these economic times, customers are looking at every little thing. We are encountering very costly transit damage due to the condition of the cars,” such as bowed walls. “We’re not seeing a lot of good equipment.” {ANR&P discussion}

ST: READY FOR CUSTOMERS**
3 April, Augusta. THE RAILROAD SEES A POSSIBILITY FOR TRAFFIC ON THE LEWISTON LOWER ROAD “VERY SHORTLY,”, Executive Vice-president of ST Syd Culliford told the rail caucus [see MMA in Other Regional]. “We’re trying to get”the Grimmell scrap yard back, but “he’s not up and running yet.” There is “other traffic on the line.” {ANR&P coverage}

LEWISTON LOWER SHIPPERS

Grimmell
Nate Moulton, manager of rail for MDOT, said on 14 April that the IRAP-funded work on the Grimmell spur—see 08#07A—is complete. Because of the ebb in the economy, Grimmell has not ordered any cars to ship out scrap. {ANR&P discussion}
Knight-Celotex

The other possible customer on the line, Knight-Celotex, entered Chapter 11 on 8 April, after Bank of America declined to renew its line of credit. Knight-Celotex, the largest fiberboard manufacturer in the world, is the only U.S. fiberboard manufacturer that both manufactures and ships products within the United States. It also has operations in Sunbury, Pennsylvania, and Danville, Virginia. {Amanda O’Rourke in Sunbury Daily Item 9 Apr.09}

The plant shut for the month of August, 2008 [see 08#08B]. At that time, it did not plan to use rail.

Others?

MDOT proposes to rehab the line into the Lisbon Industrial Park [see09#03A].

ST: SERVICE QUALITY**

3 April, Augusta. VERSO IS WORKING WITH THE RAILROAD ON SERVICE. Culliford brought with him to the Rail Caucus [see above] Bill Cohen, spokesperson of Verso Paper, which had directly criticized ST service in March [see 09#03B]. Cohen told the caucus that Verso senior management has worked with Pan Am on a “cooperative relationship....Reliable rail service is a major driver.”

Here State Senator Stan Gerzofsky (D, Brunswick) interjected: “Yes, number one is reliable, on-time service.” Cohen said the company “struggled with the right recommendation” and ended up recommending improving “track and equipment [actually locomotives and boxcars–see 09#03B], two major problems.”

Westover Massachusetts branch

Culliford, referring to MERR’s mentioning of the Brunswick Naval Air Station, went on to report on ST’s efforts to increase rail traffic at the former Westover Air Force Base in western Massachusetts. “We worked with the” developers there, “but residents wanted only white-collar workers” [despite the fact that several manufacturers at the site used rail at one point, but slowly stopped using it–see 00#21] and “we abandoned the line” [see 04#08A]. He saw “a great opportunity at Brunswick” [which under one alternative does envision rail spurs re-introduced to the property–editor].

Service improvement?

State Representative Stacey Fitts asked the caucus about the general service problem. He noted that getting logs out of the woods to the paper mill took about four hours, but getting paper from the mill to destination “takes two weeks. How do we fix this problem? What is the obstacle?”

Because time was short, co-chair Mazurek cut off any further inquiry.

Investment in Maine?

State Representative Mike Shaw, an Amtrak conductor, asked Culliford whether, with the formation of Pan Am Southern, Culliford would invest in the railroad in Maine, and would share locomotive power with NS. Culliford replied, “We will look at the opportunities in Maine.” He noted the upcoming investment in the Mechanicville facility, probable power in Ayer, and “working with CSX, SLR, and NS on opportunities, some great opportunities.” {ANR&P coverage}

Reduced service

After the meeting, I asked Culliford about the reports of reduced service [see 09#03A Regional]. He responded: “We talked with our paper mill customers and they were ok” with the service cutbacks [see above]. {ANR&P interview}

Interchange with MMA

MMA’s predecessor Bangor and Aroostook Railroad once had considerable interchange traffic with ST predecessor Maine Central, Grindrod pointed out later. In 1972, the Maine Central interchanged 37,667 cars with the Bangor & Aroostook.

That number is now under 5000 per year, according to the submission of Committee to Improve Rail Service in Maine in its request to the STB to reconsider the STB’s refusal to grant conditions on the creation of the Pan Am
According to Tom Hall, the chair of the Committee to Improve Rail Service in Maine, his group decided to withdraw the request for reconsideration upon finding that it would cost at least $200. But the request could be found on the STB website under the docket number for the creation of PAS, FD No. 35147. {e-mail to ANR&P}

Since 2003, Grindrod wrote, ‘the numbers are either static or show a small increase vs. our first year (2003). ‘The big change came in the early 80s when Buck Dumaine got into an argument with Spencer Miller of MEC and became the best friend of the CP via Brownville Junction. What that was about’ Grindrod did not know, ‘but that caused the tilt to move from MEC to CPR....Service issues later in the 80s kept it in place while Guilford went through a series of strikes, and it has stayed that way since.’ {e-mail to ANR&P}

ST: JAY MILL TO CLOSE*

31 March, Jay. WAUSAU PAPER WILL CEASE OPERATIONS HERE PERMANENTLY, company spokesperson Perry Grueber reported. It had already shut machine No.10 [see 08#08B], and had planned to focus on making masking-tape backed specialty paper on the only remaining machine, No. 11, but the economy has gotten much worse since 2008, Grueber, director of investor relations, said on 1 April. It will depend on customer orders between now and 31 May to determine the last day for No. 11.

The closure is driven by the high cost of operating the Jay mill along with economic recession and other factors. Customer orders for the specialty products made at the mill will be shifted to two of Wausau's mills in Wisconsin, Grueber said.

“It is a surprise. We thought things were doing better,” Mike Castaneda, president of the United Steelworkers Union Local 4-0011. “I did ask them if they were going to sell the mill and they said yes, but not to any paper company in North America.” Grueber said the company would sell the mill and the equipment. {Lewiston Sun-Journal 1.Apr.09}

The machines
No. 10 has a capacity of 43,000 tons/year (specialty coated freesheet 35,000 tons, specialty uncoated freesheet 8,000 tons). No. 11 can do 27,000 tons/year (specialty coated freesheet 5,000 tons, specialty uncoated freesheet 22,000 tons). {Directory of Pulp and Paper Mills in New England}

2 April, Jay. THE WAUSAU MILL HERE IS USING NO RAIL, reported Brenda Herrin, director of procurement. After the mill shut machine #10 in 2008, “we scaled back and were getting nothing in by rail. The usage was not high enough to dictate that.” The mill received raw materials in tote form by truck. {ANR&P discussion}

PORTLAND: BARGE ARRIVES

5 April. THE COLUMBIA COASTAL BARGE RECEIVED ITS FIRST LOADED CONTAINERS this day, at the International Marine Terminal. Armand Demers, who handles forest products for Sprague, said the barge will call again on 12 April, with 80 loads both days.

Adding other clients is “a strong focus” for the stakeholders in the service, said Demers. “We need to keep it running weekly” to draw other companies, but “it’s a tough market.” {ANR&P discussion 10.Apr.09}

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2 According to Tom Hall, the chair of the Committee to Improve Rail Service in Maine, his group decided to withdraw the request for reconsideration upon finding that it would cost at least $200. But the request could be found on the STB website under the docket number for the creation of PAS, FD No. 35147. {e-mail to ANR&P}
The barge first called on 29 March, delivering the empty containers for stuffing at Sprague in Portland with pulp from Old Town Pulp and Fiber [see 09#03A]. The mill is expected to ship between 2,000 and 2,500 tons of pulp through Portland each week.

Jack Humeniuk, the manager of the Ports America terminal operator, and a business agent for the International Longshoremen's Association Local 861, said in late March the return of the barge service provides work to about 18 longshoremen. He added that about a half dozen to a dozen clients had to find other means of transport after the barge service was halted in 2007; he expected it would take one to three years to build up that number of clients again. {Tom Bell in Portland Press Herald 30.Mar.09}

13 April. **THE MAINE PORT AUTHORITY WILL LEASE THE INTERNATIONAL MARINE TERMINAL.** The two parties [see 09#02A] recently reached agreement on the terms; the Portland City Council will probably entertain the agreement on 27 April.

**The terms**
The state has already invested $300,000 out of a $500,000 line item in a 2007 bond issue passed by the voters. Maine Port Authority Executive Director John Henshaw said that was spent to protect the pier pilings.

The state will inject the $200,000 balance and the $3.5 million proposed by this year’s bond bill [see 09#03B] into pier repairs over the next three years. During that period, the state will pay the city $120,000 a year or one-third of net revenues, whichever is less. After that, the state will pay 25% of gross revenues.

**Marketing**
Henshaw said he has a person, Patrick Arnold, under contract to do business development and marketing for the terminal. The Port Authority hopes to attract a container feeder ship, and continue to handle project cargo such as windmill components. (Should a reader have potential business, contact Arnold at 207-408-5391.) {ANR&P discussion 13.Apr.09; Tom Bell in Portland Press Herald 11.Apr.09}

**SEARSPORT: CONSULTANT**
13 April. **THE MAINE PORT AUTHORITY RECEIVED A “HALF DOZEN RESPONSES” to its request for a qualified consultant to assist it in its efforts to identify and engage a company to develop a container/cargo terminal.’ [The state has $100,000 for the work–see 09#03A.]

Responses were due by 10 April. John Henshaw, Authority executive director, said he would ask the top three finalists for interviews the week of the 20th of April. The full RFP may be found at the Maine Port Authority website. {ANR&P discussion}

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**MASSACHUSETTS**

**BRIDGE FEE: OUT**
7 April, Boston. **THE MASSACHUSETTS HOUSE VOTED TO TAKE OUT THE FEE TO INSPECT RAILROAD BRIDGES** [see 09#03B] from the House version of the transportation system reform legislation, HB. 4047. John Hahesy of Preti-Minihan, the lobbyist hired by the Massachusetts Railroad Association, said the Senate had already removed the language. He credited ‘everyone in the MRA who picked up the phone, or tapped out an e-mail message, or messages, during the past 36 hours to deliver our case to the House.’

Hahesy also thanked Representative Robert Fennell of Lynn, who sponsored the amendment removing the bridge fee. ‘Bob told us after the vote that he has railroad men as forebears and felt he was honoring their memories by pushing this amendment through.’ Supporting credit went to co-sponsors Representatives Rosemary Sandlin of Agawam and Don Humason of Westfield, and to Joe Wagner of Chicopee, House chair of the Joint Committee on Transportation. {e-mail to ANR&P}
CSXT/EOT: LIABILITY

28 March, Boston. **MASSACHUSETTS OFFICIALS SAW A POSSIBILITY FOR A FAVORABLE RESULT ON LIABILITY** in their negotiations with CSXT, as a result of a GAO report on the subject of railroad liability. Massachusetts with CSXT [see 08#12B], and New Hampshire with ST [see 09#03A] are negotiating the limits to freight railroad liability for passenger rail accidents. A new US General Accountability Office report addresses the problem nationwide, finding that most contracts include sections that assign liability to a particular entity regardless of fault. The report finds that the agreements vary on what type of conduct is covered, such as gross negligence. Levels of insurance also vary, though some statutory liability protections exist.

“The report confirms that the unequal bargaining powers [between government authorities and freight rail companies] in part influence liability negotiations, and often result in commuter railroads assuming most of the financial risks for serving the public,” said US Representative James Oberstar (D, Minnesota). “In fact, some of these agreements make no exception for cases of gross negligence or willful misconduct. This is an unacceptable practice.”

A recent federal appeals court ruling held that making Amtrak indemnify for accidents resulting from a freight railroad’s own gross negligence and willful misconduct was against public policy, as it could undermine rail safety. {Rail Business 30.Mar.09}

Massachusetts response

“We need to go back to the negotiating table and begin anew,” U.S. Representative James P. McGovern, D-Worcester, said in a conference call with Lieutenant Governor Tim Murray and reporters yesterday. “We need to go back to CSX, and say we want to work out a deal that is good for you… but is also good for taxpayers. It’s unfair to have a deal where taxpayers are on the hook. All we’re asking for is a reasonable approach to this issue.”

“We remain flexible so long as we meet the liability criteria,” Jeffrey B. Mullan, undersecretary and chief operating officer of the Executive Office of Transportation, said. “We need to protect the taxpayer. We are mindful of the concern that CSX has about precedent-setting, but the GAO report proves there is no precedent.”

Murray, who has led the state’s efforts to expand commuter rail, said the preference is to buy the track, which would give the state control over dispatching, signaling and maintenance. But state officials also are open to leaving the track in CSX’s hands, if CSX makes room for more passenger trains. {Priyanka Dayal in Worcester Telegram & Gazette 29.Mar.09}

CSXT: END OF TRASH MOVE*

2 April, Boston; “**AS OF NEXT WEEK, WE WILL STOP USING RAIL,**” said Will Flower, spokesperson for Republic Services (formerly Allied Waste). It was moving the municipal and commercial waste through Beacon Park in containers [see complete details in 09#03B]. “Rest assured, Republic is committed to using rail movements of waste where they make economic sense.”

Asked whether CSXT would then have even more reason to vacate Beacon Park, Flower replied: ‘We carefully considered the long-term implications of our decision. Keep in mind that we were hearing that the long term viability of this site as a rail option was already in jeopardy due to the owner of the site looking to develop it for other purposes. You told us about this in February.’ {e-mail to ANR&P}

“The contract [with CSXT] for the site in Beacon Park ends in May,” explained another official. Republic was stuffing the containers in both Peabody and Roxbury and draying them to Beacon Park. Now, the waste will move to the Waste Management landfill in Rochester, New Hampshire.

This official said that because of the increase in recycling (including construction and demolition reprocessing), and the downturn in the economy, the amount of waste for disposal has decreased. Local modes have become less expensive due to the drop. {ANR&P discussion}

PW: USE OF SOUTHBRIDGE*

30 March, Worcester. **THE SOUTHBRIDGE STREET CONTAINER YARD MIGHT FIND ANOTHER USE**, said PW President Scott Conti. [It is no longer active because of the traffic downturn, see 09#03B.] PW General
Counsel Marie Angelini said the company has been talking to “one interested party” about the land, but declined to elaborate, except to say that Intransit’s lease on the Southbridge Street site runs through 30 September 2014.

Steve Cotrone, Intransit president, said the company owns the Wiser Avenue site, where it has operated for many years. It is discussing with the City of Worcester expanding to nearby land. {Bill Fortier in Worcester Telegram and Gazette 31.Mar.09}

**ST: ENVIRONMENTAL CRIME***

31 March, Woburn. **FOUR RAILROADS WERE FINED $125,000 EACH** by Middlesex Superior Court Judge Elizabeth Fahey for trying to cover up a fuel spill [see 09#03B]. Defendants Pan Am Railways Inc and subsidiaries ST, B&M, and MEC have thirty days to pay fines.

Pan Am and its three subsidiaries were also sentenced to three years of probation and specific conditions to fulfill as part of the sentence. “Failure to notify is an offense to the integrity of the Commonwealth’s cleanup program, which is based on voluntary compliance and immediate response to spills of oil and hazardous materials in our environment,” said Commissioner Laurie Burt of the Massachusetts Department of Environmental Protection (MassDEP). “This case highlights the importance of ensuring that there is a level playing field for the hundreds of companies that make it a business priority to comply with our environmental laws every day.”

**Some of the terms of the three years of probation**

- Within 90 days, the defendants must adopt and implement an Environmental Management System (EMS), as defined by and acceptable to the Massachusetts Department of Environmental Protection;

- Within 90 days, the defendants must adopt and implement an education and training program in environmental compliance for all company officers and employees;

- Defendants are restrained and enjoined from making bonus, retention, or any other payments to anyone over $100,000 in a 12-month period, excluding salaries, until they have paid their fines to the Commonwealth;

- Defendants are restrained from concealing, transferring or otherwise disposing of assets, except in the course of ordinary business, until they have paid their fines;

- Every 90 days, the defendants’ must notify the MassDEP, the Attorney General’s Office and the court concerning their compliance or non-compliance with these terms of probation;

- The court reserves the right to appoint an environmental compliance monitor at the defendants’ expense if they fail to adopt and implement an EMS and set up an education and training program for employees and company officers. {Massachusetts Attorney General press release; ANR&P discussion with AG spokesperson Jill Butterworth}

**ST: OIL SPILLS AND FIRES***

3 April, North Billerica. **THE RAILROAD ISSUED A NEW DIVISION NOTICE ON LOCATIONS WHERE "OIL ABSORPTION/COLLECTION PADS" HAVE BEEN INSTALLED**, notice #1-060:

Rotterdam, N.Y. (east end of Track 1 West)
N. Adams, Ma. (N Adams Ind Track near Freight Main Switch)
Ayer, Ma. (east end of Tracks 2 and 10 in Hill Yard plus GMX Lead track)
Lawrence, Ma. (Scale Track)
Dover, N.H. (east end of Track 2 Freight) {e-mail to ANR&P from railroad source}
ST has called oil spill teams to Ayer and Dover. At Dover engine #506 and at Ayer #s 505 and 514 needed their services. Two weeks earlier, #s 621 and 690 needed clean-up services. \{NERail e-list\}

**Fires on tracks**  
In late March, an ST locomotive started a small brush fire in Westminster. ‘More likely due to sparks from their stack,’ reported Brent MacAloney, the town fire chief who successfully got ST to pay the costs of 2007 fires \[see 08#11B\]. On 3 April, he wrote that ‘Gardner had a number of fires started by an east-bound train. We stopped it in our town and performed an inspection but could not find what may have caused the fires. It could have been a dragging brake or stack carbon. Although we have not inspected engines going through town yet this year I am doubtful that they have put on spark arrestors to help prevent fires.’  
‘At the current rate it is just a matter of time before we have red flag conditions and they start another big fire.’ \{e-mail to ANR&P\}

**ST: INTRASTATE MOVE**  
26 March, Holyoke-Everett. **SCHNITZER STEEL IS RECEIVING SCRAP FROM HOLYOKE BY RAIL** out of the Sullivan Scrap Metal yard at 107 Appleton Street in Holyoke. Brian Powell, who handles operations for the yard, said the company has 60 cars lettered for Sullivan Scrap; it ships 500 to 600 carloads a year.  
“We ship all over the country, to whichever location will net us the highest price.” At this time, Powell said, moving the scrap to Everett by rail for export works best, a move which Sullivan has done before.  
Bill Sullivan Jr, a principal in the company, said this day that the cars were leased. \[A rail observer on 26 March spotted two Sullivan cars in ST’s Somerville yard, with reporting marks EAMX (Everest Railcar Services of Springdale, Arkansas--see website). \{e-mail to ANR&P\]\]

**Holyoke location and service**  
The Sullivan yard lies on an ST spur in Holyoke. The company, said Sullivan, over the last five years has improved its rail operation, adding a rail scale, rehabbing the yard track, and, after purchasing some adjacent land, extending the tracks.

**Other locations**  
Sullivan has added a Worcester division at 18 Dorrance Street to its steel and aluminum metal yard at 68 Jackson Street in Holyoke. Per Bill Sullivan, all inbound metal arrives by truck. \{ANR&P discussions 13.Apr.09\}

**NEW HAMPSHIRE**

**GENERAL COURT: BUY RAIL LINES**  
8 April, Concord. **THE LEISHMAN BILL TO STUDY THE STATE PURCHASE OF RAIL LINES PASSED THE HOUSE.** HB316 \[see 09#03A\] is now before the Senate committee on executive departments and administration. \{NH General Court website\}

**MBRX**  
2 April, Milford. **THE RAILROAD AND ST STILL HAVE NOT COME TO TERMS ON A NEW OPERATING AGREEMENT** to cover the section of track over which MBRX operates to reach the Granite State Concrete processing facility \[our Directory #76 - see 08#08B\]. MBRX has asked the STB to get involved in the various long-standing issues between it and ST. \{e-mail to ANR&P from owner Peter Leishman\}

**ST: BOW COAL LOOKS OK**  
2 April, Concord. **GENERAL COURT COMMITTEES VOTED TWO SCRUBBER BILLS ‘INEXPEDIENT**
TO LEGISLATE’ meaning both bills are dead [see 09#03A for details]:

Requiring a study of the need for the Bow scrubber. SB152 Senate Energy committee voted 6-0 2 April inexpedient to legislate.

Limiting cost recovery for the Bow scrubber. HB496 House Science committee voted 19 March inexpedient to legislate. \{ANR&P discussion with committee clerks\}

No effect from service curtailment
A source close to PSNH said ST’s service curtailment will not affect Bow ‘since ST uses NS engines and after a certain amount of time they have to pay NS for the hours on their line.’

Bow will resume receiving coal from Providence, he added. ‘[T]he problem is that natural gas prices are low and cutting into everyone's coal burn.’ \{e-mail to ANR&P 10.Apr.09\}

Without coal traffic, the proposed New Hampshire commuter service ‘would become too expensive to operate’, wrote ST President David Fink in a 2 April op-ed piece. ‘Coal transported by freight rail to Merrimack Station's coal yard is what makes the rail system in southern New Hampshire financially viable. Without the Bow stop providing the freight revenue to upkeep and maintain the tracks, the planned passenger rail system from Concord, Manchester, and Nashua into the Boston area would become too expensive to operate. This would not only be an economic setback for the state, it would also be an environmental setback, considering that transportation (by car, truck, etc.) is the greatest single contributor to the state's total greenhouse gas emissions....’

‘An expanded passenger rail system is part of the state's overall strategy to cut greenhouse gas emissions. Yet, at a time when reliable freight customers are few and far between, legislators are considering shutting down the largest freight rail customer in New Hampshire, which is needed to support an economically viable passenger rail system.’ \{op-ed piece in Foster’s Daily Democrat 2.Apr.09\}

[Mini-editorial: One wonders whether President Fink includes the Hillsborough branch in his assertion that the Bow freight provides the revenue to ‘upkeep and maintain the tracks’? These same tracks, over which ST would like commuter to run, are in such deplorable condition (FRA rating excepted) that MBRX has offered to maintain them free of charge if ST would lease the few miles MBRX needs to serve Granite State. See above.]

Letter to the editor re Fink’s comments
Am I reading this right?

Commuter rail isn't possible unless a coal plant continues to run? Let me get this right. . . A plan to take cars off the road and reduce green house gases isn't possible if the major source of greenhouse gases in the region is shuttered? Is this the best Catch-22 of the year or what? Is there a YouTube video of this out there? I'd love to have this.

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RHODE ISLAND

STATE RAIL PLAN
10 April, Providence. THE NEW STATE RAIL PLAN HAS GOTTEN “OFF THE TRACK A BIT,” said Walter Slocomb, a planner in the State Planning Office, Department of Administration. (He formerly worked under Kathryn Trapani, who has become senior planner for the Quonset Development Corporation.) Work on the plan is proceeding on two fronts.

The State Planning Office will produce a technical paper with the physical data about the rail lines and the
operators. This will become a separate, electronic report which can be updated. He had hoped to produce this by June, but that deadline will slip and Slocomb did not have a new completion date.

To gather the data, he has contacted PW (very helpful), Amtrak (hard to get a response), and MBTA (runs on Amtrak lines).

RIDOT will do the actual planning part of the Rail Plan as part of the statewide ground transportation plan.

{ANR&P discussion}

**PROVPORT: IMPROVEMENTS**

27 March. **WHAT IF THE PORT COULD OBTAIN SOME STIMULUS FUNDS?** During a tour by the Rhode Island Ports Commission [see 09#03B] this day, members asked Bruce Waterson, head of Waterson Terminal Service which operates the Port of Providence; he “read off a wish list” totalling more than $28 million, he said later, which included these items:

**Expanded bulk handling**

Recently, the port and the city have discussed job creation, which could happen if the port expanded. They have begun negotiating a lease of the 12-acre former city landfill, at the head of the Bay, west of the current bulk site at Berth 6 [see map in 07#04B]. City Director of Planning Thomas Deller said the city has offered a reduced lease in return for the port capping the landfill and paying for other infrastructure improvements on the land.

**Rail loop**

The port and PW have already planned a rail loop, extending the current track at Berth 3 along Berths 4 and 5 to meet the spur on Harborside Boulevard. This could cost $1.2 million.

**Container terminal**

The port is considering an eight-acre parcel National Grid is offering for sale [the former New England Gas site–see map in 07#04B], as well as a seven-acre parcel owned by the Izzo family near the former landfill. Waterson envisioned a feeder barge loading or discharging at Berth 1, and trucks draying the boxes between the berth and the National Grid site.

**New cranes**

The port is considering purchasing two new cranes for $24 million, replacing two on lease. It also has one container crane purchased by the city in 1968 which is obsolete and falling apart. [It’s] “really just scrap on legs at this point,” said Waterson.

**Commission reaction**

“We’re looking for economic opportunities for the state and what we saw here is extremely impressive. Only a minority of our colleagues realize what’s going on down here,” said House Majority Whip Peter F. Kilmartin, D-Pawtucket, who co-chairs the commission, following the tour. “It’s a big infrastructure and it looks like there are good jobs. … Given what’s going on here, it is a wonderful idea to increase the size of the port. It’s the best use of the land.” {Philip Marcello in Providence Journal 28.Mar.09; ANR&P discussion 30.Mar.09}

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**QUEBEC/MARITIMES**

BELLEDUNE

8 April. **WIND MILL PARTS WILL LAND HERE IN MID-MAY** for overland transport to the Caribou wind project near Bathurst, said Rayburn Doucett, president and chief executive officer of the Belledune Port Authority.
Belledune. The two adapted reach stackers for handling windmill components. {courtesy Port of Belledune}

It marks the beginning of a shipment of all components of 33 wind mills. {e-mail to ANR&P}

Special equipment for windmills
Eastern Canada Stevedoring (ECS), operators for M.D. Young Terminal 3, will unload the windmill components. Philip O’Brien, director marketing for ECS and sister companies, said the stevedores will use specially-modified reach-stackers to move the components to a lay-down area, and then to load trailers for delivery. The machines “have given us a lot of credibility” for handling these components, when used at other terminals in the company’s network [see box]. They reduce customer costs on terminal handling. Because of the cost of the equipment, the company moves them from terminal to “keep them occupied.” {ANR&P discussion 13.Apr.09}

Container handling
ECS has always had a certain ability to handle containers with their crawler crane equipped with spreader unit, said Donald Roy, who manages the Belledune team. They did handle some container work on the project cargoes destined for Canada’s Arctic in 2009. {ANR&P discussion 13.Apr.09}
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.’

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.

Pricing

Subscriptions cost $395 for professionals, $125 per year for students, young and old. (Subtract $40/year for e-mail). Introductory prices available. The e-bulletin, sent by e-mail at least weekly between issues, is free of charge to all subscribers.

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

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E-ISSUE

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