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

**NS-ST DEAL**

Pan Am Southern: Fink and McClellan give details on plans for auto, intermodal.*

PAS: Details on proposed intermodal and auto facilities in Mechanicville yard.* Map.*

ST: Security file on locomotives, rolling stock.*

**OTHER REGIONAL ISSUES**

US stimulus spending: No direct funds for freight rail; outline of high-speed rail funding.*

HRRC: Traffic down, but good prospects for growth, especially in waste.*

Truck v rail: Sappi and Omya say that trucking rates and rail rates are competitive, now.*

New container terminals: Doubt at this point.*

ST: Comment re toxic-inhalation hazard liability.*

**CONNECTICUT**

HRRC: See Other Regional.

MAINE

ST: Navy planning for track work in Kittery.*

ST: ST will invest cautiously in Maine.**

** MASSACHUSETTS**

CSXT/New Bedford: EPA may change disposition of spoils, ending rail move.**

GU: Clyde Ames sees bulk prospects.*

PVRR-PAS: Agreement to re-open interchange.*

**NEW HAMPSHIRE**

ST/NEGS: ST files on adverse discontinuance at

STB, gives notice it will initiate proceeding.*

**RHODE ISLAND**

RIDOT: State rail plan by Dept of Administration.*

Seaview/Quonset: Possible biodiesel facility here.*

VERMONT

[No report.]

**MARITIMES/QUÉBEC**

CBNS: Description of Northern Pulp use of rail.**

Map of other customers in the Stellarton area.*

Yarmouth NS: Thoughts on resuming short-sea truck movements, and bulk.** Map.

Halifax: CKYH alliance to call Halterm.*

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

New England Association of Rail Shippers
The meeting in Newport RI produced many stories.

Only blue new E-bulletin recipients (about 6/7ths of you) have read all these stories. I did add some details, see the blue type.

- Chop Hardenbergh Next issue 15 May
Yard diagrams show the D&H yard roughly north of the location of the existing CP main line, and the B&M yard south of it. (courtesy of Scott Whitney)

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.

NS-ST: MECHANICVILLE AUTO, CONTAINER TERMINALS*

13 April, Halfmoon, NY. PAS PRESENTED PLANS FOR THE ‘CAPITAL DISTRICT INTERMODAL AND AUTOMOTIVE RAIL FACILITY’ located in the former railyards of the Boston and Maine and Delaware and Hudson railroads,¹ called ‘Mechanicville’ after the nearby town, though most of it lies in Halfmoon [see 09#03A–NS and ST had earlier agreed to go through local review].

David Becker, assistant chief engineer for Norfolk Southern, gave a power point presentation to the town Planning Board, whose chair, Steve Watts, said rail officials accommodated local officials even more than they were required. “This project is under the federal government for review. We wanted to know, what authority do we have for reviewing?” Watts said. “The railroad agreed to submit a formal site plan and a [state environmental quality review] long form to the town.” Town planner Lindsay Zepko said the town will review the documents and can make comments, although it will not have any control.

Watts said although Mechanicville and Stillwater have small portions of the rail project, officials in each

¹Yard diagrams show the D&H yard roughly north of the location of the existing CP main line, and the B&M yard south of it. (courtesy of Scott Whitney)
community have agreed to give Halfmoon the lead in reviewing the project. “The supervisors and the mayor of Mechanicville are attending meetings and staying up to date.”

**Public hearing**
More than 470 residents living around the massive rail project were invited, by letter, to attend a public meeting on the plan at 27 April in the Halfmoon Town Hall.

**The plans**
Becker said state Department of Environmental Conservation and federal environmental permit applications are almost complete and will soon be submitted to the government agencies. According to his presentation, the ‘project is in detailed design and permitting phase under the direction of Norfolk Southern’s Engineering Dept.’

For PAS, ‘the required state and federal (US Army Corps of Engineers) environmental permit applications are being finalized.’ [The *Post Environmental Assessment* issued by the STB’s Section of Environmental Analysis, as adopted by the STB, required PAS to compensate for loss of wetlands (Corps permit), to implement a Stormwater Pollution Prevention Plan consistent with state requirements, and to comply with conditions of a water quality certification. {text, page S-12}]

The site will contain a relocated CP main line, the intermodal terminal, and the auto terminal. The railroad will have five single-story buildings, a secure gate area, an emergency access, as well as a new bridge over the Anthony Kill to Route 67. {Kathy Bowen in Schenectady *Daily Gazette* 15.Apr.09}

NS and ST estimated expenditure on the Capital Region facility at $37.5 million in their filing [see 08#06A]. New York State has agreed to supply $3 million [see 08#07A], putting the total over $40 million.

**Intermodal terminal**
This will have two unloading-pad tracks of about 4000 linear feet, and 371 paved ‘trailer parking spots.’

**Auto ramp**
According to the presentation, this will have two unloading tracks which can hold 20 racks each, and 690 paved auto parking spots.

**Other accoutrements**
The facility will have two 4,000-foot support tracks as well as a PAS main line, all parallel to the relocated CP main line.² It will contain five single-storey buildings totalling 5700SF.

More than 90% of the truck traffic, estimated at 334 total trips per day by 2012, will move via I-87, and use Route 67. To minimize noise, both intermodal and auto tracks can be switched from the west end, away from downtown Mechanicville. {text of power-point presentation}
noted that in the late 1990s, NS had spent $8-$10 million to improve clearances [see 99#11] so that mixed doublestack trains could reach Ayer.

Fink reported: “This has taken a long time. I can’t think of a better railroad to work with. They’re the leader on safety” with ST not far behind. Noting that ST now does much more business with CSX than with NS, Fink thanked “the shippers for your unprecedented support” in the STB proceeding. He thanked the short lines as well for their support, though he noted that “VTR is upset, but we’ll get over that.”

Present status
Pan Am Railways (PAR), said McClellan, “is the face of PAS.” ST will operate the railroad. ST will market and price the moves on PAS, “except intermodal and automotive.”

Intermodal
In the late 1990s, NS and ST started the intermodal corridor to Ayer. A few years later, they “had grown the business between Ayer and Albany” to the point that we “needed to improve the transit time and facilities.” [Another source in 2008 said the two railroads’ volume was so low that there was no need for full doublestack at that point. NS has a hard time competing with CSXI when the line is slow. See 08#09B]

New lanes. McClellan said that NS would expand its offering beyond the current Ayer-Toledo and Ayer-Chicago lanes. “We will go from having good service for Toledo and Chicago, to having great service for many lanes” from Ayer and from “Albany.” He expected an announcement this autumn with more details.

Improved times. “We are going to be able to remodel the railroad,” said Fink. “The number one point will be the ability to pass trains....Right now the only place that the two intermodal trains can pass each other is East Deerfield. Of course, we give Mike’s trains the highest priority,” so ST manifest trains get out of the way. That “adversely affects” ST’s highly-rated traffic. With the new passing sidings, AYMO [the intermodal train Ayer-Mohawk] and MOAY will have “multiple points” to pass. “That will take days out of transit time.”

Fink at another point explained that the paper companies were supporting the transaction because of this improved transit time.

Automotive
NS serves more automobile production plants than any other railroad in North America, said McClellan. He also noted that the plants are locating farther and farther from the East coast, meaning moving the finished vehicles by rail made more and more sense.

Asked by your editor whether NS had lined up any manufacturers to actually use the facility, McClellan said he would not name the customers. His railroad is discussing the use of the San Vel facility and the Mechanicville facility with potential clients. “We would not be investing in these if we didn’t foresee we are going to use them.”

PW traffic. McClellan said PW has the opportunity to interchange auto traffic with PAS, now that it has opened up its network to move multilevel auto railcars. “We look forward to this.”

FACILITIES

Mechanicville
McClellan said work would begin here in July 2009, and end in July 2010. The facility will sport two main lines through it, said McClellan, one for CP [CP did not send a representative to NEARS for the first time in memory—editor] and one for PAS, plus two storage tracks.

Impact on New England rail traffic. Your editor asked a panel of Class I presenters whether they foresaw the Mechanicville facility stopping rail traffic short of New England and trucking it in from there, decreasing rail traffic in New England. None of the representatives (CSXT, NS, and CN) had any substantive response.
Mc Clellan did address the question directly: “We would not be investing $70 million in freight facilities in New England” if that were going to happen. “We can make it easier to send more freight into New England.”

Operational improvements. At the Mechanicville facility, the hand-off of intermodal traffic between NS and PAS will be “beautiful,” said Fink. The current handoff, at Mohawk Yard, “is an eight-hour extravaganza,” he noted. The train, a “10,000-foot moving barge,” arrives, with single-stack containers from Chicago. It must be split into a segment to go to the CP Kenwood intermodal yard, which requires locomotives, and the Ayer segment (which Fink described as a “7500-foot moving barge”), which also requires locomotives. Both segments require brake tests before they can proceed.

Mc Clellan after the presentation said in the beginning, the Chicago train will arrive at Mechanicville double-stacked, with the Albany boxes on top and the Ayer boxes on the bottom. The entire train will pause while it is “filleted,” that is, the top boxes are removed. The remaining cars will then proceed to Ayer, single-stack.

In the future, with multilevels and perhaps with intermodal, an NS train will arrive in Mechanicville from Chicago. The train will be broken in two, the Albany segment remaining in the yard, and the Ayer segment proceeding.

Fate of Kenwood intermodal yard. NS will stop using this yard, said McClellan, referring to the Mechanicville facility as “Albany.”

Ayer intermodal
According to McClellan, the facility is adequate for current levels of traffic, about 50,000 lifts per year. PAS will expand the facility as needed.

Ayer automotive
PAS is breaking ground this week on the San-Vel auto facility, according to Fink and McClellan, “and it will be running by the end of 2009.”

Main line
Fink reported that work on the PAS main line began the week before with ballasting and rail [see09#04A]. He expected the next rail train on 4 May, with a total of 36.5 miles of welded rail laid in 2009.

Upgrade to 286. Fink said the increase in weight-bearing, to handle 286,000-pound cars, will go ahead in 2010 and 2011. The New Hampshire main, as far as Bow, is already 286-capable. NS coal trains will haul 286,000-pound cars from the mines to Bow when this work is complete.

Track speed. Fink said that the PAS main line will permit “up to 40 miles per hour” operation. “I’m perfectly happy to go 25. I don’t need to go 40.” But with the higher speed, “merchandise will ride on faster track” made possible for the intermodal traffic.

Fink said on some of the Ayer-Mechanicville line the curves permit only 30 miles per hour operation.

Hoosac Tunnel. Fink was asked whether he would increase the tunnel clearance, now okay for mixed doubles, to full doublestack. He noted the tunnel “is the longest railroad tunnel east of the Mississippi....We’re spending our money on bridges and places to pass trains. [The tunnel] can be done if the funds [could be found], but it’s not in the cards for us.”

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3 What about that photo of mixed doubles moving westbound out of Ayer, I asked McClellan after the presentation. “To do stacking, we need international traffic,” he replied. “And with the all-water East coast route,” international traffic has virtually disappeared. He anticipates mostly domestic traffic for PAS.
**SHORT LINE CONNECTIONS**

**NECR**
After the panel, McClellan and NECR marketing honcho Doug Low said the new interchange in Millers Falls would open “this summer.” The right-of-way remains, sans track. “I’ve walked it myself,” said McClellan. “I’m paying for it; I want to see it for myself.” Low noted that NS funds were paying for the interchange, even though it would host neither intermodal nor automotive.

In September 2008, NS and ST said they reached agreement with NECR about the new interchange. Also, NECR will be able to provide haulage service to PAS customers on the NECR line as well as to interchange points PAS has on the line. [See 08#09A.]

**HRRC**
One of Fink’s slides listed HRRC as an interchange partner, though that possibility was not discussed by Fink [see Other Regional].

**IMPROVEMENTS ON ST**
Fink also noted that ST is working on achieving 286 in the remaining system. “Each year we do a few more bridges” to permit 286,000-pound cars over them. “There’s not a lot of capital funding around” to do the work, and “manufacturers are fleeing New England.” [See Maine.]

**Intermodal east of Ayer**
“I see a lot of opportunities” on the rest of the system, said Fink. “The return of intermodal to Maine. We’ve tested intermodal into Atlantic Canada” to reach “another Class I partner.” [Ian Simpson at NBSR said that he is working with Pan Am and CSX testing the market. {ANR&P discussion 27.Apr.09} More in a future issue.] Fink added he could also “see something in New Hampshire.”

**NS-ST: EQUIPMENT SECURITY**
9 April, DC. **PAN AM FILED A CHANGE IN ITS INSTRUMENT OF ADHERENCE** (US Security Agreement) at the STB, which provide a register for such recordations. [This appeared the same day as NS and ST closed on the creation of PAS. Editor]

‘This document is an Instrument of Adherence (US Security Agreement), dated as of April 9, 2009, by and among each of PAN AM RAILWAYS, INC., a Delaware corporation, BOSTON AND MAINE CORPORATION, a Delaware corporation, MAINE CENTRAL RAILROAD COMPANY, a Maine corporation, PORTLAND TERMINAL COMPANY, a Maine corporation, GUILFORD MOTOR EXPRESS, INC., a Delaware corporation, SPRINGFIELD TERMINAL RAILWAY COMPANY, a Vermont corporation and PERMA TREAT CORPORATION, a Delaware corporation (each individually referred to as the "Company"), and CITIBANK, N.A., as Administrative Agent, covering each rolling stock, locomotives and railcars, and maintenance of way equipment now owned or hereafter acquired and certain, other properties and rights of each Company.’

**Bank of America discharge, other parties**
The filing also contained a discharge of the security interest held by the Bank of America in the same equipment. ‘Such security interest was granted pursuant to that certain Security Agreement dated as of June 30, 2006 by and among PAN AM RAILWAYS, INC., a Delaware corporation, BOSTON AND MAINE CORPORATION, a Delaware corporation, MAINE CENTRAL RAILROAD COMPANY, a Maine corporation, PORTLAND TERMINAL COMPANY, a Maine corporation. GUILFORD MOTOR EXPRESS, INC., a Delaware corporation, SPRINGFIELD TERMINAL RAILWAY COMPANY, a Vermont corporation, PERMA TREAT CORPORATION, a Delaware corporation. DH ESTATES, INC., a Delaware corporation, and HUDSON RIVER ESTATES, INC.,
a New York corporation, and the Secured Party filed with the Surface Transportation Board on July 6, 2006 under Recordation Number 26444.

**Equipment**
The list consisted of 78 locomotives (each owned by B&M, MEC, or ST), and 1,251 freight cars owned by either B&M or MEC. {text of filing}

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**OTHER REGIONAL ISSUES**

**STIMULUS: FREIGHT RAIL***
24 April, Newport, RI. *FREIGHT RAIL FUNDING IN THE US STIMULUS PACKAGE WAS DESCRIBED* by Bob Cook of HNTB to the NEARS meeting [see above]. Proponents of stimulus spending initially thought that transportation, as part of infrastructure, would receive the major part of a stimulus package. As it emerged, though, infrastructure received only $60 billion of the total $750 billion package, and rail directly only $9.3 billion.

Amtrak received directly $1.3 billion ($850 million for capital improvements and $450 million for security), and high-speed rail $8 billion. The appropriators used the Passenger Rail Investment Act (PRIA) of October 2008 to provide a program structure for the money. PRIA section 301 covers intercity rail, 302 congestion spending, and 501 high-speed rail.

**FRA programs for high-speed rail**
The stimulus bill required the FRA to produce a framework for the programs by 18 April. It created three categories for high-speed rail. In all three, states or groups of states are the only possible applicants.

- **Projects.** These should be shovel-ready, and have an independent utility. Cook interpreted that to mean freight rail as well.
  - The front runners for this money are California and the Midwest coalition, because they have long planned their corridors, and have powerful senators or the president behind them. In a second tier are Florida, Texas, and New York.
  - First awards mid-September 2009.

- **Programs.** These will provide money to do preliminary engineering and environmental impact statements. First awards November 2009.

- **Planning.** Here freight and shipping could find a voice. It requires agreements with the host railroads before planning money will flow. It also requires stakeholders be taken into consideration.

**Was there any outside input to the FRA?**
Asked if the railroads or any outsiders had a voice in creating the three categories, Cook said he and other HNTB officials had met with deputy administrators at the FRA to offer their services as nationwide rail planning experts. “No, but thanks for coming,” was the response. “We’ll let you know when we are done.”

**Reauthorization of TEA-LU**
The transportation authorization bill expires this year. Cook predicted its renewal “a year from now,” when funding for the package is decided. Some believe that if the bill authorizes all work needed to maintain the infrastructure, a 15-cent increase in the gas tax is needed. Obama opposes a gas tax hike; others oppose a fee for vehicle miles travelled, or tolls. Some combination will be necessary.

If the economy picks up, that will create a window for a gas tax increase just before the price of gasoline itself increases.
Cook said the reauthorization will go ahead, probably without containing a resolution of the controversies about rail anti-trust and competitive access.

Other possible money

Highway money. $27.5 billion in “highway” money allocated to State DOTs and local MPOs can be flexed to fund freight and passenger rail projects

Surface transportation. $1.5 billion surface transportation infrastructure discretionary grants program managed by US DOT includes eligibility for freight rail projects. {ANR&P coverage; Progressive Railroading webinar}

TRUCK v RAIL*

23 April, Newport RI. **SAPPI NO LONGER SEES THE HISTORIC COST ADVANTAGE TO RAIL OVER TRUCK**, said Mike Segal, the paper company’s director of logistics, during a shippers’ panel at the spring meeting of the North East Association of Rail Shippers (NEARS) here.

Asked why not, he said: “We spend a lot of time on our freight spend. Rail has the advantage” of sustainability, efficiency of loading, and ease of tracking. Sappi’s rail share has not declined.

However, railroads are raising prices 5% or 6% per year. Truckers, “who also have fixed costs,” need to keep up their volume and have lowered rates.

OMYA

Erik Bohn, who handles logistics for Omya Americas, told the same panel that the company moves 50% of its product rail direct, and another 10% by rail and transload. Omya has 2100 leased cars. He supports rail and would like to see it grow.

Truck rates have declined faster than train rates in response to the drop in fuel costs, because railroads have raised their base rates. Customers more often ask for the lower truck rates, and he is trucking from Vermont to as far as Missouri and Kansas.

But shifting to truck, which can happen at the request of a customer who wants lower rates, has disadvantages:

- It entails disrupting the normal supply chain, which is “lots of work.”

- The creation of a national network based on distribution centers “can be nullified by direct truck.”

Bohn said more frequent review “is needed to address the unintended consequences of moving to truck.” {ANR&P coverage}

NEW CONTAINER TERMINALS?*

23 April, Newport, RI. **CAN A NEW OCEAN CONTAINER TERMINAL SUCCEED IN MAINE OR ATLANTIC CANADA?** Your editor asked a NEARS panel set up to speak about the impact of the recession on ports, steamship lines, and third-party logistics providers. I received two responses:

Ron Sucik, moderator and president of RSE Consulting [he put together a presentation about the Tioga Group’s Containerized Intermodal Goods Movement Assessment (CIGMA) 2008 study at the September 2008 NEARS meeting], said ocean carriers want a large consumer market where they can drop the majority of boxes as the first port of call. This would point toward, for example, New York and Savannah.

Louis Ferrer, who serves as Northeast operations manager for NYK Lines, said at the time of the predictions of monster waves of containers, the smaller ports for the overflow made sense. But not now. The NYK-owned Ceres operation in Halifax is well below capacity, he noted.

After the panel, he explained that customers want services with the most speed to their largest markets. They
therefore want carriers which, as Sucik said, drop the most boxes at the first port of call. “Don’t most boxes sit on the pier a couple of days after that?” I asked. Ferrer acknowledged that, adding: “They want to know that they can get the box quickly if they need to.” {ANR&P coverage}

### THE SLIDE IN CONTAINER RATES

Panelist Sue Coffey, eastern regional manager commercial strategy for the Port of Tacoma, and Alan Baer, president of Pacer’s non-vessel-operating common carrier (NVOCC), provided these during their presentations.

<table>
<thead>
<tr>
<th>Lane</th>
<th>Rate before recession</th>
<th>Rate now</th>
</tr>
</thead>
<tbody>
<tr>
<td>China to US west coast</td>
<td>$2,000</td>
<td>$1000*</td>
</tr>
<tr>
<td>Hong Kong to New York</td>
<td>$3500</td>
<td>low $2000s</td>
</tr>
<tr>
<td>Hong Kong to US west coast</td>
<td>$1700-$1800</td>
<td>below $1000</td>
</tr>
</tbody>
</table>

*Baer said this rate had dropped $400 “in the last three weeks.”

### HRRC: STATUS*

24 April, Newport, RI. **THE RAILROAD HAS SOME GREAT PROSPECTS**, Marketing Vice-president Rian Nemeroff said during a panel of short-line officials at NEARS. The HRRC waste traffic “suffered a bit” when a C&D customer’s rail traffic dropped considerably, due to the market and legal problems with the former owner. [In 2003, Automated Waste Disposal in Danbury was moving out 1300 carloads a year of construction and demolition debris. See 03#05A.]

“We expect growth with a new owner of the complex this year from both C&D and MSW,” he said after the panel. At the north end of the line, he has two other potential C&D customers. The quarries on the line could also start shipping.

#### Recent closings

Both revenue and carload counts are down year over year, Nemeroff said. “We had a fantastic first half of ‘08, and a trying second half of ‘08.” In western Massachusetts, a four-mill complex closed [Schweitzer Mauduit, our Directory #664, closed in Lee – see 07#09B], and a specialty papers producer closed one mill [Mead Westvaco in Lee, our Directory #666, closed the Laurel mill; the Willow mill remains].

In Connecticut, two lumber customers closed [Stevenson Lumber in Monroe, our Directory #687–see 08#04A, and Wickes #686–see 08#11B]. However, said Nemeroff later, Interstate and Lakeland, the company which now operates at the Wickes site, ‘began receiving cars in December. This new customer received more cars in 1Q09 than Wickes did in a entire year.’

Some spot business has helped, Nemeroff said. Overall, February traffic improved over January, and March over February, but not if compared with the previous year.

#### Service improvements

Perhaps because of the fall-off in traffic, CSXT is giving HRRC “a phenomenal improvement for [both inbound and outbound traffic], consistent and reliable,” at their interchange in Pittsfield. This permits HRRC to serve Specialty Minerals customer to the south, involving “two downstream railroads.” Transit time is important not only for predicting arrival of the cars, but also the necessary fleet size.

#### Interchange with PAS and PW

One of ST President David Fink’s slides listed HRRC as an interchange partner [see NS-ST deal], a possibility mentioned in the proceedings before the STB. [ConnDOT recommended that PAS establish interchanges within three years with NAUG, PW, and HRRC. NS and ST agreed on the need for more traffic on the Waterbury branch, but they saw no current need for a formal interchange agreement with any of the three. See 08#09A.]
[ConnDOT also recommended that PAS re-open the inactive interchange with CSO. RailAmerica agreed–see 08#09A Vermont.]

One audience member asked Nemeroff about the Fink slide. He noted that HRRC owns a line from Brookfield to Derby, Connecticut. PAS has trackage rights over Metro-North from Waterbury to Derby. Furthermore, PW has trackage rights over Metro-North from Devon to Derby, and over HRRC from Derby to Danbury. “We do have the ability to physically interchange, but have no interchange agreement.”

While a new interchange could produce additional traffic, Nemeroff said, he believed that expanding current on-line customers, and starting new ones, has more potential at this point. {ANR&P coverage; e-mail to ANR&P 27.Apr.09}

**ST: TIH COMMENTS***
9 April, DC. THE RAILWAY SAID ‘THE RAIL INDUSTRY DOES NOT AND CAN NOT WALK AWAY from its common carrier obligation. This fact alone burdens the railroad with all of the costs of TIH [toxic inhalation hazard] material transportation. The rates that are established for the transport of TIH material may be calculated to insure safer transport (i.e. "special train handling rates") however, such rates would fall far below the costs of an incident involving TIH material.’

ST was responding to the STB’s ‘decision in this proceeding to seek public comment to determine the extent of a common carrier obligation to quote rates for new, lengthy movements of chlorine, a toxic inhalation hazard (TIH); where transportation would require movement through High Threat Urban Areas (HTUA) and other large communities to destinations where, according to Union Pacific Railroad Company, an ample supply of chlorine is available from nearby sources.’

ST argued for spreading the cost of insurance to cover a catastrophic accident among producers, shippers, and carriers. {STB filings page, Finance Docket No. 35219}

**TIH receivers**
ST does have two receivers of ammonia: Jones Chemical and PSNH’s Bow plant. In 2007, ST increased the rates for Jones Chemical in Merrimack, New Hampshire about 400% [see 07#06A], and via an embargo required the receiver to get a special permit from ST. The embargo was renewed a year later [see 08#06B].

[MC transports ammonia in aqueous form, which is not TIH–see 08#12A.]

**MAINE**

**ST: IMPROVEMENTS IN MAINE??**
24 April, Newport RI. FINK WAS ASKED WHETHER HE WOULD SPEND MORE IN MAINE TO IMPROVE THE LINE THERE, during the presentation on Pan Am Southern [see NS-ST deal], given the fact that ST is getting $50 million, and that he told the audience he is only upgrading three or four bridges a year to 286. His response:

“I can’t and I won’t spend more on capital expenses in Maine. I invested 22% of our revenue last year in capital expenses. I rebuilt the Hinckley branch. I rebuilt the Madison branch. [The timetable indicates otherwise.4] Well, I didn’t do it. People who work for me did.”

He said he was bothered by “people who used to work for me making comments... thinking they know how to run a railroad.”

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4 A March 2009 ‘Pan Am Excepted Track Summary’ lists the Madison Branch, from 1000 feet east of Pleasant Street to end of track as excepted track. [Meaning no passenger trains or hazardous materials, and freights must operate no faster than five miles per hours. Editor] Pleasant Street lies in Oakland. The excepted section therefore includes the entire 20 miles of the Madison Branch, sans the first half-mile or so, according to the Pan Am Railways timetable.
Fink firmly said he wanted to proceed “cautiously” in this economy, “one step at a time.” He said the railroad had placed a $4 million order for Plate F boxcars [in 2004, ST took possession of 300 Plate F cars from the TTX pool—see 04#05A] but had cancelled the order. “We need more paper” from the paper mill customers. His revenue is off 20%, and “train starts are down 18%.” {ANR&P coverage}

**ST: TRACK WORK AT SHIP YARD***
17 April, Kittery. **THE NAVY IS MEASURING THE MARKET FOR TRACK WORK AT THE PORTSMOUTH NAVAL SHIPYARD**, first by publishing a notice in Federal Business Opportunities and Navy Electronic Commerce On-line [to find out about these, readers may subscribe to a Datafax service]. The notice reads: ‘Sources Sought Notices from Service-Disabled Veteran-Owned Small Businesses, certified HUB-Zone Small Business, and certified 8(a) Small Disadvantaged Businesses and/or Small Business must be received no later than Friday, April 17, 2009. at 2:00pm.’ {Rail Project Guide 14.Apr.09}

**More information**
Kathleen Barry, the contracting contact for the project, said the track contract is currently held by Maine Track Maintenance. The Navy is doing “preliminary research on what capabilities are out there” which fit in the small or disadvantaged business categories. Interested parties should provide a “capability package” describing size, background, capacity, and previous jobs.

Eventually, the Navy will put out a new requirement, depending upon the makeup of the market. {ANR&P discussion 17.Apr.09}

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**MASSACHUSETTS**

**CSXT: LOSS OF CUSTOMER??**
15 April, New Bedford. **EPA COULD CHANGE ITS DISPOSAL OF DREDGE SPOILS**, and thereby stop railing the PCB-contaminated material from this city to a landfill in Michigan. Lisa Jackson, the administrator of EPA, told an audience here that the harbor cleanup project will receive federal stimulus funds of $25 million to $35 million over the next two years. Added to the annual Congressional appropriations, the project would have $60 to $70 million during that time period.

The time required to clean the harbor will be determined in part by whether the EPA changes its current method of disposal, Jackson said [see 07#11A]. EPA officials are studying the feasibility of burying contaminated sediment in deep pits within the harbor capped with clean soil. This ‘Confined Aquatic Disposal’ costs less; more of the cleanup money could go to dredging, thus speeding up the cleanup.

With the current inland disposal, EPA project managers said, the stimulus money, in addition to $15 million appropriated by Congress for 2009, should knock four to five years off the project’s 38-year time line. The plant will be operating six to nine months of the year rather than 45 days. Dredging activity is expected to run from June through November in 2009 and resume in mid-March of 2010. Winter conditions are too dark and cold to allow for safe work. {Becky Evans in New Bedford Standard-Times 16.Apr.09}

**Timetable for decision**
David Dickerson, who manages the New Bedford cleanup for the EPA, said on 20 April that his agency is “still in the middle of the evaluation” of how well the CAD disposal might work, doing “computer modelling and cost estimation. If these still point” to a preference for CAD, the agency this winter will put out the proposal for public comment.

Even with the preference for CAD, “we will still use a lot of off-site rail.” Project managers will begin with one
“cell,” the hole for the spoils, in the lower harbor. If that goes well, the agency might move to a second cell in the upper harbor. \{ANR&P discussion\}

**Rail this year**

CSXT will haul out the dewatered spoils this year. A rail observer has already spotted a long string of GBRX [Greenbrier] gondolas in the New Bedford rail yard. \{e-mail to ANR&P 19.Apr.09\}

**GU: NEW EXPERTISE**

23 April, Newport RI. **THE RAILROAD HAS SIGNED ON CLYDE AMES** as vice-president of marketing and sales. Ames has a wealth of experience: he worked 18 years for PW creating the intermodal terminals in Worcester and the contaminated soils transload operated by MHF [our Directory #442]. Later, self-employed, he assisted in the creation of the Pond View C&D facility [see 03#04A] in East Providence.

At the NEARS panel of shippers, Ames said two years ago he joined the Island Environmental Group, part of Island Resources, based in Bay Shore, Long Island, New York. Island Resources does paper/plastics recycling, curb-side pickup services, roll-off container services, soil work (transportation and disposal, both truck and rail), and construction and demolition debris transportation and disposal via rail (it has a facility on the New York and Atlantic Railway though it does not currently ship by rail). It also does container services and environmental consulting.

GU’s owner, John delli Priscoli, hired Ames earlier in 2009 to “handle all business development for the railroad, as well as materials flow and rail equipment investments.”

After the panel, Ames said delli Priscoli wanted to concentrate on developing the property he has purchased next to the GU rail line. Ames will handle the rail-related work, which will tend toward bulk shipping [GU has added a receiver of utility poles–see 09#03B]. He added: ‘G&U logistics opportunities may extend beyond the carload shipment to include destination delivery services, railcar and other asset-based investments, and facility development.’

He could envision a CSX Transflo operation there [PVRR had one, but CSX moved the operation to North Haven–see 96#06B. Beacon Park hosts one, which may remain–see map in 08#11A]. “We’re essentially an arm of CSX anyway.” He has an arrangement with Dana Transport for trucking. \{ANR&P coverage; e-mail to ANR&P 27.Apr.09\}

**PAS/PVRR**

22 April, Westfield. **PVRR AND PAS WILL REOPEN THEIR INTERCHANGE WITHIN SIX MONTHS**, according to a 2008 agreement, said Mike Rennicke, PVRR general manager. \{e-mail to ANR&P\}

**The agreement**

In 2008, PVRR filed a comment on the proposed NS-ST deal noting that efforts to ‘develop an operable interchange’ with ST and ‘reasonable rate divisions’ had not succeeded. But ‘PVRR has engaged in productive discussions with NS’ leading to a potential agreement that PVRR and PAS would each rehab its portion of the Holyoke interchange.

In the 5 September 2008 response of NS and ST to the PVRR comment, the applicants wrote that PVRR and NS reached an understanding ‘memorialized in a letter dated August 20, 2008 from Norfolk Southern and PARI to Pinsly [the owner of PVRR].’ The letter reads in part:

PVRR is one of the country’s oldest short lines, but its innovative solutions for customers earned PVRR a 2007 ASLRRRA marketing award. Its service to customers, and its commodity and geographic reach, make it a natural partner with Pan Am Southern (PAS). Norfolk Southern, Pan Am Railways, and Pioneer Valley have reviewed the business opportunities, and have concluded that the opportunity to grow rail traffic between Pan Am, Norfolk Southern and Pioneer Valley is greatly improved by the creation of Pan Am Southern, as proposed in STB Finance Docket 35147.

To realize this potential, PAS and PVRR agree to jointly improve the connections between their two systems Currently, the existing interchange between Pan Am and Pioneer Valley at Holyoke, MA is not operational, and no rail traffic moves through the interchange.

Within six months following approval of the PAS transaction by the Surface Transportation Board and negotiation
of a mutually acceptable interchange agreement, PAS and PVRR agree to each restore their own portions (each at their own cost) of the existing interchange tracks at Holyoke to a standard that will permit safe and efficient interchange of traffic between PAS and PVRR.

Norfolk Southern and PanAm will JOINTLY direct Pan Am Southern's activities, including its commercial activities. It is the intent of Norfolk Southern and Pan Am to structure Pan Am Southern's pricing and service offerings to promote the growth of rail traffic with its connecting carriers, including new traffic between Pan Am Southern and Pioneer Valley. We look forward to working with you and Pioneer Valley to grow our businesses together in the future. {text of letter from NS-ST filing in STB Docket No. FD-35147}

NEW HAMPSHIRE

ST v NEGS: ADVERSE DISCONTINUANCE*

20 April, DC. **ST COMPLIED WITH THE STB’S 2008 REQUEST FOR CLARIFICATION**, in ST’s request for exemptions in filing for adverse discontinuance. To review:

2007  On 12 June, ST gave NEGS a 90-day notice to stop using the ST line between Concord and Manchester. NEGS interchanged with ST in Manchester. [See 07#06A.]

On 8 August, ST took the first step toward an adverse discontinuance petition, asking the STB for a waiver of certain filing requirements. [07#08A.] NEGS and NHDOT (in part) opposed the waiver.

2008 On 12 February, the STB granted in part, and denied in part, the request for waivers. The Board required ST to clarify its statement that it owned the line between Concord and Lincoln. [08#01B]

On 15 August, ST published the necessary legal notice to precede the filing of the actual petition for adverse discontinuance. [08#08B]

In September, ST pulled the legal notice, stopping the process. [08#09A]

Line ownership
On this day, ST apparently responded to the STB request for clarification [without admitting that the Board had requested it—**editor**] by agreeing with NHDOT that ST did not own the Concord-Lincoln line. {STB filings page, AB-32 (Sub No. 100)}

Status of NEGS
Peter Dearness, the principal, said his traffic is down 10-12%, “not too bad.” His state court case to recover the car fees owed to him by ST is moving slowly [see 09#02B]. He has a new customer, Coastal Specialty Forest Products, formerly a user of the Concord team track, which has taken over the Perini site [Directory #97]. {ANR&P discussion 20.Apr.09}

22 April, New Hampshire. **ST RE-PUBLISHED THE NOTICE THAT IT WOULD INITIATE THE ADVERSE DISCONTINUANCE CASE.** The notice stated:

STB No. AB 32 (Sub-No. 100) Notice of Intent to Abandon or to Discontinue Service
Boston and Maine Corporation (the "B&M") and the Springfield Terminal Railway Company ("ST") hereby gives notice that on or about May 15, 2009 it intends to file with the Surface Transportation Board, Washington, D.C. 20423, an application for permission for the adverse discontinuance of operating authority of New England Southern Railroad Company, Inc. on, a line of railroad known as the New Hampshire main line extending from railroad milepost near B80.68 at Penacook, New Hampshire to milepost B56.00 at Manchester, New Hampshire; (2) the portion of the former Claremont and Concord Railroad line from the switch to the New Hampshire main line at valuation station 1839+42.15 to valuation station 41+98; and (3) one track for interchange purposes in the B&M yard at Manchester, New Hampshire (the "Subject Line") which traverses through United States Postal Service ZIP Codes: 03101, 03301 and 03303, an approximate distance of 27 miles, in Hillsborough and Merrimack Counties, New Hampshire. {New Hampshire Public Notices website}
RHODE ISLAND

RIDOT: RAIL PLAN UPDATE*
20 April, Providence. MORE DETAILS ON THE STATE RAIL PLAN UPDATE came from Jared Rhodes, chief of statewide planning in the division of planning, housing & community development of the Department of Administration of state government.

The planning part of the state rail plan is actually occurring in his section [not RIDOT, erroneously reported in 09#04A]. Employees are examining the 1993 State Rail Plan, “identifying where revisions are necessary, and folding them into the overall surface transportation plan.” This work will occur mostly in “the coming fiscal year, which begins in June.”

His division will “ensure that the overall plan is in line with any federal requirements” for a state rail plan, Rhodes said. {ANR&P discussion}

QDC/SEAVIEW: POSSIBLE CUSTOMER**
9 April, Kingston. A BIODIESEL COMPANY MAY START OPERATING HERE. Alterra Energy Services is willing to spend $7.5 million to build a biodiesel storage and blending facility in the Quonset Business Park to primarily supply the heating oil market in Rhode Island and parts of Connecticut and Massachusetts.

At a 9 February meeting, the board of directors of the Quonset Development Corporation voted in favor of Alterra's request to lease 7.4 acres in the state-owned business park for a facility that would have capacity to store one million gallons of fuel, on the condition that the company is able to secure financing for the endeavor.

If Alterra is able to secure financing, it could break ground sometime in the summer. It would take four to six months to build and bring into operation. The facility would be off Commerce Park Road in the center of the business park. {Alex Kuffner in Providence Journal 14.Apr.09}

Rail use
Alterra, according to principal Philip Palmer, will build five storage tanks at the site next to Ocean State Job Lot to hold the total of one million gallons. It will bring in biodiesel from manufacturers in New Jersey or Pennsylvania, possibly by rail or barge. The facility will have rail service; he has spoken to Bruce Hamilton of Seaview Transportation. He envisions sending the product out by truck or possibly rail, as well. Alterra will also bring in diesel, and use a piping system to mix the heating oil to the customer's specifications.

Why Quonset? Palmer said he did not look at Provport as an alternative. [Hudson in Provport was considering a biodiesel facility–see 07#01A.] Quonset provided “a well-managed facility with a good package of services.” {ANR&P discussion 20.Apr.09}

QUEBEC/MARITIMES

CBNS: NORTHERN PULP**
10 March, Abercombe. NORTHERN PULP IS PRODUCING AND SELLING ITS PRODUCT, said Keith Johnson, general manager and chief operating officer. [Some of its product moves to Kimberly-Clark in New Milford–our Directory #673 on HRRC, all by rail. {e-mail to ANR&P from Rian Nemeroff, HRRC marketing chief 24.Apr.09}]}

Output
Somewhat under 20% of the pulp output moves overseas. Everything else goes to the United States, mostly by rail, with perhaps 10% to Canadian destinations. Occasionally the mill will truck pulp if the customer needs it quickly, or cannot receive by rail. [If the mill–see box–produces 260,000 tonnes per year, and 80% moves by rail at 100
Pictou, Nova Scotia. CBNS customers. \{ANR&P\}

$652 the first week of April 2009. Hardwood kraft pulp in China is selling for $400/tonne. \{www.foex.fi\}

**Pulp market**

Johnson characterized the softwood pulp market as “horrendous,” a description reflected in NBSK prices, which have fallen from $880/tonne in April 2008 to $652 the first week of April 2009. Hardwood kraft pulp in China is selling for $400/tonne. \{www.foex.fi\}

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**FORMATION,OPERATION OF NORTHERN PULP**

Northern Pulp Nova Scotia Corporation (NPNS) was formed in 2008 with the acquisition of the Pictou Pulp Mill in Pictou, Nova Scotia from Neenah Paper, Inc. \{Neenah was preceded by Kimberly-Clark–see 06#11A–which was preceded by Scott.\} NPNS is an affiliate of Atlas Holdings LLC and Blue Wolf Capital Management LLC.

NPNS produces northern bleached softwood Kraft pulp (NBSK) but can also make northern bleached hardwood maple Kraft pulp. The mill can ship directly to Europe \{by ship, see 06#11A\} or eastern North America. \{company website\}

The mill produces about 260,000 tonnes per year, mostly softwood. \{provincial government website\}

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**Other rail customers**

In the area, CBNS serves the Michelin plant, Nova Forge (located in the former TrentonWorks railcar plant) and Nova Scotia Power’s Trenton coal-fired generating station. \{See map.\}

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**YARMOUTH: TRUCK TO NE**

30 March, Yarmouth. \*THE PORT LONG-RANGE PLAN SEES CARGO SHIPPING\* as a key growth area, and it envisions a continued high-speed passenger ferry operation. Currently, Bay Ferries operates \*The Cat\*, a hydrofoil ferry carrying passengers and their vehicles, between Yarmouth and Bar Harbor, and Yarmouth and Portland. To that, officials would add a truck service between Yarmouth and a port in New England.
Border strategy
The planners, the MacDonnell Group of Halifax and Portland, noted that ‘Yarmouth is presently Nova Scotia’s only international border for vehicle traffic. Since the creation of the North American Free Trade Agreement (NAFTA), cities located along the northern and southern borders of the United States have developed substantially. There are myriad economic development advantages available to towns and cities that function as border crossings.

‘Yarmouth needs to develop a border town strategy and pursue the concept of a New England-Nova Scotia intermodal corridor, including all the national designations and senior government program participation that is available.’

Cargo potential; fish
‘The Port of Yarmouth has not regularly handled cargo since the Prince of Fundy Cruises suspended operations in 2005. Those activities were generally restricted to ferry operations and the movement of tractor trailers, mostly moving fish products. Nova Scotia however has a fairly significant amount of trade that moves between the province and the United States. The port is geographically well situated to provide good connectivity for cargo movements into the US. . . .

‘For a number of years, fish products moved from the province to New England markets over water on the conventional ferries formerly used between Yarmouth and Maine. Some of that traffic continues to use the Digby–Saint John ferry, since large truck traffic is not accommodated on high speed ferry service into Maine. These products continue to move over the road, although in lesser amounts. The biggest challenge remains travel time, particularly with live product. New England remains the primary destination.’

Yarmouth-US corridor
‘Yarmouth is connected to the province by two major highways and could develop direct connections into various parts of New England for the purposes of moving cargo as close as possible to US highway nodes over the water.’ The plan recommends a year-round cargo and passenger ferry service ‘with capacity to handle the maximum allowed and highway specific lengths, weights and tandem capabilities.’

The port should, ‘working with shippers, partner with the port(s) in the United States that provides the best overall origin and destination connections including Portland, Maine; Portsmouth, New Hampshire; Gloucester, Massachusetts and Boston, Massachusetts; and

‘Work with U.S. officials to develop a U.S. Customs Pre-Clearance Facility for trucks, ferry passengers and vehicles. This should be done in conjunction with the airport with the focus on meeting U.S. objectives to push the US border out.’

Containers are not recommended. ‘Current demand for container moves into the United States remains in question since the service out of Halifax terminated. Yarmouth’s best opportunity lies with the handling of truck traffic on a year round ferry service with an eventual transition to an expanded roll-on/roll-off capability with a drop off and pick up facility on the waterfront.’
Bulk and fish export terminal
According to Dave Whiting, manager of the Port of Yarmouth, officials are deep in discussions with a European firm which would like to export wood pellets. Initially the firm thought it would locate the pellet mill in Yarmouth, then discovered that the nearby wood was “not the best in the region” for pellets. Locating the mill nearer to Digby, and trucking the pellets to Yarmouth, makes more sense.

The vessel would call Yarmouth first, and partially load. It would then proceed to Halifax to top off. The firm eventually envisions shipping the pellets to the United States, in a ship needing more than the 22 feet of water available at the Bay Ferries terminal or the Old Government Wharf.

Bunker Island, farther toward the harbor wharf, has 30 feet of water. Whiting said Yarmouth officials are now proposing to develop the island, currently owned by Irving Oil which used it for petroleum products, to serve both a bulk cargo such as pellets, and a ro-ro truck service.

Why not combine with the passenger ferry service? Whiting said Bay Ferries is ideally situated to handle passengers at its current terminal, which has the Customs Canada facility, but due to its configuration and the capacity of The Cat, not suited to loading large trucks.

Moreover, a ferry service would like to carry similar cargo on the return trip. Import of finished goods should happen in Halifax, which has about half the province’s population of one million. Import of raw materials to Yarmouth makes no sense because few manufacturing facilities lie nearby. “We’re an export port,” Whiting underscored.

Financing and next steps
The plan listed these suggested expenditures [see box].

Whiting said the port is looking to federal stimulus funds to begin work on the proposed projects. Because ‘international trade’ projects are eligible for stimulus funds, the Bunker Island project should be eligible. As part of the Global Logistics Park, the port could not only build the bulk facility, but also a ro-ro ramp for the proposed mono-hull truck service.

Purchasing Bunker Island would cost under $5 million. Developing it to handle bulk and ro-ro would cost the $12 million listed in the table, Whiting concluded. {text of executive summary of report; {ANR&P discussion 20.Apr.09}

Portsmouth
Port Director Geno Marconi would definitely accept a ferry service. Conceptual drawings for a docking system that could accommodate the monohull vessel were developed by the port's engineering consultant a couple of years ago. “Hopefully, we'll have the opportunity.” Marconi said that, for truckers and tourists alike, one of the port's biggest advantages is easy access from Interstate 95. {Dave Choate in Portsmouth Press Herald 1.Apr.09}

HALIFAX: NEW CALL*
16 April. **CKYH WILL CALL HALTERM BEGINNING IN EARLY MAY**, the Halifax Port Authority announced. “K” Line had announced the Halifax call [see 09#03B], but not which terminal it would use. {press release}

**RAIL SHIPPERS**

Alterra (PW, Rhode Island). Proposing biodiesel
Automated Waste (HRRC, Connecticut #678). New owner
Coastal Specialty Lumber (NEGS, New Hampshire). New EPA (CSXT, Massachusetts #294). Restart
Interstate + Lakeland (HRRC, Connecticut). Was Wickes.
Jones Chemical (ST, New Hampshire #85). TIH handling
Omya (VRS, Vermont). Truck rates good.
Portsmouth Naval Shipyard (ST, Maine #41). Track work
Sappi (ST, Maine). Truck rates good.

**Atlantic Northeast Rails & Ports**

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E-ISSUE