**Logistic:** Looking for cargo handling acquisitions.

**Region:** Railroads are choosing Hotstart to supply APUs funded by NESCAUM.*

**NBSR-Pan Am:** More on Saint John-Waterville train improvements.*

**PW:** Shareholders ok an advisory vote on executive compensation.*

**PW:** Annual report says a 30% carload increase, but company still has operating ratio over 100.*

**PAS:** More work on Mechanicville.**

**CSXT:** Opens Quebec intermodal terminal in Beauharnois, taking traffic from CP/NS.

**New York**

**NECR:** Possible Rawson quarry in Bozrah.

**Maine**

**MDOT/NBSR:** Lease agreement taking longer.

**Mountain Division:** Seidl sees more than 6,000 carloads a year. Betke has doubts.**

**Pan Am:** Traffic in North Anson reappears.*

**Massachusetts**

**CSXT:** Expands in Beacon Park, adds Romar.

**CSXT:** Coal pile for Mt. Tom in Springfield.

**MC:** If commuter rail comes through Taunton, the three MC customers will still have good service.*

**PVRR:** Traffic up 50%.*

**New Hampshire**

**MBRX v Pan Am:** ST chooses jury trial. Judge to rule on ST motion to dismiss before 13 June hearing.*

**RhoDe Island**

**PW:** Pond View/Transload America may expand from 500 to 1500 tons per day.*

**Vermont**

**VRS:** Caledonia Kiln up for sale in St. Johnsbury.*

**Maritimes/Québec**

**CN-Halifax:** Pulse products from the West could move through the Halifax Grain Elevator.*

**Syndey:** Dredging in autumn if regulators approve.*

**Rail Shippers/Receivers**

A cross-reference to companies mentioned here.

**People, Positions, Events**

**People:** Doug Rose, Ashley Dinning, Rick Robinson, Terry Judge.

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**From the Publisher**

**Slow train**

While ST is touting the Saint John train, the arithmetic in the article shows that cars take three days to move from Waterville to Worcester. This is speed?

- Chop Hardenbergh

Next formal issue: 23 May

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LOGISTEC: ACQUISITIONS?
Montreal, 6 May. "WE ARE ACTIVELY SEEKING TO EXPAND OUR CARGO-HANDLING BUSINESS THROUGH ACQUISITIONS," said Logistec President Madeline Paquin in announcing 1Q11 results. “Each opportunity is analyzed according to strict financial and business criteria, in order to create value for our shareholders.”

Logistec’s consolidated revenue totalled $41.0 million in the first quarter of 2011, up by $2.5 million or 6.5% over $38.5 million for the same period in 2010. The marine services segment's revenue was stable, with only a slight increase of $0.2 million, based on revenue of $30.4 million, compared with $30.2 million in the first quarter of 2010. Reduced activity in the USA was offset by higher revenue in Canada, especially in the area of bulk operations.

Musings
What could Logistec buy in the Atlantic Northeast, which is actively operating today? Perhaps operations in Sydney, Bayside, Pictou, or Eastport?

I doubt Logistic and Sprague could reach a deal. {editor}

REGION: APU CHOICES
2 May, Boston. **FOUR RAILROADS HAVE CHOSEN HOTSTART AS THE APU** for which they have received a grant from the Northeast Diesel Collaborative, part of NESCAUM, the Clean Air Association of the Northeast States. Eric Skelton, senior policy analyst at NESCAUM, put out an RFP to APU providers and received three responses.

Selection of which APU
NESCAUM and consultant MJ Bradley developed a scoring document, which included a score provided by the railroads as well. Thus far, four of the eight railroad companies have provided scores which favored Hotstart:

CCRR, which is obtaining three APUs; CSO four; MC three; and NECR four. All installation will occur at the railroads’ own shop, done by their workers.

Four other railroads should choose within “the next week or two,” said Skelton: MCER, CCCR, NHN, and VTR.

Price; match
The APUs sell for “just under $30,000,” reported Skelton. Each railroad must pay a 25% match to the full cost of purchase and installation. The installation work can count as an in-kind match. {ANR&P discussion}

VTR #5
This railroad has also selected Hotstart for its four APUs, said Mary Ann Michaels, VRS chief financial officer, on 5 May. “We’ve worked with them in the past, and are thrilled to work with them again.” VRS has not selected who will do the installation. {ANR&P discussion}

NBSR-PAN AM:
MORE ON SJWA SERVICE*
April. **THE SERVICE BETWEEN SAINT JOHN AND ST CLASS I INTERCHANGES** which began in November 2010 [see 10#11B] is functioning well, according to Pan Am:
‘The thrice weekly train service is designed to bypass several rail yards, thus halting the delays and extra handling that rail cars heretofore experienced. The freight now traverses the NBSR and PAR rail systems in less than four days from Saint John to connect with the CSXT at Worcester, Massachusetts, and in less than five days to the Canadian Pacific Railway (CPRS) or Norfolk Southern (NS) at Mechanicville, New York.

‘The NBSR pre-blocks those cars destined to Ayer, Massachusetts and CSXT for delivery to PAR at Mattawamkeag, Maine on a train designated as SJWA (Saint John to Waterville). Roughly twenty-four hours after leaving Saint John, these pre-blocked cars are added to PAR Train NMSE (Northern Maine Junction to Selkirk) at Waterville, Maine.

‘Dedicated exclusively to Ayer and CSXT traffic, NMSE makes one stop at Rigby yard in South Portland, Maine to pick up additional CSXT traffic before going directly to Ayer. At Ayer it sets off the traffic destined for the Ayer vicinity, picks up any additional CSXT traffic available, and then runs the last twenty-five miles to Worcester for delivery to CSXT.

‘Traffic to other PAR, CPRS or NS destinations travels in this same service run to Waterville where it is classified and added to a NMED (Northern Maine Junction to East Deerfield) train which follows a similar routing as far as Ayer, but then continues west to East Deerfield, Massachusetts where it is switched into a EDMO (East Deerfield to Mohawk, NY) train for delivery to Mechanicville.

‘Programming this new service to directly connect to the NMSE train at Waterville has produced the desired effect of eliminating as many as four days of transit time to Ayer and the CSXT. This, in turn, translates to decreased dwell times that allow rail customers to better schedule their rail shipments to meet delivery deadlines. By capitalizing on the coordinated service between the NBSR and PAR, we anticipate that the jointly launched “Bluenose” train will continue in the same first-rate tradition of its namesake.’ {Steven Belforti, assistant to Pan Am vice president-transportation, in Pan Am Clipper issue one 2011}

**PW: ANNUAL MEETING**

27 April, Worcester. **VOTES ON APPROVAL OF EXECUTIVE COMPENSATION** took place at the annual meeting, according to a report 8-K filed this day.

*Shareholder proposal.* Stockholders voted to reject a shareholder proposal (made by the stockholder who in 2010 asked for a vote on mandatory retirement) that the Company adopt a policy to provide shareholders the opportunity to vote annually upon an advisory (non-binding) resolution to approve the compensation of the Chairman of the Company. Common stock votes for: 327,028. Votes against: 3,238,558.

*Company proposal.* Stockholders approved an advisory (non-binding) resolution providing shareholders an opportunity to approve the compensation of its named executives officers as described in the Proxy Statement. Common stock votes for: 3,073,069. Votes against: 77,470

*Company proposal.* Stockholders approve an advisory (non-binding) resolution providing shareholders an opportunity to vote on named executive officers’ compensation once every three years. Common stock votes to do it every year: 1,296,416; every two years 56,586; every three years 1,819,246. {SEC website}

**PW: 2010 RESULTS**

26 March, Worcester. **PW CONVENTIONAL CARLOADS INCREASED 29.2% FOR 2010**, according to the annual report.

*Operating revenues increased*  
Operating revenues increased $5.45 million, or 23.4%, to $28.7 million in 2010 from $23.3 million in 2009. This increase is the net result of a $5.6 million (26.7%) increase in conventional freight revenues, a $2 thousand (0.3%) decrease in container freight revenues, a $95 thousand (13.2%) decrease in other freight-related revenues, and a $69 thousand (8.3%) decrease in other operating revenues.
Conventional freight revenues
The increase in conventional freight revenues is attributable to a 29.2% increase in traffic volume and a 2.9% decrease in the average revenue received per carloading. The Company's conventional carloadings increased by 8,058 to 35,690 in 2010 from 27,632 in 2009. Shipments of most commodities handled by the Company increased during the year ended December 31, 2010. Of particular note are increases in shipments of ethanol. This is primarily attributable to the economic recovery of the United States and world economies and is consistent with the experience of other railroads in North America. Signs indicating future increases in traffic volume have been mixed and, therefore, management cannot definitely predict when economic conditions will improve enough to enable the Company to return to operating profitability. The modest decrease in the average revenue received per conventional carloading is largely attributable to a reduction in diesel fuel surcharges due to a corresponding reduction in the average cost of diesel fuel experienced in 2010.

Container traffic
The slight decrease in container freight revenues is the result of stable traffic volume somewhat offset by a 2.8% decrease in the average revenue received per container. Container traffic volume increased by 264 containers to 10,729 in 2010 from 10,465 in 2009. This stabilization of traffic volume marks the end of a trend which began in 2007 in which cross-country container traffic to the East Coast shifted from rail to all-water routes.

Other
The decrease in other freight-related revenues results primarily from a decrease primarily in switching revenue, consistent with the decline in switching for a certain customer. The decrease in other operating revenues results from a decrease in maintenance department billings for siding maintenance, flagging, and other services rendered to freight customers and other outside parties.

Operating expenses
Operating expenses increased by $3.5 million, or 13.2%, to $29.9 million in 2010 from $26.4 million in 2009. Increases in diesel fuel expense, car hire and track usage fees due to increased usage attributable to increased traffic volume accounted for $1.3 million of this increase. Also contributing to the increase in operating costs is the fact that the Company's Maintenance of Way personnel were engaged in fewer capital projects and projects covered by state grants in 2010 than in 2009, resulting in a decrease in material, labor and overhead cost recoveries in the amount of $1.4 million.

The Company incurred $423 thousand of maintenance cost with respect to Amtrak's Northeast Corridor which it did not incur in 2009. These amounts are included in purchased services for 2010. Increases in other operating expenses were partially offset by a decrease in costs incurred for employee-related expenses.

Customers
The Company transports a wide variety of commodities for its customers, including automobiles, construction aggregates, iron and steel products, chemicals and plastics (including ethanol), lumber, scrap metals, plastic resins, cement, coal, construction and demolition debris, and processed foods and edible foodstuffs, such as corn syrup and vegetable oils.


The Company serves approximately 160 customers in Massachusetts, Rhode Island, Connecticut and New York. The Company's ten (10) largest customers account for more than half of its operating revenues. Though no single customer accounted for 10% or more of its total operating revenues in 2010, agreements by individual shippers with Motiva Enterprises LLC, which operates a petroleum blending terminal located in Providence, Rhode Island,
accounted for more than 10% of the Company’s operating revenues.

[This is a change from 2009 and earlier years, when Tilcon provided more than 10% of PW traffic. See 10#05A.]


**Coal.** Coal was a significant source of revenue for the Company during 2008 and, after a significant decline in 2009, regained its importance as a source of revenues during 2010 with 3,155 carloads moved during the period. The Company continues to move coal.

**Ethanol.** In October 2006, the Company initiated rehabilitation of a substantial portion of its South Providence yard to facilitate handling unit trains of ethanol. This commodity is being transported by rail throughout the country and is a component of the gasoline mix available at gasoline service stations throughout southern New England.

Rehabilitation was completed and shipments of ethanol commenced during the third quarter of 2007. During 2010, the Company moved 4,168 carloads of ethanol. {text from *Annual Report*}

**The Roy Blanchard take**

‘Below the line, operating expense was held to a 13 percent increase but all that did was reduce the operating loss to $1.2 million from $3.1 million in FY 2009. The big drag is comp and benefits at 54% of revenues -- railroads of this size are rarely more than 35% labor.

‘Still, it’s an improvement because in 2009 comp and benefits represented a hair under 60 percent of revenues. The operating ratio “improved” 9.5 points to 104; if payroll were 35% of revenue the OR would have been a more respectable 85.2 -- still high but a lot better than 104.

‘The net loss was reduced to $267,000 from $1.8 million for 2009 thanks to another healthy dose of “other” income, $1.1 million vs. $1.7 million a year ago, from the sale of assets. The 2010 EBITDA was a positive $1.9 million vs. a negative $28,000 a year ago. But with a share price of $16.75 at year’s end and a market cap of $80.7 million, we’re still looking at a 42 price/cash flow multiple. A more rational approach suggests a multiple of eight times cash flow and a share price of three dollars.’ {*Railroad Week in Review* 15.Apr.11}

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**NEW YORK**

**PAS: MECHANICVILLE UPDATE**

21 April, Mechanicville. *WORK HAS APPARENTLY STARTED HERE* on the intermodal/automotive yard [see 10#06B]. Photos from recent weeks published this day show abutments for a bridge, continuous-welded rail sitting along the right of way, and earth-moving equipment. {Michael Farrell photos, Eric Anderson article, in Albany *Times Union* 21.April.11}

9 May, Mechanicville. *TWELVE BEAMS FOR THE NEW BRIDGE FOR TRUCKS* will arrive this day, according to Project Manager Michael Nann. Pan Am Southern has said that as many as 334 trucks a day will enter or leave the facility. About 90% of the traffic will use the new bridge over the Anthony Kill to connect Route 67, the Round Lake Bypass, and the Northway. {Kathy Bowen in Schenectady *Daily Gazette* 5.May.11}
CSXT/D&H:
NO CSXT TRAFFIC NORTH?

16 March. CSXT HAS OPENED A NEW TERMINAL FOR TWO OCEAN CARRIERS OUT OF NEWARK AND PHILADELPHIA.

The Safmarine/Maersk announcement
On 16 March, Milgram, an international freight forwarder and customs broker, sent out this announcement:

Please be advised that Maersk and Safmarine have implemented changes to their current rail services to and from Montreal and Newark/Philadelphia. They will now be routing traffic to a new intermodal terminal located in Beauharnois, QC operated by CSX. The Beauharnois terminal is expected enhance the service with more frequent trains, increased reliability and additional free time (3 days vs 2 days at previous location).

This new service offers the following benefits:

- No reservations required at Beauharnois Terminal.
- Enhanced turn times due to service currently available only to Safmarine
- Five trains per weeks from Newark and four trains per week from Philadelphia vs. previous three train per week service.
- Increased reliability due to single rail carrier. Additional free time vs. current service (3 days vs. 2 days at previous location).

As the Beauharnois terminal is located on the south shore, truckers now need to cross the Champlain bridge to pick up containers thus increasing the overall transit time. As a result, this longer trip will have an impact on local delivery costs for all containers on Maersk/Safmarine services transiting to/from Newark/Philadelphia.

Location of the Beauharnois terminal: CSX Montreal ICTF Terminal, 15 Chemin des Haute Fourneaux, Beauharnois, Quebec J6N 3C1


Additional Safmarine announcement
Safmarine independently sent out its own announcement: ‘We are pleased to announce the following changes to rail services currently used by Safmarine to/from Montreal and Newark/Philadelphia. Safmarine will be routing this container traffic to a new intermodal terminal located in Beauharnois, PQ operated by CSX.

Terminal Hours of Operation: Monday - Friday: 0500 – 1900; Saturday: 0600 – 1400; Sunday: Closed. {Safmarine website}

Safmarine, which serves Africa, the Middle East, and the subcontinent is actually owned by Maersk, which bought it in 2000. {Maersk website}

More on the inception and operation
Bob Sullivan, CSXT spokesperson, wrote: ‘CSX has opened an intermodal facility at the existing TRANSFLO site
in Beauharnois, which was recently expanded to handle this new business in addition to TRANSFLO's existing business. The site utilizes two new Linde reach stackers to handle intermodal containers.

‘The first trainload arrived at the terminal on March 16, and the first departure left on March 21. The facility serves Maersk and, once the new A 30 Quebec Highway opens, will enable quick, seamless service to regional distribution centers and the Montreal market.’ {e-mail to ANR&P 28.Apr.11}

Other comments
Reportedly, the terminal is privately operated, and is only open to Safmarine and Maersk at this point. By autumn, if the new service goes well, CSX will characterize it as a public terminal open to all carriers.

According to one of the sources contacted, Safmarine was using NS and CP to reach Montreal. The new CSXT terminal represents a toehold in Canada. Next possible target: Toronto. {ANR&P interview and discussions 20-28.Apr.11}

What impact on the CSXT-CP joint production?
In 2010 [see 10#06A], the two railroads agreed that CSXT would move CP traffic in haulage south to New York City, rather than CP operate its own trackage rights trains. In addition, CSXT told the STB, CP would move CSXT traffic in haulage north via Rouses Point to Montreal, saving the considerable travel needed to run west to Syracuse and then north to Montreal.

Although CP has turned over its New York City traffic to CSXT [see 10#12B], CSXT has not taken advantage of the Rouses Point offering yet. At the Class I panel at NEARS, CP’s Vice-president for Operations Doug McFarlane, who handles the US operations, said his railroad “is ready to go” to move the CSXT traffic. Yet CSXT has not utilized this option.

Asked whether the opening of the Beauharnois terminal meant that CSXT would not use the Rouses Point route, Tony Giobbie, who was representing CSXT on the panel, declined comment. (Giobbie, who handles short lines for his railroad, was substituting for Jerry Lewandowski, who is the assistant division manager of CSXT’s Northern Division.) {ANR&P coverage}

Sale/lease effort
In 2006, CSXT sought parties to buy or lease the Massena line [see 06#05A]. The railroad never reached a deal, and took the line off the market [see 07#02B].

CONNECTICUT

NECR: POSSIBLE CUSTOMER
6 May, Bozrah. RAWSON MATERIALS PRESENTED ITS PLANS FOR A NEW QUARRY HERE, to a public hearing of the state Inland Wetlands Commission here. Rawson would buy or lease a 95-acre site flanked by Brush Hill and Stockhouse roads already zoned for industrial use, and use 68 acres as a quarry. The mine would operate for 20 to 30 years, cutting the hillside's maximum elevation from 350 feet to about 170 feet, and leaving a level, buildable lot in an industrial zone,

Rail access
Harry Heller, attorney for Rawson, said on 3 May that in addition to other permits, Rawson will need one to rebuild a deteriorated rail spur to the NECR main line near Yantic. "They will not do this project unless the rail line can be reactivated," Heller said. [Rawson already uses rail to deliver stone to Long Island from its PW-served quarry in Plainfield. See 10#07B.]
Opposition

More than 10% of the Town of Bozrah’s 2400 residents signed a petition against the quarry, and nearly 10% attended the public hearing. {Judy Benson in New London Day 4&6.May.11}

MAINE

MDOT/NBSR: NOT YET

9 May, Presque Isle. ‘A LITTLE MORE BACK AND FORTH THAN ANTICIPATED BETWEEN THE LEGAL DEPARTMENTS but nothing serious’ has cropped up while MDOT and NBSR are working out the lease agreement for the 233 miles of track in northern Maine [see 11#04A], according to Denis Berube, director of planning and transportation for the Northern Maine Development Commission.

‘I figure another week or so? They're still on track for a handoff before June 15th, which is when MM&A's agreement to run the rails terms out.’ {e-mail to ANR&P}

MOUNTAIN DIVISION:

TRAFFIC THERE??

29 April, Baldwin. THE REHABBED MOUNTAIN DIVISION RAIL LINE WILL HAVE MORE THAN DOUBLE THE ESTIMATED TRAFFIC, according to Larry Seidl of Seidl Trucking. In a letter to the editor this day, he wrote:

‘In 2007, the Maine Department of Transportation commissioned a feasibility study of freight service on the Mountain Division, concluding that such a service would be modestly profitable. [This is not the case. The HNTB study concluded that freight service would generate 3700 carloads a year, or 62 carloads per mile, well under the 100 carloads per mile needed to make a go of the service. HNTB called maintaining freight service ‘highly problematic’. See 08#03A.]

‘Since that time, this vision has attracted the attention of several native sons and daughters, who have returned to the Saco River Valley to establish enterprises next to the rail line, including a wood pellet manufacturing plant, a trailer manufacturing company and a water bottling operation. These businesses will bring economic development to one of the more depressed areas of southwestern Maine, supporting good jobs with livable wages as well as business to business spending.

‘One of these businesses [Seidl later named it as the pellet plant] will generate upwards of 2,400 carloads of finished product per year to be delivered through Portland, more than double the rail- car-per-mile estimate in the 2007 study. [While not double, adding the 2400 carloads to the 3700 of the 2007 estimate would at least put the line at about 100 carloads per year. Editor]

‘If the rail line is not completed before this business is up and operating, it will deliver its products to Portland using a fleet of tractor trailer trucks instead of rail. Each day, these tractor trailer trucks will make over 40 round trips via State Routes 113, 25, 114 and 22, not only adding to the congestion in Gorham, Scarborough and Westbrook, but increasing the maintenance and repair costs to these state-owned roads.’ {Seidl in The Independent 29.Apr.11 reproduced in Maine Rail Group newsletter 5-6.11; ANR&P discussion with Seidl 5.May.11}

Another view

George Betke of Newcastle Maine serves on the board of the American Short Line and Regional Railroad Association, and is a principal in FarmRail System of Oklahoma. In March, he wrote in an op-ed of the about the Mountain Division:

‘Proponents’ “build it and they will come” theme is false prophecy, as there are no ‘long-term savings that would come from (this) East-West rail link.’ The Mountain Division has been out of service since 1984, when it was
determined to be the least feasible of three rail routes from Maine to Canada and the west, because of steep grades, extensive curvature, high operating and maintenance expenses, and the lack of intermediate traffic. A declining trend of New England industrial activity has caused the alternative cross-border lines [SLR and MMA–editor] to become seriously underutilized as well.

‘Railroads involve high fixed costs of infrastructure and equipment and therefore are dependent on volume and associated revenue. Business envisioned from potential Mountain Division users so far has proved illusory. Low-value commodities such as gravel, logs, wood pellets and water will not bear long-distance transportation costs, and many receivers of these products cannot accept direct rail deliveries....

‘[The] 2007 consultant report for Maine Department of Transportation paints a discouraging picture to any transportation professional. The operation [of the Mountain Division] likely would require public support in some form, as does the Rockland Branch and so will the state-owned, 233-mile "Aroostook Lines" in northern Maine. Railroads can do many good things—ease road congestion, reduce pavement damage, cut fuel consumption, improve air quality and lower freight costs—but only if demand justifies efficient train lengths (volume) and the associated rates can be compensatory and competitive with the revenue generated by trucking.

‘It's counter-productive to run a locomotive very far to deliver a couple of carloads of anything. Without hard evidence of sufficient commercial demand for freight service, there is no reason to spend scarce funds on the Mountain Division when an active parallel line a few miles away [SLR–editor] is available for transloading.’

{Portland Press Herald 15.Mar.11}

Responding to Seidl’s comments above, Betke wrote on 6 May: ‘As for Mr. Seidl’s comments, I would observe that the devil is in the details. Use of the 100-car per mile standard depends on the associated revenue factor. Wood pellets and water are low-value commodities, and there is a reason why modular homes are not delivered by rail.

“A connecting carrier (PAR or CSRX) would be the most efficient operator. Any other party (1) would lack on-branch facilities for maintenance and therefore be dependent on PAR or CSRX, and (2) would have to assume the overhead burden of an independent carrier.

‘The facts cited in the HNTB study suggest an operation that inevitably would prove to be a “subsidy trap” from a politically-motivated decision. I also wonder if the folks realize how much truck traffic would be involved in delivering raw materials to the pellet mill, of which there has been talk for months but no action to my knowledge.’

{e-mail to ANR&P}

PAN AM: TRAFFIC RE-APPEARS*

5 May, North Anson. LUMBER TRAFFIC IN THE FORM OF CONSTRUCTION MATS has been moving through Randy Cousineau’s facility here, the first in over a year [see 10#01B]. The mats, made of eight-foot, 6-inch by 6-inch timbers, support construction equipment moving over earth to build power lines. “We get about two cars a day.”

He is putting money into improving the unloading areas next to the spurs, so now he can load or unload at most of his “19 or 20” car spots, and does not have to shuffle cars to an unloading area. {ANR&P discussion}

Ballast moving

Like 2010, Cousineau in 2011 expects ballast coming out of Pan Am’s quarry in Embden to continue to move through his facility. As described in the Pan Am Clipper:

‘[In] 2010...R.S. Pidack was hired to perform on-site excavation....[The traprock] is crush[ed] on site and truck[ed]... to Cousineau Wood Products in North Anson, Maine where the stone is transloaded into ballast cars. The Maine Central Railroad had retired the seven miles of road bed between North Anson and Embden in 1975, so, until the tracks are reinstated within the next few years, this routine will continue.

‘In 2010, product from the Embden Quarry was used on the Brunswick passenger service and many other projects throughout the Pan Am system. The goal for the immediate future is to continue generating the fifty thousand tons of railroad ballast to support our upcoming construction projects with the requisite stone.
‘With imminent rail service to and from the quarry, Pan Am Railways can look forward to further growth and expansion into markets such as highway asphalt, stone dust and other appliances in the years to come. It is the dawn of a new Stone Age.’ {Kenneth Pelletier, assistant superintendent, Engineering-Maine Division, in issue #1 2011}

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**MASSACHUSETTS**

**CSXT: MORE BOSTON SPACE**

6 May. **CSXT WILL USE ROMAR SPACE FOR A SECOND CONTAINER YARD, FOR INBOUND BOXES HERE,** it announced. ‘To assist in terminal fluidity, CSX will open the CSX Yard Two (Romar) container yard. This will help alleviate terminal congestion, making it easier for customers to in-gate and out-gate loads and improve service reliability.

‘Excluding reefers, any inbound Boston load that notifies on or after Saturday, May 14, will be drayed to the new container yard for pickup by the drayage community. Reefer equipment will continue to notify at the Boston terminal.

‘Below is the address for CSX Yard Two (Romar): CSX Yard 2 (Romar), 90 Western Avenue, Allston, MA 02134.

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**West Springfield. Coal for Mt. Tom.** {courtesy Billy Wehmeyer}
‘The hours of operation for the container yard will mirror the gate hours for Boston. This will not impact published availability times. CSX will begin moving inbound loads upon train arrival and through early morning.

‘All customers, except reefer customers, should send drayman to CSX Yard Two (Romar) for pickup. All empty pickup and returns as well as all outbound loads will continue to be serviced directly at the Boston terminal.

CSXT: MT.TOM COAL
2 May, West Springfield. CSXT HAS DELIVERED COAL FOR MT.TOM, according to observers. The coal, which arrived from the west some time ago, is piled near Sears Way. [See other photo 05#06B]. It will be trucked to Mt.Tom as needed. {e-mails from Billy Wehmeyer and railroad sources 4-6.May.11}

In prior years, CSXT handled coal for Mt.Tom which arrived from Provport via PW.[See 06#02B, 09#09A.]

MC: FREIGHT INTERFERENCE?*

Note: I credit a subscriber with pointing this out.

FREIGHT TRAFFIC ALREADY EXISTS ON THE STOUGHTON ALIGNMENT. South Coast Rail project manager Kristen Egan noted that the T will not lay down the new track for freight traffic [see 11#04A], but at the Taunton end of the new alignment lie three rail freight facilities served by MC on the MassDOT-owned line.

The line, called the Dean Street Industrial Track, handles the largest part of the traffic CSXT interchanges with MC, between 1,500 and 2,500 carloads per year, depending on road salt volumes.

Gallo Construction at Cushman Street. This serves American Rock Salt and provides MC with the most traffic on

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Recycle America
This company was joined with Waste Management.

Strategic Materials
Strategic Materials (SMI) is a leading North American recycling company, with facilities located across the United States, Canada, and Mexico. SMI is the largest glass processor and one of the top ten independent plastics processors in North America. SMI operates three divisions: Glass Processing (the "Glass Division"), Plastic Processing (the "Plastics Division"), and Container Collections (the "Collections Division"). Strategic Materials sells approximately 2.0 million tons of glass cullet each year. {company website}

Plainfield. SMI operates a pad in Plainfield, Connecticut served by PW [see 04#06B]. This was formerly located in Worcester [see 02#09A].

Franklin. In 2009, Strategic Materials purchased the Recycle America business in Taunton operated by Gallo, and moved it to the Capeway Rail Terminal in Middleboro, also served by MC [see 09#08B].

Dean Street. Gallo formerly operated a Recycle America cullet facility; that has moved [see box].

Northeast Refrigerated at 81 Ingell Street. This handles frozen fish.

Ventura Grain at 148 Longmeadow Road receives feed and grain products. {editor, and Rail Freight Facilities in New England (2006)}
MC will handle traffic with commuter rail running through
This ‘will require some track reworking, but can be resolved,’ wrote Dan Wahle, MC marketing honcho. {e-mail to ANR&P 3 May 11}

PVRR: TRAFFIC UP
25 April, Westfield. RAILROAD TRAFFIC HAS GROWN 50% OVER THE PAST 12 MONTHS, said PVRR General Manager Mike Rennicke. 'Much of the increase has come from the resurgence of business is my core accounts such as Lowe's and significant increases at our transload unit, Railroad Distribution Services.

'Lowe’s actually turned positive in Sept 2010 and has continue to trend upward. They are not entirely sure of the reason but the Northeast has done better than other parts of the country in this area. Our Florida Lowe’s business [Pinsly Railroads, which owns PVRR, also owns the Florida Midland which serves a Lowe’s. Progressive Railroading 2004}] is still mired in the recession. My own view is that people are spending on renovations and additions which is part of the Home Depot/Lowe’s model.'

Transloading
‘RDS has seen a marked increase in traditional traffic such as lumber, plaster, aluminum, paper, wood stove pellets, and other construction related products...Fuel is certainly one of the elements that is driving the transloading business.

‘Once diesel passes the $3.75 - $4.00 range the additional pressure is brought to bear on the long haul truck market. Also impacting this are the other issues facing trucking such as CSA\(^1\), insurance costs, and the incessant lack of drivers.’

Interchange with PAS
'We have officially reopened the interchange in Holyoke and are working closely with Pan Am Southern and NS to bring new business via this new partnership. We have several prospects in the works that represent new business that we are not presently handling via our interchange with CSX and will take advantage of this new routing.’ {e-mail to ANR&P}

Additional new traffic
Reportedly, PVRR is also transloading local customers Sullivan Scrap and Mt.Tom Box (Packaging Corporation of America) who have on-site rail access via PAS/NS. {e-mails to ANR&P from MBTA source} (Rennicke had no comment on these reports.)

PW: PECULIAR STB STANCE
26 April, DC. PW AND NATIONAL GRID ARE SPENDING DOLLARS ON LAWYERS apparently over the issue of whether the STB should hold the PW case 'in abeyance' [see 11#03B] while the two parties negotiate a solution. Here's an excerpt from PW's latest, filed this day:

On March 30, 2011, National Grid filed with the Board a request that this proceeding be held in abeyance - purportedly because the parties were close to a voluntary resolution of the dispute underlying this proceeding. Remarkably, National Grid filed its request for a stay without consulting with or seeking the concurrence of P&W, the party with whom National Grid claimed it was about to conclude an agreement.

On April 18, 2011, P&W filed its Reply, opposing the requested stay on the grounds that (1) the parties were not close to a voluntary resolution, and (2) holding this proceeding in abeyance would prejudice P&W by further delaying the resolution of this two-year old dispute.

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\(^1\)The Federal Motor Carrier Safety Administration's (FMCSA) CSA (Compliance, Safety, Accountability) 2010 initiative rates carriers and their drivers on their safety record. Since the rating is publicly available, many shippers are choosing motor carriers based on their CSA rating, according to several speakers at the spring North East Association of Rail Shippers meeting. {ANR&P coverage}
National Grid has now submitted a motion for leave to file a nine-page Reply to a Reply in order to argue - yet again - that a voluntary resolution with P&W is imminent, despite P&W’s belief to the contrary. {STB website, filings page Finance Docket No. 35393}

NEW HAMPSHIRE

MBRX: STATUS UPDATE
As the case MBRX v Pan Am moves toward a hearing on 13 June [see 11#04A], skirmishing continues:

Jury trial
Pan Am, according to MBRX owner Peter Leishman, has requested a jury trial. Leishman has agreed.

Negotiation
Leishman reported that the two sides are negotiating over his long-standing offer to buy or lease the ST track MBRX uses [see 8#08B]. {ANR&P discussion 2.May.11}

Hearing on motion to dismiss
On 3 May Judge Barbadaro required MBRX to ‘respond to the [Pan Am] motion to dismiss on or before May 13, 2011. No reply shall be permitted. The court will rule on the papers prior to trial.’ {District Court website, case 10-cv-264}

RHODE ISLAND

PW: CUSTOMER MAY EXPAND
2 May, East Providence. THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT HAS ISSUED A NEW, THREE-YEAR SOLID WASTE FACILITY MANAGEMENT LICENSE TO TLA PROVIDENCE, LLC to operate TLA Pond View of East Providence, according to an RIDEM press release.

The license imposes new conditions and will allow the company - which currently employs 40 people and plans to increase to 52 - to continue and expand its construction and demolition debris processing facility located at One Dexter Road in the Rumford section of East Providence. Over a phased-in schedule, and once an air monitoring plan is in place, the recycling facility will be licensed to accept a gradual increase from 500 tons to 1,500 tons per day of construction and demolition debris.

City must act on citizen complaints
Many of the quality-of-life concerns raised by residents, such as zoning, hours of operation, trucks, traffic hazards and noise, are the City's responsibility to address through local ordinances, and are outside of DEM's legal authority. In the 1990s, the East Providence Zoning Board made the decision to allow the Pond View facility to be sited at the Dexter Road location. DEM's license specifies that Pond View is responsible for ensuring compliance with all zoning requirements of the City of East Providence. The issuance of the license in no way restricts the city's right and ability to enforce its authority with regard to zoning and other applicable local laws.² {text of press release from RIDEM

²DEM’s decision noted: ‘Also, the case regarding zoning was argued before Providence Superior Court (Case PC/05-3446) where many of the arguments regarding zoning and the Facility’s right to receive greater than 150 tons/day of waste were presented. The court made it clear in its decision that the zoning variance is valid, and that the acceptance of greater than 150 tons/day of material for processing is not in violation of that ordinance so long as the Facility complies with the grinding provision
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of less than 150 tons/day. The court also made it clear in its decision that the roles of the Department and the City are distinct and independent. Therefore, to deny the Application based on the alleged violations of zoning would be contrary to the decision of the court.’

In a submission to DEM, William Conley, former city solicitor for East Providence, noted that the facility license in 2003 was specifically conditioned upon the facility complying with the zoning ordinances of the City of East Providence and, he contended, it has not. This requirement is reaffirmed by two court cases, Allen vs. The Zoning Board of Review of the City of Warwick and Providence & Worcester Railroad vs. The City of East Providence.

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Legislation continues

On 3 May, State Senator Daniel DaPonte (D-District 14, East Providence, Pawtucket) was disappointed with the DEM’s decision. On April 13, the State Senate unanimously passed S-184, sponsored by DaPonte [see 11#03B], which bans any debris processing facility within 1,000 feet of a residential area from processing more than 150 tons per day.

[The House of Representatives Municipal Government committee on 5 May transferred the bill to House Environment and Natural Resources. {General Assembly website}]

Rail impact

At-Large City Councilman Billy Conley, a former city solicitor and current attorney, was disgruntled by the DEM ruling, but also noted that, given the conditions TLA-Pond View must follow, “the city now can seize the initiative to ensure compliance with our local zoning regulations and the original zoning variance granted to (it) in 1997. I'm disappointed that the DEM had issued the permit, but – on the encouraging side – the extent of the conditions exhibits its recognition that the city of East Providence has jurisdiction to enhance its zoning laws.

“There is still will be in DEM's jurisdiction, but a lot of the land use changes that have taken place at Pond View are beyond the original zoning variance granted to them. For instance, when you look at the conditions, the DEM has cited the rail spurs that are on that site now. Those were not permitted in the original zoning variance. It did not provide for that type of land use activity.” {Jon Baker in Pawtucket Times 3.May.11}

PW support

On 23 November 2010, PW said:

The Providence & Worcester Railroad submits this letter in support of the application of TLA-Pond View to expand its solid waste management facility license to process construction and demolition (C&D) debris. Providence & Worcester has provided rail service to the TLA-Pond View facility for the past seven years to transport non-recyclable wastes to out-of-state disposal sites.

During this time, TLA-Pond View's local management and Providence & Worcester have enjoyed an excellent working relationship. The waste that Providence & Worcester transports from the TLA-Pond View facility has to the best of our knowledge been properly classified and documented and has not been rejected by a receiving facility due to misrepresentation or contamination.

Although increasing the volume of C&D material flowing through TLA-Pond View's facility will have certain obvious benefits to Providence & Worcester in terms of increased freight, the proposed increase in through-put will also have environmental benefits as well. TLA-Pond View's ready access to rail transport via the Dexter Road spur means that more C&D material can be removed from the facility in a cleaner, more reliable, more energy efficient and more economical manner than by overland trucking.

TLA-Pond View's location allows for the efficient consolidation of C&D material from multiple sources at a single location, while its recycling operations remove materials from the waste stream reducing the weight and volume of the ultimate waste stream that requires off-site disposal. The condensed waste stream is then moved offsite by Providence & Worcester's trains that can pull more cargo farther on less fuel and with less emissions than other over the road shipping methods.

Accordingly, Providence & Worcester believes that TLA-Pond View is uniquely situated to provide an important
resource conservation service in a clean and energy efficient manner and that allowing this expansion would enable TLA-Pond View to increase its efficiencies even further. {Chris Guzzi, PW director of business development}

VERMONT

VRS: LOSS OF CUSTOMER*
27 April, St. Johnsbury. CALEDONIA KILN IS FOR SALE. The company operates kilns that dry green lumber for customers, primarily lumber yards. It also has large indoor storage areas. The lumber arrives by truck or rail. CKC also does transloading from rail to truck.

Economic forces have battered CKC and the rest of the lumber industry in Vermont, throughout the United States and in Canada as well. Number 6 oil price has climbed to $2.77 a gallon, according to principal Jeremy Jacquet, up from 38 cents a gallon in 2001.

The largest lumber companies formerly used drying companies, but have now built their own dry kilns fired by wood waste boilers, enabling them to dry lumber for less than the cost of shipping to CKC and back.

Rail use
As fuel costs for trucks increased, the Jacquets embraced the Washington County Railroad. Unfortunately, according to Jeremy, when diesel fuel began creeping up, the railroads added on fuel surcharges which drove up the costs of rail.

CKC must use five railroads to ship lumber along the East Coast, requiring repeated switching. It now costs CKC more to ship lumber by rail than by tractor trailer.

Now for sale
CKC investigated building a new boiler system that could burn biomass or scrap lumber, but unlike a lumber yard, CKC does not generate its own wood waste. New boilers would require clean air permitting from the state, and when CKC added up all the costs of building new boilers, it came to a little more than $1 million.

Payback on the investment was doable, but Jacquet realized the new boilers would not solve the other problems, and put CKC on the market. The asking price of the 28-acre site, $1.1 million, does not include the inventory, kilns, or machinery. The lot has all of its permits in place, including a storm water permit. It has a public water source.

CKC, with the remaining seven employees, is mostly doing transloading and dry storage for customers. {James Jardine in Caledonian Record 27.Apr.11}

Rail impact
Jacquet, speaking on 5 May, said three years ago he was doing about 200 carloads a year. Now, “we do a car every two months.” {ANR&P discussion}

QUEBEC/MARITIMES

CN-HALIFAX: MORE ON EXPORTS*
2 May. HALIFAX GRAIN ELEVATOR LIMITED IS HOPING TO MOVE ABOUT 10,000 TONNES OF PULSE PRODUCTS THIS YEAR from Western Canada to export markets through the Port of Halifax, said Jeff Brownlie, HGE’s manager of finance and administration. That translates into about 110 hopper carloads of pulse such as beans, chickpea and lentils, all new business for the grain elevator.

The port authority and HGE carried out a pilot project in December; pulse moved from Saskatoon to Halifax
via CN in 11 days [see 10#05A]. Saskatchewan produces a large amount of pulse shipped to markets in Western Europe, Turkey, the Middle East and Africa.

**Joint effort**

HGE and the Halifax Port Authority have jointly invested between $800,000 and $1 million to upgrade the elevator facilities. A new hopper, scale conveyor system was built, owned by HGE, which permits loading of containers. The entire transfer system at HGE can be integrated or worked to accommodate different commodities, such as grain, pulse, or wood pellets.

“We are always looking for ways to increase throughput and diversify the business we are involved in,” Brownlie said. “Sending these pulse products out of the country by container is not something new but it is new for us.”

The grain elevator has its own rail siding where the grain transfer occurs. The product drops through the bottom of the hopper car, moves on conveyors to a weigh scale and from there goes into a regular 20-foot container supplied by the shipping lines, or into the elevator for storage. Brownlie did not anticipate the need for special containers to move the food-grade products.

Brownlie said even though product could possibly move by rail to Montreal for export from the West in a shorter period, it most likely would take longer to reach its final destination by ship. Halifax has more direct water connections to world markets eliminating the need for cargo transshipment.

**Year round business?**

Brownlie believes the bulk of the pulse will move through Halifax late in the year after harvest season but the elevator can store products until sold, and then they can be shipped. “In that respect we will have the ability to do this year round,” Brownlie said. {Jeff Brownlie in discussions with Tom Peters 2.May.11}

**Test run**

“We were able to prove fairly conclusively the transit times worked like a charm because of our proximity to markets,” said Port Authority President and CEO Karen Oldfield. {Karen Oldfield in discussions with ANR&P’s Tom Peters 27. Apr. 11}

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**SYDNEY: CONTRACT**

14 April. **THE LONG-AWAITED CONTRACT TO DREDGE THE ENTRANCE CHANNEL** to Sydney Harbour has been awarded. Sydney Ports Corporation has signed the contract agreement with Boskalis Westminster N.V. of The Netherlands. The $38 million project will start in the fall of this year pending the final regulatory approvals [see 11#03A]. The 8.5-kilometre channel will be dredged to a depth of 17 metres and to a width of 150 metres. The work is scheduled for completion in early 2012. {SPC release 14.Apr.11}

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**RAIL SHIPPERS**

Caledonia Kiln (VRS, Vermont) For sale.
Cousineau (ST, Maine) Restarts lumber traffic.
FirstLight (ST, Massachusetts) CSXT draying coal.
Halifax Grain (CN, Nova Scotia) Starts pulse?
Maersk (CSXT, Quebec) Opens container yard.
Pond View (PW, Rhode Island) OK to expand.
Rawson (NECR, Connecticut) New quarry?
Strategic Materials (PW & MC, Massachusetts)
Described in this issue.
Our Directory of Rail Freight Facilities in New England has more information on the companies denoted with their directory number.

**PEOPLE**

**Doug Rose**, president and CEO of Halterm Limited for the past eight years and employed at Halterm for 19 years, is retiring at the end of May. **Ashley Dinning**, formerly with APM Terminals in India, will succeed him.

**Rick Robinson** CEO of Kim Hotstart, has retired. **Terry Judge**, former sales and marketing director, has succeeded him.

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**ATLANTIC NORTHEAST RAILS & PORTS**

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

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

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

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Purpose

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

E-ISSUE