Formal issue 11#11A 19 November 2011

*Article unchanged from e-bulletin.*

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

Blue header & table of contents: new article

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**REGIONAL**

**North Pacific:** Bankruptcy, closings. Rugby and Atlantic Plywood facilities. Map. Charlestown box.

**PW/Pan Am:** Coal moving again.*

**Logistec:** 3Q11 up at US facilities.*

**Ships v RRs:** Boxships 63% on time performance.*

**PW:** 3Q11 carloads down tiny bit, but revenue up.*

**NEW YORK**

**NYNJ:** HDR to do Greenville facility.

**NYNJ:** PA keeps transload RFP bids confidential.*

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**CANCUN**

**MMA:** More on Great Northern Paper.

**MMA:** More on GAC Chemical.

**MMA:** Future.

**Norway Branch:** SLR will end its lease.*

**MMA/Searsport:** 1st Great Northern Paper to port.*

**Pan Am:** Land O'Lakes leases Leeds mill.*

**MERR:** Review of freight and passenger traffic.*

**Searsport:** Awaits crane for possible pig iron.

**SLR/ST:** NEPW update, buys Fore River.*

**ST v Fore River:** Previous owner retains case.*

**Pan Am:** Wins implied crossing easement case.*

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**MASSACHUSETTS**

[No report.]

**NEW HAMPSHIRE**

**MBRX:** Operations resume after storm.*

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**RHODE ISLAND**

[No report.]

**VERMONT**

[No report.]

**MARITIMES**

**WHRC:** Fundy Gypsum, last customer, will close.*

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**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

John Wolanski. Short Line Symposium.

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**EDITORIAL**

Update on Pan Am v Hardenbergh

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**FROM THE PUBLISHER**

The Maine Transportation Logistics Forum

As you can tell, the forum produced much relevant information. More stories next issue as well.

Nearly all locally sourced

This newsletter contains almost all articles from my sources, thanks to the Bangor forum.

– Chop

Next formal issue: 5 December

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REGIONAL: NORPAC BANKRUPTCY

NORTH PACIFIC GROUP HAS DISPOSED OF ITS FACILITIES IN THE REGION as it is dissolved. [NPG once had five facilities in the region – see 05#03A. At the time of the bankruptcy, it had already disposed of the Auburn, Maine – see 08#12B – and Concord, New Hampshire facilities.]

The company filed for bankruptcy in early 2010. On 27 July 2011 the receiver filed the first modified distribution plan. Prior to entry of the Receiver Order, NPG actively marketed all of its assets beginning in or around July 2008. In December 2009 a potential sale did not materialize and NPG was unable to continue to seek other buyers due to defaults to its lenders. {North Pacific Group website}

Four facilities were disposed of [see map]:

Royalton, Vermont (red flag – still open)
NPG leased a building here served by NECR. As of March 2011, it vacated the building and Atlantic Plywood moved in. Glen Seifert, facility manager, and other employees were able to arabesque into new jobs with Atlantic.

He said that while NPG had “a lot of cars,” Atlantic gets one only occasionally, perhaps every six to eight weeks. Unlike NPG, Atlantic does not sell commodity lumber. {ANR&P discussion 16.Nov.11}

Charlestown New Hampshire (green triangle – still open)
On 23 July 2010, the bankruptcy court approved the sale of this property [see box] to Upper Valley Transfer of Bethel, Vermont for $375,000. {text of order from North Pacific Group website}

Springfield Massachusetts (closed)
The court permitted the abandonment of the North Pacific property at 121 Memorial Drive. {text of order from

THE THREE SWITCHES TO CHARLESTOWN FACILITIES
An observer looking west, next to NECR's main line in North Charlestown would see three switches facing point south. The southern-most was installed in the 1970s or before, when Saxonville USA started operating a lumber transload, served by Pan Am predecessor Boston and Maine Railroad.

In the early 1980s, Boston and Maine was sold to Pan Am, and Pan Am operated all trackage under subsidiary Springfield Terminal Railway, which still had a stub off the B&M main line, the middle of the three switches [see photo in 02#11B].

When in 1988 the Interstate Commerce Commission awarded ownership of the Pan Am line to Amtrak, and Amtrak sold it to NECR predecessor Central Vermont, Pan Am preserved trackage rights, and new customers were given the choice between Pan Am and NECR. Existing customers had to stay with Pan Am.

In 1998, Cushman Lumber or sister company Upper Valley Transfer Company d/b/a Charlestown Transfer opened a transload, building a spur off the north-most switch. {cushman lumber website}

Saxonville-North Pacific-Charlestown Transfer (south switch). North Pacific bought Saxonville USA in 2000, and operated the Charlestown facility and created a joint venture with Cushman, Northeast Structural Wood Products [since closed, per web] served from the north switch.

In 2000, North Pacific had 750-800 carloads a year of plywood. By 2002 that had shrunk to 450-500 carloads, and by the time Upper Valley bought the site, it no longer used rail. [See 00#03, 02#11B.]

Charlestown Transfer (north switch) Now both the sites are owned by the same company, and served via the north switch by NECR. In 2002, the north spur saw 800 carloads a year. [See 02#11B.]
North Pacific Group website} In early 2010, the inventories and some employees were obtained by Tempe, Arizona-based Rugby Industrial Products Distribution. Rugby closed it later [see below].

**Providence (closed)**
Rugby also acquired the inventories and hired employees from Providence. In 2010, "Springfield is operating as Rugby IPD today, and former North Pacific Providence operations have been assimilated into Rugby's Avon, Massachusetts, distribution center," said Rugby President David Hughes. {Building-products.com 4.2010}
Rugby closed Avon in 2011 [see below].

**Pedigree of Springfield and Providence**
North Pacific bought Allied Plywood in 2000, acquiring the Springfield and the Providence facilities [see 01#06A]. Rugby, after acquiring them, has now closed them [see below].

In addition, North Pacific bought Saxonville USA in 2000, acquiring the South Sudbury facility (was on CSXT, since closed), Hampton New Hampshire (on ST, since closed), and the business at HRRC's Shepaug reload. [See 01#06A.] Per Rian Nemeroff, HRRC marketing honcho, North Pacific last moved cars to Shepaug in 2001. {e-mail to ANR&P 17.Nov.11}

**RUGBY BUILDING PRODUCTS**
This company bought and closed two North Pacific facilities [see above]. Headquartered in Concord, New Hampshire, in 2010 it adopted a new trade name and tagline: Rugby Architectural Building Products – America's Leading Distributor of Architectural Panels and Decorative Surfacing. In 2010.

**Oxford, Massachusetts (red star)**
On 25 February 2011 it announced the opening of its new Rugby Boston Metro Center located at 432 Main Street in Oxford, Massachusetts. {Rugby website} It has PW rail access.

It closed both the Springfield and the Avon locations, merging the business into the Oxford location. {ANR&P discussion with official at Oxford 17.Nov.11}
ATLANTIC PLYWOOD
The company was founded in 1974 by Nick Cucci and Dave Larson and is owned by its employees. It has facilities at [see map]:

Atlantic Plywood Westbrook (blue pin), Maine (no rail)
Atlantic Plywood Royalton (blue pin), Vermont (NECR)
Atlantic Plywood Rochester (blue pin), New York (Genesee & Wyoming)
Atlantic Plywood Albany (blue pin) Altamont, New York (SNY)
Atlantic Plywood South Windsor (blue pin), Connecticut (CSO)
Atlantic Plywood Providence (blue pin), Rumford, RI (PW)
Atlantic Plywood Woburn (blue pin), Massachusetts (ST)
Atlantic Plywood Deer Park (blue pin), New York (no rail)
Atlantic Plywood Long Island City (blue pin), New York (no rail)
Atlantic Plywood Carlstadt (blue pin), New Jersey (Conrail shared assets) {company website}

PW/PAN AM: COAL MOVING*
10 November, Worcester. **PSNH COAL MOVED FROM WORCESTER TO NEW HAMPSHIRE.** After a pause of a few days [due to the Pan Am price increase? – see 11#10B], PW ran a 60-car string to Gardner, whence Pan Am used its own power to deliver it to Bow.

Other cars remained in Worcester [see photo] which presumably will be combined with another string moving to Worcester on 15 November. {PW e-list; Guilford Rail Sightings e-list}

A modus vivendi?
Requests to various sources for a comment about the move received no reply by press time. {editor}

LOGISTEC: 3Q11 UP*
3 November, Montreal. **LOGISTEC ANNOUNCED A RECORD 3Q11 PROFIT.**

US marine services improved
'During the third quarter of 2011, Logistec achieved a solid 21.3% growth in its consolidated revenue which totalled $67.2 million, compared to $55.4 million for the equivalent period of 2010.

'The marine services segment's revenue grew by 5.7% to $33.0 million for the third quarter of 2011, compared to $31.2 million for the third quarter of 2010. This growth is due to intensified revenue in the United States as well as higher volumes of bulk cargo.

'The environmental services segment's revenue rose 41.4% to $34.2 million, up from $24.2 million for the third quarter of 2010. Sanexen's excellent results were driven by the increase in site remediation activities.'

{Logistec press release}

PW: 3Q11 RESULTS*
14 November, Worcester. **PW CONVENTIONAL CARLOADS DROPPED SLIGHTLY FOR 3Q11, THOUGH OPERATING REVENUE INCREASED,** according to the quarterly report issued this day.

'Operating revenues increased $854,000, or 11.4%, to $8.3 million in the third quarter of 2011 from $7.5 million in the third quarter of 2010. The increase is the result of a $658,000 (9.2%) increase in conventional freight revenues, a $98,000 (181.5%) increase in other freight related revenue, and a $127,000 (176%) increase
in other operating revenues, offset by a $29,000 (13.9%) decrease in container freight revenues.

**Conventional revenues and carloads**
The increase in conventional freight revenues is attributable to a 13.5% increase in the average revenue received per conventional carloading, offset by a 2.8% decrease in conventional traffic volume. Conventional carloading decreased by 283 to 9,949 in the third quarter of 2011 from 9,773 in the third quarter of 2010.

'The reasons for the increase in average revenue received per carloading and the decrease in conventional traffic volume are the same as for the nine-month period ended September 30, 2011, as previously discussed. ['The number of shipments of most commodities handled by the Company was relatively constant except for increases in automobile shipments during the first nine months of 2011. There was a decrease in coal shipments due to a power plant customer being offline during a substantial portion of the period. The increase in the average revenue received per conventional carloading is due to a shift in the mix of commodities, as well as some rate changes.‘]

**Containers down**
The decrease in container freight revenues for the quarter is the result of a 16.8% decrease in traffic volume and a 65.5% decrease in the average revenue received per container. Container traffic volume decreased by 523 to 2,592 in the third quarter of 2011 from 3,115 in the third quarter of 2010. The reason for the decrease in container traffic volume is a shift in the traffic pattern to utilize water-based routes.

**Other**
The reason for the increase in other freight-related revenues is the same as for the nine-month period ended September 30, 2011, as previously discussed. ['The increase in other freight-related revenues and other operating revenues result primarily from overall increase in the number of shipments handled by the Company.‘]

PW spokesperson Marie Angeline provided this explanation: “Other operating revenues” reflects increases in demurrage and switching charges PW received during Q311. Switching is billed separately from carload and container revenues. {e-mail to ANR&P 18.Nov.11}]

**Operating expenses**
'Operating expenses for the third quarter of 2011 increased by $376 thousand, or 5.1%, to $7.7 million from $7.3 million in the third quarter of 2010. The principal reasons for this overall increase in costs were associated with the rise of traffic volume as previously discussed for the nine-month period ended September 30, 2011.'

[Operating ratio better
Though the PW management discussion did not note this point, the figures in the 10-Q showed operating expenses ($7.7 million) were lower than operating revenues ($8.3 million), translating to an operating ratio of 92.8% versus 98.3% in 3Q10. Editor]

**Line of credit**
In June 2011, the Company extended its revolving line of credit facility in the amount of $5 million from a commercial bank. The line of credit facility expires on June 25, 2013. At 30 September 2011, $400 thousand was outstanding under this line of credit. [Down from $900,000 on 30 June.] {Form 10-Q from SEC website}

**ON-TIME: SHIPS v RAILROADS?**
9 November. **CONTAINER CARRIERS POSTED A 63% ON-TIME ARRIVAL RATE**, according to the Drewry Maritime Research Schedule Reliability Insight report for 3Q11, up from 55% in 2Q11.

Drewry’s quarterly report measured on-time performance of 3,821 ship arrivals at selected ports. The report considers a ship on time when it meets its estimated time of arrival or gets into port a day early.

Thirteen of the top 20 container lines equaled or surpassed the 63% industry average, and all but three major carriers improved their scores from the previous quarter. Maersk retained its position as the most reliable of the top 20 carriers measured by vessel fleet size across all the trades covered by Drewry. APL took second
place, while its New World Alliance partner Hyundai Merchant Marine was third. {Joseph Bonney in *Journal of Commerce Online* 9.Nov.11}"

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**NEW YORK**

**NYNJ: NEW JERSEY SIDE**

16 November, Jersey City. *THE PORT AUTHORITY HAS CHOSEN HDR TO UPGRADE THE GREENVILLE FACILITIES* of the NYNJ. In a press release, HDR said it will act as 'the prime design consultant to perform a freight capacity analysis and provide context sensitive solutions. Ten bid packages will be prepared for the project’s phases. Sub-consultant Worley Parsons will perform the marine work (barge design, and rehabilitation of barge and fender system). HDR’s Pete Davis is the project manager, with Jim Kukucka from Worley-Parsons serving as deputy project manager.

'The work includes rehabilitating a barge and transfer bridge used to move freight rail cars from the yard to the barges, designing a new barge and two new bridges, demolishing two bridges, rehabilitating the rail yard and waterfront structures, and environmental permitting.

'The project also includes the addition of approximately 10,000 feet of new track and design of yard operations facilities.

'This project is among improvements to accommodate the larger Panamax freighters that will be in operation with the Panama Canal expansion, and to allow movement of up to 11,000 tons a day of solid waste out of New York City by rail. The solid waste currently travels by truck.' [See 11#10B.] {text from HDR}
NYNJ: TRANSLOAD RFP

14 November, New Jersey. THE PORT AUTHORITY EVALUATION PROCESS IS CONFIDENTIAL, said Rich Grehl, who handled the solicitation work for construction and operation of the transload facilities in South Brooklyn [see 11#10B].

Bids were due on 9 November. The RFP is taken down from the website. The next public information about the bidding will emerge when the Port Authority announces a winner. {ANR&P discussion}

MAINE

MMA: CUSTOMER BACKGROUND

10 November, Bangor. GREAT NORTHERN PAPER MAKES THE “HIGHEST QUALITY NEWSPRINT IN THE WORLD,” the president, Peter Hanson, told the Maine Trade Logistics Forum here. [See other article for paper moving out of Searsport.]

While some may question the viability of Cate Street Capital's plan to revive the mills, Hanson said the business plan is based on people overseas expanding their reading of newspapers. India is number 2, and China number 1, in the consumption of newsprint. “We are exporting a lot of it....We also see demand in domestic markets south and west to Tennessee for groundwood specialty grades.”

The business plan calls for moving to other products long term. In the future, Cate Street Capital plans to develop a wood-coal, or torrefied wood product. [See 11#09A.] Demand for that product is strongest in Europe, where emissions and renewable energy requirements for coal-burning power plants present an opportunity for qualified wood products.

For now, Hanson is concentrating on the export of forest products. “We need to think about Maine as hub, where ships will call, and rail is improved.”

Transportation

“Now we have a huge freight bill,” he continued. He would like to get “ships to call regularly.”

Some 15-20% of his [delivered] cost is transportation. “I'm looking to send product regularly through breakbulk service, depending on what needs to be containered.” The ship could be a regular breakbulk call, or be chartered. “In both cases, we depend on rail and in the case of exports, shipping ports. Currently, we find some business, such as rail to Searsport, a bulk and break-bulk port, as worthwhile, and other business, such as rail to container ports as 'awkward', meaning complex and expensive.

“If ships were to call at Searsport or other Maine shipping ports regularly, our opportunities for shipping would improve and our freight costs to our targeted markets would likely decline. Development of Maine ports as hubs would, for that reason, likely lower our freight costs and improve our long-term sustainability as an exporter.

He is looking at, in addition to Searsport: Portland, Montreal, Halifax, and Newark. {ANR&P coverage & follow-up e-mail}

A previous startup

In 2004, Hanson helmed the effort to restart the paper mill in Gilman, Vermont. TSRD did serve the mill, but before Hanson restarted it; rail never served the plant while he was in charge. The mill was part of the American Tissue Group when that went bankrupt. As Dirigo Paper, it restarted in 2004 [see 04#09A] and stopped in 2007 [see 07#09A].
MMA: CUSTOMER BACKGROUND
10 November, Bangor. **GAC CHEMICAL IS NOW “MAINE’S CHEMICAL COMPANY,”** the president, David Colter, told the Maine Trade Logistics Forum here.

History
The site on the Penobscot River above Mack Point became a manufacturing facility in 1907, when the American Agricultural Chemical Company built a large fertilizer plant. [In 1914 it complained about the rate charged by the Bangor and Aroostook Railroad to move product to Fort Fairfield and Caribou. *American Agricultural Chemical Co. v. Bangor & Aroostook RR Co.*, 28 ICC 398.]

In 1970, the Delta Chemical Company purchased the facility (which had expanded to other chemicals) and sold it in 1994 to General Alum and Chemical Corporation, founded and based in Ohio in 1979 by James Poure.

In 1999, General Alum changed its name to GAC Chemical. In May of 2003, GAC's Toledo Ohio, Indianapolis Indiana, and Saukville Wisconsin plants were sold to a venture capital group, headed up by Mr. Poure’s son, Timothy J. Poure. That company was known as GAC MidAmerica, Inc. and its corporate headquarters were located in Toledo, Ohio. GAC MidAmerica, Inc has since been sold.

James A. Poure maintains ownership of the Searsport facilities. GAC continues to expand its product and market base with new products and services. GAC Chemical’s corporate headquarters are located in Searsport. Much of its output goes to Maine paper mills, water treatment and wastewater treatment plants, as well as other industries including food and pharma. {GAC website}

In addition, Colter told the audience, some of the product is found in Twinkies, beer, wine, and in leather tanning. Some of their products are shipped to Asia.

Chemical manufacturing
On its 154 acres, the company manufactures a wide variety of chemicals [see 00#16 for some details]. In a meeting with Governor Paul Lepage a few weeks earlier, Colter's description elicited the moniker “Maine's chemical company” from the governor.

GAC brings raw materials in by rail (their Searsport facility can hold more than 100 railcars), and sends all product out by truck, as far as Wisconsin, Georgia, and Florida.

GAC Logistics Solutions
GAC has recently formed GAC Logistics Solutions to offer transloading, toll processing, trucking, warehousing and other services to customers. Colter characterized it as “a joint effort between GAC and the railway.” He noted that from his facility, MMA can interchange with CN and CP directly, and provide doublestack service to Montreal.

It can form part of the Bangor-Searsport Logistics Hub, and will do far better if the US Congress passes a statute permitting trucks at 100,000 pounds to use Maine's interstate.

Coulter agreed with others that GAC's acreage should be viewed as an area into which port activities at Sears Island could expand. {ANR&P coverage}

People
John Wolanski, vice-president of sales and marketing at GAC Chemical, has more than 30 years of chemical and paper industry experience and is expending significant efforts on the logistics offering. GAC, he believes, could be the best rail terminal/port facility in Maine for providing chemical handling, toll processing and transloading to the paper industry. {ANR&P interview}
MMA: FUTURE

10 November, Bangor. “WE HAVE TO DEAL WITH SOME RIGHT THINGS AND SOME WRONG THINGS,” MMA President Bob Grindrod..... “The railroad was built between 1892 and 1907” [including the line to what became Mack Point – editor]. “Where business was at the beginning of the 20th century, it is not there anymore. The railroad did carry potatoes, then they were moved by truck. Some of the railroad was abandoned in 1980s” but “the wrong part. We cannot change that.” Not counting real estate, it now “costs $10 million per mile to build track, that's not quite as expensive as highway.”

NORWAY BRANCH/SLR: FUTURE*

9 November, Norway. THE SLR WILL GIVE UP ITS LEASE OF THE NORWAY BRANCH AT THE END OF 2011, said Dennis Gray, president. The railroad, about two-thirds owned by the Town of Norway [see 04#06B], has long been leased to the SLR, but with NEPW no longer consistently using the CN Brown warehouse [see other article], the SLR does not need it.

The future

Gray said that with most of the line a trail, he was not certain about the future of the remaining 900 feet of track. The town has hoped that industrial property which abuts the right of way could generate a business

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1 Grindrod may be referring to the abandonment of the Presque Isle- Van Buren section, in parts in the 1980s. {Rail Lines of Northern New England Robert Lindsell} If that remained, it would provide a much shorter route to the CN interchange, and a route with more local traffic than that through the woods to Fort Kent. Editor
which wants rail, but none has emerged. {ANR&P discussion}

**MMA/SEARSPORT: 1st PAPER OUT***

13 November. **THE FIRST GREAT NORTHERN PAPER WILL GO INTO A SHIP'S HOLD** on the 16th in Searsport. Dave Gelinas of Penobscot Bay Pilots said the loading should take about two days.

**Rail from East Millinocket**

Railcars started showing up at Mack Point earlier in November. {e-mail to ANR&P} According to another rail observer, workers at the port are unloading hi-cube MMA or NOKL cars, and sending them back for loading more paper. {MMA e-list}

[The first paper moved via rail to Portland – see 11#10B.]

**PAN AM: CUSTOMER CHANGE***


California-based Moark LLC has agreed to a 10-year lease to become the sole operator of the egg production, processing, and warehousing operations (as well as a feed mill) owned by the companies. At the end of the 10-year lease period, Moark will have the option of purchasing the facilities.

Financial terms of the arrangement were not disclosed. Moark President Craig Willardson said Moark also will institute its robust safety and quality assurance standards.

“Nothing is more important to us than the quality of our products and the safety and reliability of our operations.” The transaction is expected to close soon. {Moark press release}

In 2010, Maine Contract Farming, which operates the Quality Egg farm in Turner, agreed to pay $125,000 to settle an animal cruelty case following the release of undercover videos taken by Ohio-based activist group Mercy for Animals. {MaineBiz 8.Nov.11}

**Rail impact**

Pan Am serves the feed mill. In 2008 it received an IRAP award to upgrade the siding [see 08#07B].

**MERR: 2011 REVIEW***

1 November, Rockland. **MERR’S LARGEST FREIGHT CUSTOMER, DRAGON PRODUCTS IN THOMASTON, APPEARS TO BE ON TRACK** with 2011 projections of cement shipments to its Rockland waterfront barge facility, as well as their Canadian shipments. While cement shipments in 2011 will end up roughly equal to 2010, forecasts for 2012 are up slightly.

The railroad continues to move heavy sheet steel to the Bath Iron Works facility in Brunswick, under haulage rights of Pan Am.

**Perlite traffic**

The railroad also hauls perlite ore for the Dicaperl Corporation [formerly named Chemrock, still a subsidiary of Grefco Minerals per Grefco website] in Thomaston. In 1998, it was doing about 80 carloads a year [see 98#16].

**Passenger excursion**

Passenger counts matched 2010, but not 2009 or 2008. {Gordon Page, director of passenger operations, to Jack Sutton in MRG newsletter 11-12.11}

**Former customers**

O'Hara Corporation. Brought in sand blast grit by rail, but that was too much bother, said Wyatt Anderson. It

FMC Biopolymer. It brings in containers of seaweed. It might use the American Feeder Lines service [see 11#06A].

SEARSPORT: PROSPECTS
17 November. THE PORT STILL AWAIT A CRANE. In February 2010, USDOT announced a grant to Maine under the TIGER program for a mobil crane in Searsport [see 10#02A]. In October 2010, USDOT was moving slowly on a waiver of the Buy America provision [see 10#09B].

MMA President Bob Grindrod said at the forum here [see other articles] MMA is awaiting the arrival of the crane, anticipating that it will permit importing of pig iron from Eastern Europe and Brazil to the Midwest. “If you have product in Brazil, it’s 300 miles shorter to come to Searsport, than to New Orleans.” \{AN&P coverage\}

John Henshaw, executive director of the Maine Port Authority, wrote on 17 November: 'The Liebherr 550 crane will be completed and ready for pick up in Rostock, Germany on or before January 14, 2012.' \{e-mail to ANR&P\}

SLR/ST: NEPW UPDATE*
30 June, Mechanic Falls. NEPW LOGISTICS PURCHASED FORE RIVER WAREHOUSING, following years of friendly competition. Drew Gilman, president of NEPW, wrote:

'NEPW acquired Fore River on June 30, 2011, from its parent company J.B. Brown & Sons. JBB retained ownership of the buildings, and we acquired the operating company. As part of the transaction we leased two buildings on Quarry Road in Portland (total 175,000SF – on Pan Am rail) and one building on Rodman Road in Auburn (75,000SF – on the SLR).

'All Fore River employees became NEPW employees. Mike [Cella – former president of Fore River] became the chief operating officer of NEPW.

'We think it is a very good fit. As the industry we serve continues to consolidate, we have to become even more efficient in order to keep our cost structure low. It is the only way for a vendor like ours to survive. By combining, we are able to more efficiently share employees and materials handling equipment, and consolidate back-office work. By operating a larger entity, we can provide our customers with more options for storage, cross-docking, and transloading in a variety of locations. It’s all about providing more flexible options
at competitive rates, and keeping overall logistics costs down for our customers.

**Update on current facilities**
NEPW now has 10 warehouses, six rail-served [see table]:

**Auburn ex-LynxUS.** NEPW purchased the former LynxUS (Bisson-Fiber Resource Group) newbuild facility [see 09#10A].

**Northeast Paper.** Both the acquisition of Northeast Paper Services of Scarborough in June 2009 [see 09#07A] and LynxUS in October 2009 'have worked out well. In Scarborough, we are adding a third paper rewinder in December to keep up with customer demand.'

**South Paris.** 'This warehouse is operating at full capacity, and is much improved since the major fire we experienced in December 2008. We rebuilt a large section of the warehouse and installed new high-efficiency lighting throughout the building. The entire 184,000SF main building also has a new roof membrane. We handle both woodpulp and finished paper in this warehouse, along with wood pellets, lumber, plywood, etc.'

**Update on past facilities**

**Bangor Pottles.** NEPW leased space at the rail-served warehouse of Pottles in Bangor in 2007 [see 07#12B]. However, it 'ended this relationship about a year ago. Pottles manages the warehouse by itself now.'

**Oxford Schiavi** NEPW used this for a few months in the middles of the past decade [see 06#02B], and then again after the South Paris fire.

**South Paris CN Brown.** At the turn of the century, NEPW used this consistently [Google shows railcars there] with rail service onto the Norway Branch Railroad [leased by SLR – see other article]. Now, wrote Gilman: 'The CN Brown [not related to the JB Brown which sold Fore River – editor] building which is across the rail tracks from us – we use this occasionally as overflow space, but it is no longer rail-served. Truck-in, truck-out only.'

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<th>Serving Railroad</th>
<th>Warehouse</th>
<th>Comments</th>
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(NEPW Logistics website)

**ST v FORE RIVER**

**WHAT WILL HAPPEN TO ST'S CASE AGAINST FORE RIVER?** In 2007, ST filed a federal lawsuit in Maine against Fore River, seeking to recover demurrage claims. On 16 July 2008, countenancing ST's statement that the case should go to the STB, Judge George Singal dismissed the federal case. {case 02-07-cv-52}

On 7 July 2008, ST filed a request at the STB to review the claims [08#07A]. In 2010, the STB set a procedure schedule. According to the STB website, the case has not moved since Fore River filed its response [see 10#08A]. {STB website, filings page, NOR 42108}
JB Brown retains the case
Mike Cella said that JB Brown, Fore River's parent, retained any liability or need to defend the matter, after selling the operation to NEPW [see other article]. {ANR&P interview 13.Oct.11}

PAN AM: CROSSING EASEMENT*
8 November, Portland. THE MAINE SUPREME JUDICIAL COURT FAVORED PAN AM in a decision on a crossing easement, in a decision issued this day.

The facts
'Sylvester Hewes was the former owner of a parcel of land bordering Hermon Pond in Hermon. By an 1850 deed, Hewes conveyed to the Penobscot & Kennebec Railroad Company, the predecessor of Maine Central Railroad Company, a strip of land measuring six rods wide by about forty-eight rods long, on which a railroad track was later constructed. The strip of land bisected Hewes's property, leaving approximately two and one-half acres bordering the pond to the south of the track and the remainder of the property to the north of the track. Although the only way to access the southern two and one-half acres by land was to pass over the strip of land conveyed to the Railroad, the deed did not reserve to Hewes the right to cross the conveyed strip of land.

'In 1998, Frank Connolly and Katherine McCatherin purchased the parcel of land bisected by the railroad track. After deciding to build a home on the southern portion of the property near the pond, they sought a wire permit from Maine Central to install utility lines across the railroad track. Maine Central denied their request. In response, Connolly and McCatherin brought a declaratory judgment action, requesting that the court declare a "permanent free, open and unobstructed perpetual right-of-way appurtenant to [their] property... over the property of [Maine Central]."

Facts adduced at trial show that Maine Central recognized an easement for farm and recreation purposes.

The ruling
Since the easement was never written, the SJC supported the trial court's ruling that only an implied easement existed, and its finding that the facts showed the implied easement existed only for farming and recreation.
{Connolly Versus Maine Central Railroad Company, 2011 ME 108 argued 12.Apr.11}

NEW HAMPSHIRE

MBRX: TRAFFIC RESUMED*
8 November, Milford. GRANITE STATE RESUMED RECEIVING STONE FROM ITS QUARRY, after Pan Am finished clearing up the downed trees across the three miles of Pan Am which MBRS uses. The freak snow storm on 29 October caused trees to fall across New England.

MBRX owner Peter Leishman was told by Pan Am attorney Robert Burns to expect the line to open by 5 November. MBRX crew members returned to work on 8 November. {e-mails to ANR&P}

MARITIMES

WHRC: LAST GASP?*
31 October, Hantsport. US GYPSUM STATED IT WOULD PERMANENTLY CLOSE THE HANTS MINE, in its 10-Q filed this day:

As part of our continuing objective to adapt our operations to market conditions, we recorded restructuring and long-lived asset impairment charges totaling $59 million during the third quarter of 2011. These charges related to the permanent
closure of our gypsum quarry and ship loading facility in Windsor, Nova Scotia, Canada, and L&W Supply Corporation’s closure of nine distribution branches and its Nevada custom door and frames business.

We idled the gypsum quarry and ship loading facility during the first quarter of this year, and have now decided that we will permanently close it. As a result of that decision, we recorded additional long-lived asset impairment charges totaling $51 million during the third quarter of 2011. This amount included $41 million related to the write-down of the carrying values of property, machinery, equipment and buildings and $10 million related to the acceleration of the Windsor facility’s asset retirement obligation. Other third quarter restructuring charges included $4 million for lease obligations, $2 million for severance and $2 million for asset impairment related to the write-down of inventory. On a segment basis, $52 million of the charges related to North American Gypsum and $7 million to Building Products Distribution. {USG website}

The news hits Nova Scotia
When reporters reached various officials (apparently not until 14 November), they had these comments:

- “Our decision to close the mine is a direct result of the weak demand for housing Gyproc in the United States because of a housing recession, which is now in its fifth or sixth year,” Robert Williams, USG’s senior director of corporate communications, told The Chronicle Herald. In recent months, USG has closed or idled manufacturing facilities throughout North America. Being a standalone mine [located] an expensive freighter ride away from USG’s four U.S. manufacturing plants also hurt the Hantsport mine’s viability, Williams said. He thinks finding a buyer will be hard. “The main use for gypsum is gypsum wallboard. It is unlikely that anyone else would have an appetite for it.”

- West Hants Warden Richard Dauphinee, the warden, agreed. “If that was the case [interest in buying], we would have heard by now.” The company spent $50 million in Hantsport in the 1990s upgrading its massive operation. Dauphinee said that four years ago, the average pay would have been $50,000 a year, plus 18% benefits.

  Fundy Gypsum contributed about 40% of Hantsport’s tax revenue. That translated into $750,000 annually. “It’s a huge loss to my area. I have two quarries in my area,” Dauphinee said.

- Fundy Gypsum’s storage and shipping operations were located in Hantsport. “We’ve been wondering for some time what was going to transpire there,” said Don Rockwell, Hantsport’s deputy mayor. “A lot of people, that’s all they’ve ever done — worked at that gypsum company.” Fundy Gypsum first opened in 1934. This past summer, locals knew something was amiss when its tugboat, the Spanish Mist, was sold. “That was a bad omen, as far as the town was concerned.” {John Demont and Chris Lambie in Halifax Herald 15.Nov.11}

- Nova Scotia Finance Minister Graham Steele was convinced another company will step forward to operate the mine once the economy improves. "I think if people look at the history of that quarry over the past 80 years, it goes up and down in tandem with the U.S. housing market. Now whether it's that particular operator or another one, the resource is there and U.S. housing market will recover. It just could be a number of years out before that happens.”

- Liberal leader Stephen McNeil said the province should be working to find a new market for gypsum. "Government has a responsibility to go in and say, 'Is there a place for the resource? Is there a place to process this resource to fill other markets in the globe?”

  In February 2010, the company received Nova Scotia government approval to expand its operations by another 105 hectares. {CBC News 14.Nov.11}

Rail impact
WHRC principal Bob Schmidt acknowledged in January that the gypsum was the only traffic. [See 11#01B.]

  On 15 November, he said: 'We will be meeting with them on more specifics next month.' {e-mail to ANR&P}
One rail observer in the province, David Othen, wrote: 'If the mine is sold and reopens then I would expect the new owners to require the government to improve the roads (particularly the bridge over the St Croix River near Mantua) so that the gypsum can be trucked rather than sent by rail.

'None of the three main political parties in Nova Scotia are actively promoting rail over road transport. I am convinced that it is the end for the WHRC.'

**Gypsum future**

Othen added: 'US Gypsum still has the mine at Little Narrows, Cape Breton [see 02#10B]. It has been reported that some equipment from the two mines in the Windsor area has already been transferred there. The Little Narrows mine has direct access to the dock without using public roads or railways.

'Synthetic gypsum is increasing. The synthetic gypsum from the power plant in Belledune is going by rail to Saint John, to the Irving Atlantic Wallboard facility[ see 09#01B]. More sulphur dioxide scrubbers put into operation to cut down on acid rain [see e.g. the PSNH scrubber –11#06B] means more synthetic gypsum.'

{e-mail to ANR&P - his history of the railroad Windsor & Hantsport Railway 1994-2010 would then need no supplement}

**RAIL CUSTOMERS**

Described in this issue.

Atlantic Plyood (various states and railroads) Takes 1 Norpac.
Decoster (ST, Maine) Land O'Lakes takes over.
Dicaperl (MERR, Maine) Name change.
Dragon (MERR, Maine) 2011.
GAC Chemical (MMA, Maine) More detail.
Granite State (MBRX, New Hampshire) Service restart.
Great Northern (MMA, Maine) More detail. To Searsport.
Fundy Gypsum (WHRC, Nova Scotia) Closes.
NEPW (SLR & ST, Maine) Buys Fore River.
North Pacific (various states and railroads) Bankruptcy.
PSNH (ST, New Hampshire) Coal arriving by rail.
Rugby (PW, Massachusetts) Combines into one facility.

**PEOPLE, EVENTS**

John Wolanski has become vice-president for sales and marketing at GAC Chemical [see Maine]. He formerly held a similar position at Safe Handling in Auburn.

**NEW ENGLAND SHORT LINE SYMPOSIUM**

7 November. *Pan Am Railways and Norfolk Southern are pleased to announce the New England Short Line Symposium*, to be held the evening of Tuesday, December 6th, 2011 thru the afternoon of Wednesday, December 7th, 2011, at the Spring Hill Suites in Devens, Massachusetts. The Symposium will highlight the accomplishments of the Pan Am Southern partnership between Pan Am and NS, and will focus on developing relationships and new opportunities between the short line rail carriers of New England.

Devens is adjacent to the Pan Am Southern intermodal, auto and merchandise train facilities in Ayer. Tours will be provided to the facilities during the breakout sessions on the 7th.

The New England Shortline Symposium will feature a Kickoff Dinner with keynote speech by Pan Am/NS executive(s) on 6 December. On 7 December various panels will occur in the morning, and then breakout sessions in the afternoon.

Opportunities for one-on-one meetings between connecting shortlines and NS and Pan Am. Tours of the intermodal and auto facilities will also be provided. {text from Pan Am via a source}
Invitees
CNZR, CSO/NECR, PW, NBSR, SLR, MMA, TIRR, CCRR, VRS, PVRR, NHN. (Unknown if BKRR, MBRX, or NEGS were invited.)

EDITORSIAL

Status of lawsuit
Pan Am's response to our motion to dismiss is due 21 November, and our reply 28 November. Then the judge will decide.

Note: I thank all the people who have encouraged me about the Pan Am lawsuit [see 11#10B], especially those who have contributed to the legal defense fund. You may still do so:

Atlantic Rails & Ports Legal Defense Fund
c/o Jean Charron, legal assistant
Preti Flaherty LLP
One City Center
P.O. Box 9546
Portland, ME 04112

EDITORIAL

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

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

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

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