Formal issue 12#04A 17 April 2012

*Article unchanged from e-bulletin.
**Blue type in article: changes from e-bulletin.
Blue header & table of contents: new article

REGIONAL

MMA: Oil leads traffic increase. Boxes on western Canadian crude to the East coast refineries.*
American Feeder Lines: NS, HPA provide cash.*

NEW YORK
NYNJ: TIGER IV grant sought.
NYOG: Reprogram rail grant for a port road?

QUEBEC

[No report.]

CONNECTICUT
PW: Better access through Providence depot?*
Bridgeport: Ferry moving to Coastline site?
New Haven: Logistec has left, Gateway takes over.
New London: RFP for State Pier cancelled.*

MAINE

MNRC: Brookfield puts Twin Rivers stake for sale.
ST v Fore River: Dispute at STB dismissed.*
Portland: Reversal of oil hits legal hurdle.*
LNG: FERC withdraws 1 of 2 last applications.*

MASSACHUSETTS

GU: Locals dispute whether, how to go to STB.
ETC Capital v Cape Rail: Michigan court rules that Cape Rail is subject to Michigan jurisdiction.*

NEW HAMPSHIRE

MBRX: GSC trucking. NHDOT 2 proposals, delays operator award. MBRX awaits Pan Am's brief.**
Pan Am-PW: Coal to Bow dead?**

RHODE ISLAND

PW: Tie cleanup ordered.**

VERMONT

[No report.]

MARITIMES

Saint John: MSC to drop boxes to start service.
Sydney-Canso-Searsport: No traffic for startups?
Halifax: See Regional.

RAIL SHIPPERS/_RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Gordon Fuller, Bill Phillips, Clyde Forbes, Mike Cella.

EDITORIAL

Connecticu should revise 3-port approach.

FROM THE PUBLISHER

Energy traffic!
After long articles on propane [12#02B & 12#03A], this issue has similar discussions of oil by pipeline [see Maine], oil by rail [see Regional], and coal [see New Hampshire].

What if natgas continues to replace oil in our vehicles?
- Chop Hardenbergh

next formal issue: 1 May
REGIONAL

MMA: CRUDE OIL MOVING**

10 April. **TANK CARS ARE DELIVERING CRUDE OIL TO SAINT JOHN** from the Bakken shale formation in the center of the continent. In late March, close to 50 loaded cars passed over EMRY, many new TILX cars. {railroad.net} On 9 April, MMA Job#1 from Maine to Montreal had 13 cars with placard #1297, indicating crude oil (apparently empty); on 11 April 38 of a total 103 cars were so placarded. {MMA e-list}

The routing

MMA chair Ed Burkhardt explained: 'The oil is moving on single car rates. Origin is on CP.'

Though a CP-MMA-NBSR routing gives more traffic to Irving Oil's sister JD Irving, which owns NBSR, Burkhardt said: ‘I don’t think Irving Oil is favoring any particular routing, just wanting good service and pricing.’

For some months, rail observers have seen loaded tankers moving oil over the CN route into Saint John. {NBRails e-list}

MMA business up; Saint John

Burkhardt explained further: 'It's true that business is increasing¹, with crude oil leading the way.

'First – a few facts. The Irving Oil refinery in Saint John is the largest refinery on the East coast of North America, and its normal usage is in the area of 100 million tons per year. Traditionally, this all arrived by vessel, being 95% of the tonnage handled at the Port of Saint John.

According to the Financial Times for 10 April, the West Texas Intermediate price for crude is $102.46 and the Brent [North Sea] price is $122.67 [per barrel]. This $20 price differential is entirely due to the new producing points in North America not being linked by pipelines to the refineries, which are all set up for pipeline or water delivery. Eventually the pipelines will be built (notwithstanding the obstructionism of our president), but it’s going to take a long time!

'The oil being shipped by rail is coming from the Bakken formation in Saskatchewan, and their only outlet is by rail. It seems that the pricing differential will accommodate rail shipment.

Limits to volume moved by rail

'There are three limitations to volume:

1. Car turn-around. We and our connecting railways are prioritizing movement of both loads and empties.
2. Loading capability. This is being addressed aggressively through construction of on-rail terminals throughout the Bakken producing area. Apparently oil is gathered by truck at a number of small wells, and

³ On 8 April, Job#2 left Lennoxville heading east with over 400 axles reported [presumably by a hotbox detector]. Oner rail observer called the 100+ cars 'not an everyday occurrence.' {MMA-rail e-list}
consolidated at the terminals.

3. **Railcar unloading capacity.** I don’t have any information on how this is being addressed.'

Burkhardt later added a fourth factor: car supply. 'This is a huge opportunity if we can get enough tank cars.'

**Increased frequency**

'I believe you are aware MMA is in the process of implementing single-person train operations in Canada, and we are close to 100% SPTO in Maine. [See 12#02A.]

'We still have some details to work out with Transport Canada, but on the whole they have been cooperative. SPTO of trains 1 and 2 is next on the list, and as soon as this can be put in place we intend to use the manpower that would be freed up to increase frequency to five or six days per week in each direction. Hopefully this will be soon, and will give us the increased capacity we need.' [email to ANR&P 10.Apr.12]

**EASTERN REFINERIES & IMPORTS**

Statistics Canada's most recent figures show Canadian refineries import 44% of their crude. The oil sands crude now supplies 25% of Sarnia feedstock, but the Saint John and Quebec refineries depend almost entirely reliant on imported crudes, according to Natural Resources Canada.

Facing environmental opposition to oil sands crude in the United States which has blocked the XL pipeline from Canada, some Canadian officials are calling for moving the oil past Sarnia. During early March in Ottawa, Wildrose Alliance Leader Danielle Smith called for an "all-Canadian solution" to carving out new oil sands markets, including an oil pipeline to Saint John.

**The price differential justifies the move, now**

Derek Burney, former ambassador to DC and now a member of the board of TransCanada, the energy and pipeline company, noted the price of imported oil is far higher than domestic.

In early March, Canadian oil patch producers were paid $30 per barrel less than West Texas Intermediate (WTI) which itself, because of volumes constrained by pipeline capacity in the U.S. Midwest, is selling for $27 less than Brent crude.

The Canadian Association of Petroleum Producers expects bitumen production to increase by 45% from 2010, to 2.2 million barrels per day in 2015, about the same time analysts predict already tight export pipeline capacity will be full. [The high production should force oil patch price even lower. *Editor*]

**Three possible pipelines**

To move the oil east will require a rail move in the short term, and pipelines in the longer term. Three are under consideration:

-Montreal to Saint John. Burney envisions a new pipeline from Montreal to Saint John. Senior Irving Oil executives are in Calgary lately, trying to contract firm supply, sources say. The company declined to comment.

-Reversing Line 9. Suncor has said it supports a reversal of Enbridge's Line 9 pipeline from Sarnia to Montreal, so its 137,000 barrel-per-day Montreal refinery can process western Canadian oil. [Enbridge has applied to reverse the flow as far as Westover – see *Maine.*]

"We believe that would help secure the Montreal refinery's long-term flexibility, its performance and its viability," said John Quinn, Suncor general manager responsible for integration and planning, refining and marketing. Speaking in February to the House of Commons committee on natural resources, Quinn suggested the firm could take on refinery upgrades to adapt to the crude supply.

Enbridge is gauging support for a full reversal to Montreal. Vern Yu, Enbridge vice-president of business development, said talks should continue for another three to four months before a potential
application to the regulator. A full reversal would put refineries in Quebec and New Brunswick, which he said are supportive, on the same footing as some U.S. refineries with cheaper feedstock in the Midwest.

"We're very close to making that happen," Yu said, putting the cost per barrel to ship western crude to Montreal at about $6 to $7. Oil could move by barge along the St. Lawrence River and on to Saint John, he said.

Pipeline to Portland. With refinery closures on the US East coast and pipelines proposed to Texas refining centres, an opportunity to move oil sands barrels east to Portland and then by ship to the Gulf Coast, is gone, said Yu. "That project is effectively dead and buried at this point."

The rail move
In the past two years, railroads have built loading terminals in the oil fields. Rail is pricier, some $6 to $8 per barrel from northern Alberta to Canada's West coast versus the roughly $3 per barrel the proposed Northern Gateway pipeline would cost, but it can get to more destinations sooner than new pipe and capture the oil price differentials.

Harold York, vice-president of downstream consulting at Wood Mackenzie, said, "The differential between WTI and Brent is so large that even after accounting for the more expensive transportation, it's still an attractive barrel to make it to the East coast."

But will the price differential remain?
Line reversals and multibillion-dollar new pipeline construction require 10- to 20-year shipping commitments from refining firms, who in turn need the lower price to justify the commitment. Some analysts predict the price gap will close as soon as pipelines start serving the Gulf Coast from Cushing, Oklahoma, and give western Canadian crudes stuck at the storage hub prices closer to international crudes, over the next couple years.

"Banking on that spread being there for long enough to get a pipeline built to service Eastern Canada is pretty optimistic," Yu said. {Rebecca Leach in Calgary Herald 12.Mar.12

REGION: FEEDER LINE LOANS*
12 April. THE NOVA SCOTIA GOVERNMENT IS GUARANTEEING UP TO $500,000 OF A TOTAL $1 MILLION LINE OF CREDIT TO AFL FROM THE HALIFAX PORT AUTHORITY. American Feeder Lines COO Rudy Mack said, “It is a combination of the province and the port and we will actually get the [$500,000] from the Port of Halifax based on the loan guarantee from the province.”

This will be the second loan from the port authority. “We got $500,000 from the port (authority) several months ago when we started and the port will do this again based on the loan guarantee from the province,” he said. Mack wouldn’t discuss what arrangements were made on the first loan. {Discussion with ANR&P’s Tom Peters 12.Apr. 2012

The province’s loan is part of a $1 million line of credit being provided to AFL by the Halifax Port Authority, said Patricia Jreige with the province’s Department of Economic and Rural Development. “This is an investment that is going to create good jobs and make Nova Scotia businesses more competitive because we will have another reliable and cost-effective transportation option for the province. Transportation is key for exports and economic growth, so that is another reason we support AFL and the Port of Halifax is a strategic entry and exit point for goods going in and out of North America. American Feeder Lines is a great company and we have every confidence this will be a successful venture,” she said. {Discussion with ANR&P’s Tom Peters 10.Apr. 2012
Why the loan?
AFL’s COO Rudy Mack said the government was providing the loan “to really support our feeder service. It is a required service for the region and based on fact that when you have a start-up you have certain cash flow requirements in order to make the feeder run until the volume is sufficient to pay for itself. That is the reason the province is giving us a loan.”

The loan is repayable but Mack doesn’t know how long it will take to pay off the bill. “It really depends on how our service runs but we hope to pay it back in a year.”

The port also understands AFL’s need for cash to help make the service successful. “So I think their knowledge helped a lot to convince the province it was a good thing to do.” {Discussions with ANR&P correspondent Tom Peters 9.Apr.2012}

New jobs
A study by the Halifax Port Authority calculated the service, in its first two years, would create 40 full-time positions – 17 direct, 10 indirect and 13 induced, said Jreige.

“Forty jobs is a good calculation,” said Mack. “Halifax is our hub port. A lot happens there and the province only talks about jobs they can get in their region.”

Port comments
Halifax Port Authority’s Michele Peveril said the port supports the new service but won’t comment on any financial commitment. 'The Halifax Port Authority often works with its customers to provide support as companies establish services via the port. We have made arrangements with AFL, as we have made with other customers, to support them. They are also part of the outreach we do to promote Halifax and its various shipping connections. Our practice is to not speak to the specific financial arrangements made with customers.’” {Peveril e-mail to Peters 10 Apr.12}

PW: 2011 RESULTS*
26 March, Worcester. PW CONVENTIONAL CARLOADS INCREASED ONLY 0.5% FOR 2011, according to the annual report. [Square brackets underlined indicate comparison to 2010 Annual Report figures.]

Operating revenues increased again
Operating Revenues increased $3.0 million, or 10.5% [23.4% increase from '09 to '10], to $31.7 million in 2011 [but $31.9 million in operating expenses, for a $200,000 loss, versus a loss of $267,000 in 2010] from $28.7 million in 2010. This increase is the net result of a $2.1 million (7.7%) increase in conventional freight revenues, a $44 thousand (6.2%) increase in container freight revenues, a $250 thousand (40.2%) increase in other freight-related revenues, and a $622 thousand (81.7%) increase in other operating revenues.

Conventional freight: autos up 26.5%, coal down 53%
The increase in conventional freight revenues is attributable to a 0.5% increase in traffic volume and a 7.8% increase in the average revenue received per carloading. In 2011, the Company’s conventional carloadings increased by 161 [8,058 carload increase from '09 to '10] to 35,851 from 35,690 in 2010. Shipments of automobiles and construction aggregates increased during the year-ended December 31, 2011 by approximately 26.5% and 11.7%, respectively, over prior year levels. These increases were offset by an approximately 53% decrease in coal shipments [see loss of Bow coal in New Hampshire]. The increase in the average revenue received per conventional carloading is largely attributable to a shift in commodity mix.

Container traffic up slightly
The increase in container freight revenues is the result of stable traffic volume and a 4.8% increase in the average revenue received per container. Container traffic volume increased by 63 containers [an increase of 264 from '09 to '10] to 10,792 in 2011 from 10,729 in 2010. This stabilization of traffic volume halts a decline
which began in 2007 in which cross-country container traffic to the East Coast had shifted from rail to all water routes.

The container yard, primarily inbound. CN agreement. By agreement with a private operator, the Company services an intermodal yard in Worcester, an area containing tracks used for the loading and unloading of containers. This yard is U.S. Customs-bonded, and international traffic must be inspected and approved by U.S. Customs officials.

The intermodal yard serves primarily as a terminal for movement of container traffic from Canada, the Far East, Southeast Asia and Europe destined for points in New England. Container ship lines utilize double-stack train service through this terminal.

Intermodal traffic declined significantly beginning in 2007 and reached its lowest traffic counts in 2009. P&W continues to work with the terminal operator to develop relationships with steamship lines involved in international intermodal transportation. The Company and CN have entered into an Intermodal Haulage Agreement with respect to international intermodal containers to and from certain Canadian ports. {page I-3}

Other: passengers and demurrage up
The increase in other freight-related revenues results primarily from an increase in excursion revenues (43% increase over 2010 levels) and demurrage revenues (180% increase over 2010 levels).

Other operating revenues include maintenance department billings for siding maintenance, signal maintenance, flagging and other services rendered to freight customers and other outside parties. The 2011 increase was due to increased maintenance department billings for signal maintenance.

Other Income: National Grid settlement?
Other income increased by $900 thousand to $2.0 million in 2011 from $1.1 million in 2010. The Company received $1.2 million during 2011 in settlement of certain legal proceedings and with respect to the granting of a permanent easement which accounted for the majority of the increase. [Presumably the income and easement resulted from the settlement with National Grid for its use of the PW right-of-way – see 11#07B.]

In addition, the Company recognized a $350 thousand loss on the sale of three EMD locomotives in 2010.

Operating expenses: more $ for trackage rights
Operating expenses increased by $2.1 million, or 7.0% [from '09 to '10 up 13.2%], to $31.9 million in 2011 from $29.8 million in 2010. Increases in diesel fuel expense, car hire and track usage fees due to increases attributable to increased diesel fuel costs, additional car hire expense primarily due to the increase in automotive traffic and operating rights relating to changes in the traffic patterns of certain of the Company’s traffic [this might be the need to use ConnDOT/Metro-North rather than HRRC trackage rights – see 11#06B], accounted for $1.8 million of this increase.

Personnel costs increased due to contractually-required increases in pay rates and health care premium increases (totaling $701 thousand). Casualty and insurance increased by $315 thousand, $295 thousand of which related to the settlement of a judgment against the Company for an automobile accident involving a Company-owned vehicle.

These increases were offset by increases in the amounts of capitalized and recovered costs due to additional Section 45G of the Internal Revenue Code of 1986 (“45G”) tax credits of $795 thousand and $443 thousand of grant reimbursements for state projects offset by a decrease in capital projects performed by Company personnel of $368 thousand versus 2010. Increases in other operating expenses were partially offset by a decrease in costs incurred for repairs and maintenance and track and signal material.
Customers

In February 2012, the Company and NECR entered into a strategic alliance establishing service across the “Great Eastern Route”. The Great Eastern Route furnishes the Company with pricing authority for service to CN, through a haulage arrangement by which NECR provides haulage for the Company between East Alburg, VT and Willimantic, CT on certain contractually-agreed commodities. The route also enhances the Company’s connection with CP. {page I-3}


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 2011, revenues attributable to individual shippers served by Motiva Enterprises LLC, which operates a petroleum blending and storage terminal located in Providence, Rhode Island, accounted for more than 10% of the Company’s operating revenues. {page I-3} [Exactly the same language as the 2010 Annual Report, but a change from 2009 and earlier years, when Tilcon provided more than 10% of PW traffic. See 10#05A.]

{text from Annual Report}

The Roy Blanchard take: give up intermodal?

'Providence & Worcester eked out a net profit of $932,000 for 2011 vs a $267,000 loss a year ago. Credit for the gain belongs entirely to “certain legal proceedings” worth $1.2 million. Revenues increased 7.7% to $28.7 million on virtually no change in total revenue units and a 7.7% revenue-per-unit gain. Operating expenses increased by $2.1 million, 6.7% – even after $1.2 million in 45G tax credits and state grants -- on increases in fuel, car hire and trackgage rights expense.

Comp and benefits came down to 51% of sales from 54% a year ago. Casualty fees jumped by a third mainly as a result of an automobile accident involving a Company-owned vehicle. All told, the railroad saw an operating loss of $197,000 and an operating ratio of 100.6 – better than the $1.2 million ops loss and 104.0 operating ratio a year ago.

The good news is that P&W remains a 97% carload railroad and posted a respectable 7.2% increase, to $800, in revenue-per-unit divisions. However, intermodal at only $70 a box is pretty slim pickings and generates less than $1 million a year in revenue. I’d like to see a P&L statement on the intermodal business. Then we’d know whether it’s a product worth keeping or whether the assets deployed here might not be better used elsewhere. {Railroad Week in Review 30.Mar.12}
NEW YORK

NYNJ: $$ SOUGHT
March. **THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY SUBMITTED A TIGER IV APPLICATION** to USDOT for a $14.5 million Transportation Investment Generating Economic Recovery IV (TIGER IV) grant. The money would expand NYNJ's freight-car float operation [owned by PANYNJ – see 11#11B]. The grant would help fund the rehabilitation of 65th Street Yard in Brooklyn's Sunset Park section, and the acquisition of three new low-emission locomotives and an additional rail-car barge, which would double NYNJ's car float capacity. {Progressive Railroading 16.Apr.12}

CSXT: MORE STONE*
21 March, Hudson. **COLARUSSO PLANS TO RAIL AGGREGATE TO THE NEW YORK METROPOLITAN AREA**, said Paul Colarusso, president of A.Colarusso and Son here.

**Existing operation**
Now, the company mines in the Becraft Hills, an area partly owned by Colarusso, and partly by Holcim Cement. Holcim is not now mining, so Colarusso is extracting product from Holcim's mines. “We are preserving our reserves,” the president said.

In addition to supplying local highway, bridge, and commercial construction needs in the area, Colarusso supplies aggregate to O&G Industries FOB our quarry.

**Existing barge move**
Colarusso trucks the aggregate to the Holcim dock on the Hudson River, and then barges it to its Stamford location.

**Proposed rail**
The president said he will “not flood the [New York] market with cheap aggregate....We will take the crumbs.” With the grant, he will get the terminal operating, and not look “for a big return.” At this point, the slow pace of construction in everything except federal and state work means that the existing suppliers can meet the existing demand. When the recovery picks up, that will change.

**The proposed operation**

**Loading in Hudson.** Colarusso will truck aggregate to a new transload in Claverack, which received $2.2 million in state funding during a round of rail grants [see 12#01B with map]. Up to two trains a week, of 53 cars each (a number selected by CSXT, which will lease the cars), will depart the transload, which lies next to a large, rail-served ADM Milling facility. The application estimates 200,000 tons a year would move.

**Unloading.** First choice for an unloading site would be a new University Heights site on the Harlem River in the Bronx, said Colarusso. That has space for a unit train; if he can use this site, he can move two trains a week.

Second choice would be the Brookhaven transload linked to competitor Jointa Galusha [see 11#07B].

**Other transloading**
Some local building material companies would like to receive lumber here, Colarusso noted. The funding application pointed out that no transload exists between Albany and New York City east of the Hudson [East Coast Rail Services (see 11#05B) and Port of Coeymans (11#07A) offer west of Hudson transloading]. Farmers have also expressed an interest in moving apples outbound. The application points to the growing city demand for locally-grown food.
For example, Ginsberg Foods of Hudson has evolved into the largest independently-owned food service operator in the Hudson Valley, with delivery into six states using its 35 trucks. Some companies participating in the planning process were listed: Sun Dog Solar, Klein Kill Fruit Farm, and Williams Lumber and Home Centers.

The president is working with Michael Harrison, CSXT senior account manager – northeast sales aggregates, who will introduce him to commodity account managers for the other products.

**The proposed facility**

According to the funding application, assisted by W.J.Riegel Rail Solutions, and the Request for Qualifications (RFQ) the facility will sit on 71 acres, where once a Lonestar Cement facility operated; the site is called the Lonestar Business Park.

The Columbia County Industrial Development Authority (IDA) will use the $2.2 million grant to hire a design-build firm to complete the facility, estimated cost $3.4 million. The IDA will pay $250,000, and private sources $900,000.

**The rail.** The design/build team will lay 4000 feet of track in three spurs, capable of holding 40 cars; the existing CSXT line stub can and does hold another 20 cars. The contractor will also build a 992-foot runaround, and a 3100-foot 'aggregate track.'

The project will also fund rebuilding, by CSXT forces, of two tracks totalling 2600 feet in the existing Hudson Yard where the branch meets the Hudson Line of CSXT.

**Leasing.** Colarusso will “lease it back from the IDA, and probably end up operating it ourselves,” he said. Initially, though, he is looking at “hiring a company” to manage the terminal.

**The branch line.** CSXT switches the ADM facility once a day, trundling two miles, some of it directly through the City of Hudson. Indeed, according to a Google view, it includes street running.

**Marine connection.** The Holcim cement pier does not now have direct rail access. The application stated: 'Depending on the outcome of Local Waterfront Revitalization Planning process now underway in the City of Hudson' a rail-marine connection could exist.

**The timeline**

The RFQ was issued on 17 March; responses were requested by 3 April and have been received. The IDA will select a contractor by 1 May, according to the application. The contractor will design and complete the transload by 1 April 2013.

Colarusso said that for 2012, he has more than enough highway and bridge and aggregate work, a good backlog for the whole year. {ANR&P discussion 21.Mar.12; text of funding application from IDA; text of RFQ on Columbia Hudson Partnership website; Colarusso e-mail to ANR&P 4.Apr.12}

**NYOG: RAIL $ FOR A ROAD?**

2 April, Ogdensburg. **THE OGDENSBURG CITY COUNCIL VOTED TO REQUEST A REPROGRAMMING OF THE RAIL GRANT.** In December [see 11#12A], New York announced that the Ogdensburg Bridge and Port Authority would receive $450,000 to rehabilitate eight bridges and the track between Ogdensburg and Norwood to accommodate the increased weight of modern rail equipment. The track is operated by VRS subsidiary NYOG.

In March, OBPA approved a $1.8 million contract to build a new access road to the port, despite having only $1.23 million in hand from a 2010 NYSDOT grant. The Council wants the $450,000 to help close the gap.

Its request was directed toward the state’s Empire State Development Corporation. Corporation spokesperson Jola Szubielski wrote on this day: 'ESD is reviewing this request and is in discussions with its
partners including the Ogdensburg Bridge and Port Authority and the North Country Regional Council about how to support this important center of local commerce.'

Deputy Mayor Michael Morley said the Authority needs the road complete in early May. “We need the port access road immediately in order to get...windmills through the city. It means a lot of jobs for the city for the summer.”

The access road will lead from the port along the NYOG line before turning south up a hill to Ford and Barre streets.

**Rail funding**

OBPA on 14 December 2011 approved a $4.4 million budget for FY2012-2013, and a $20 million capital plan; the latter would be funded by $1.3 million from OBPA and $18.7 from outside sources, and includes many underfunded and unfunded projects.

The Authority's biggest capital project is a $6 million rehabilitation of the NYOG line between Ogdensburg and Norwood for the increased weight [presumably to 286,000 pounds – editor]. The December state grant would cover $450,000 of the total. {Christopher Robbins in *Ogdensburg Journal* 14.Dec.11 and 4.Apr.12}

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**CONNECTICUT**

**PW: BETTER ACCESS?**

11 April, Providence. *A RIDOT TWO-PART PLAN TO IMPROVE TRAFFIC THROUGH PROVIDENCE PASSENGER DEPOT* could help PW freight as well. Phase one will see smaller passenger improvements.

The preliminary engineering and environmental review for phase two of the project is being funded with $3 million from the Federal Railroad Administration's (FRA) High Speed Rail Program. RIDOT will analyze long-term “high-speed” rail improvements, including modifications to the Providence Station Tunnel, that will provide better movement between freight and passenger trains as well as improved pedestrian access. {RIDOT press release}

**BRIDGEPORT: FERRY MOVING?**

16 April. *COASTLINE HAS SOLD 8.5 ACRES OF ITS TERMINAL HERE* to the Bridgeport Port Jefferson Steamship Company. In 2010, Coastline [see *New Haven*] sought to sell about seven acres to the ferry [see 10#07A] because no traffic was moving over it. At that time, Coastline argued that cargo activity could occur in the remaining portion [see map in 00#13].

BPJS is now moving through the permitting processes at the City. 'We now have the backing of Mayor Finch and trust that the various departments and boards from whom we need approval will understand the merits of our proposed move.' {e-mail from Fred Hall of PBJS}

**NEW HAVEN/PW: LOGISTEC GONE**

*Note: This story began nine months ago. My apologies. Chop*

April. *A SUBSIDIARY OF GATEWAY TERMINALS IS NOW OPERATING THE FORMER COASTLINE PROPERTY HERE*, following a series of events:

**Coastline history**

In 1994, New Haven Terminal Inc filed for bankruptcy protection; it owned Cilco in Bridgeport and property in New Haven.

In 1996, ILA (International Longshoremen's Association) Connecticut formed Coastline Terminals Inc, purchased property at the Port of New Haven, and entered into a cooperative arrangement with Logistec
Connecticut [now Logistec USA]. {David Shuda, president of Coastline Terminals of Connecticut and ILA Local 1398 in New Haven, in Ports Connecticut 2000 magazine}

Coastline did own the dry cargo operations at the Bridgeport terminal [q.v.] and leased the dry cargo operations in New Haven. The company also bought the 27-acre terminal in Bridgeport and a 35-acre storage terminal in New Haven.

Former owners New Haven Terminal Inc continued to own and operate the chemical and petroleum storage operation in New Haven. {SouthCoast Today 8.Sept.96}

**The Logistec departure**

Judi Sheiffele, executive director of the New Haven Port Authority, wrote:

'Logistec did not exercise its option to continue to manage the dry cargo at the New Haven Terminal site and ended its relationship with Coastline and NHT effective June 30, 2011. Their option would have allowed them to remain in New Haven through June 2021.[Logistec left Bridgeport in 2008 – see 08#05A. Its lease in New London expires in February 2013 – see other article]

'Once Logistec left New Haven, Coastline Terminals no longer had the right to manage the dry cargo operations at NHT and subsequently sold its 120,000SF warehouse to NHT.

**Enter Gateway**

'NHT considered managing the dry cargo on its own but recently entered into an agreement with Harbor Terminal, a subsidiary of Gateway Terminals to manage that cargo at its site. NHT will continue to manage the liquid cargo.' {e-mail to ANR&P 10.Apr.12}

**Logistec will keep a presence in Connecticut**

Madeleine Paquin, president of Logistec, wrote: 'We did not renew the New Haven lease because we could not make the operation sustainable financially. Steel imports into the region have decreased substantially over the years and we were no longer competitive for the smaller volumes we could attract.'

Frank Vannelli, who formerly worked out of New Haven, 'heads up all sales in North America....He still is domiciled in Connecticut and is based out of our New London offices.' {e-mails 10 & 15.Apr.12}

**Steel billets**

Railfans report 27 cars of steel billets in Worcester enroute to Connecticut.. PW lifted the cars in Gardner from PAS. {PW e-list} PW serves both New Haven and New London. **Editor**

Chuck Beck, secretary of the Connecticut Maritime Commission, wrote: 'I believe that the steel products now delivered to the New London State Pier used to be delivered to New Haven/Coastline Terminal.' {e-mail to ANR&P 10.Apr.12}

**NEW LONDON: RFP PROCESS CANCELLED**

6 February. **IN ACCORDANCE WITH THE TERMS OF THE...RFP, [CONNDOT] HAS CANCELLED ALL NEGOTIATIONS AND TERMINATED THE RFP PROCESS,** stated a letter sent to all respondents to the RFP to manage the State Pier here [see 11#12A]. [Logistec, the current operator, was one of the bidders. {e-mail to ANR&P 15.Apr.12}]

'The decision is based on a combination of factors including, but not limited to, the quantity and quality of proposals submitted, the desire to wait for the results of a Statewide Port Study, and the need to analyze the recently-passed Public-Private Partnership legislation.

'The Department continues to evaluate the New London Port as part of a statewide strategy to maximize state-owned resources.' {text from ConnDOT}

Chuck Beck, the ConnDOT official managing the RFP process, wrote: 'Once the Port Study is completed, the CTDOT will re-evaluate and decide upon the next steps.'
The leases on the property, including Logistec’s, expire 1 February 2013. {e-mail to ANR&P 10.Apr.12}

MAINE

MAINE LEGISLATURE: STILL ONE BILL
17 April, Augusta. THE RAIL BOND BILL STILL REMAINS. LD851 would invest $25 million in 'railroads'. [See 12#03A.]

The Legislature has recessed until mid-May, when it returns to tackle budget issues, and presumably this bond bill. {legislative website}

MNRC: MILL FOR SALE
11 April, Madawaska. BROOKFIELD ASSET MANAGEMENT SEeks a buyer for its 51% of TWIN RIVERS PAPER, said Dan Whyte, senior vice president at Brookfield [Brookfield sold the mill in April 2010. {Twin Rivers website}]. The company owns the pulp mill in Edmundston, the paper mill in Madawaska, and a lumber mill in Plaster Rock, New Brunswick. The provincial government is a general partner, and creditors own minority shares.

According to Whyte, the business has stabilized out of bankruptcy, secured customers and suppliers, completed a union contract, gotten additional financing, and made capital improvements in the Madawaska mill.

“The company, though it’s stable, will need to establish a longer-term financing plan for growth. Where do you get that capital? Brookfield Asset Management is not prepared to put any more capital in that company. Paper is no longer a core business of ours.” Brookfield, said Whyte, is focused on four business platforms: power, properties, infrastructure and finance. Paper is not core to Brookfield.

Recent financing
In January, the mill secured a loan guarantee from Business New Brunswick and loan insurance from the
Finance Authority of Maine. Canadian Imperial Bank of Commerce, the company’s current lender, also approved an extension and amendments to Twin Rivers Paper’s existing revolving credit facility.

More is needed, said Whyte. Market changes likely will mean the mill has to update processes, invest in new machines and technology, and that requires capital. {Matt Wickenheiser in Bangor Daily News 11.Apr.12}

**ST v FORE RIVER: DISMISSED***

2 April, DC.  **ST AND FORE RIVER STIPULATED TO THE DISMISSAL OF ST'S PETITION** to the STB concerning their dispute over demurrage charges. When J.B.Brown sold the Fore River operation to NEPW [see 11#11A], Brown retained the lawsuit. The case had not moved since 2010.

The Board dismissed the case on 4 April. {STB website, filings and decision pages, NOR 42108}

**PORTLAND: TAR SANDS OIL TO US GULF?***

16 February.  **THE QUEBEC COURT RULED THAT THE QUEBEC COMMISSION FOR THE PROTECTION OF AGRICULTURAL LAND ERRED in issuing a permit to build a pumping station in Dunham, Quebec, which would enable reversing the flow of oil in two existing pipelines that now move oil from Portland to Montreal. The project called for a flow of about 200,000 barrels per day of raw crude oil to be piped east to Portland, thence by tanker to Gulf Coast refineries.**

### Companies involved
Portland-Montreal Pipeline Company (PMPL), partly owned by Suncor (Canada's largest oil sands producer) and Imperial Oil (subsidiary of ExxonMobil), possesses the eponymous pipeline; it moves imported crude oil from Portland to Montreal. From Montreal, Enbridge Inc.'s Pipeline 9 carries the crude to Sarnia.

Enbridge is applying for permission to reverse the flow of oil in the section of pipeline that runs between Sarnia and Westover, Ontario. Enbridge will seek the reversal of the pipeline between Montreal and Westover according to customer needs. [See Regional.]

PMPL is comprised of two companies: Portland Pipe Line Corporation, based in South Portland, and its parent company, Montreal Pipe Line Limited. PMPL owns and operates a tanker unloading facility and a tank farm in South Portland.

### Opposition
The environmental group Équiterre opposes piping "dirty oil" through Quebec, claiming that it poses a significant environmental hazard and encourages the expansion of the oil sands, which are among Canada's largest greenhouse gas emitters. Équiterre spokesperson Steven Guilbeault said sections of the pipeline are 40 years old and may not be able to withstand the high pressure required to pump heavy oil.

Équiterre and a citizen from Dunham, located in the Eastern Townships, argued in Quebec Court that the issues surrounding the pumping station were not fully aired at the commission. For instance, there was no discussion on whether the station could be constructed on land that was not agriculture.

The court agreed and sent the case back to the Commission. {Montreal Gazette 24.Feb.12}

### More on opposition
Halting the pumping station is part of an overarching strategy by environmentalists to challenge Canada's expansion of tar sands oil extraction. Enbridge, an oil transport company based in Calgary, proposed the 'Trailbreaker' project in 2008: reversing the flow on 524-mile Pipeline 9 from westerly to easterly. The 30-inch diameter pipeline currently has the capacity to move 240,000 barrels daily.

Enbridge blamed market conditions when it officially shelved Trailbreaker in 2009. In 2011, Enbridge applied to Canada's National Energy Board to reverse the flow on Pipeline 9 between Sarnia and Westover, Ontario, halfway between Sarnia and Montreal.

In March 2012, Enbridge spokesperson Jennifer Varney did not deny it might eventually seek reversal
of the entire pipeline, but is focused on the Sarnia-to-Westover segment. Public hearings on that step are scheduled for May 23 to 25. Imperial Oil, a key customer of Enbridge per Varney, reports an easterly flow would benefit its refinery near Westover and access to the Ontario market. Stopping the pumping station on the Montreal-to-South Portland segment will be a fleeting victory, environmentalists agree, if Enbridge's Pipeline 9 is transformed into a route for shipping tar sands oil east.

Halting the Pumping Station

PMPL engineers determined that to reverse the flow, a pumping station in Dunham would boost the heavy crude over the Sutton Mountains on its journey. The Quebec Commission approved PMPL's request to rezone land in 2009. Équiterre appealed to Quebec's administrative tribunal and won a reversal in 2010. In November 2011, the case advanced to the Court of Quebec which upheld the reversal in February.

Natural Resources Council of Maine's Dylan Voorhees, clean energy project director, said: "The company has really tried to downplay this but I don't think they're fooling anyone. If they appeal the court decision, it makes it clear the reversal is actively on the drawing board. The only reason to have a pumping station is to reverse the flow."

Three pipelines actually are buried along the right-of-way route between Portland and Montreal. A 24-inch diameter pipe continues to carry oil while an 18-inch diameter line is currently deactivated. The third and smallest pipe, 12 inches in diameter, was mothballed in the early 1980s.

Opponents' stance

Glen Brand, director of the Maine chapter of the Sierra Club, said advocates in Maine, Vermont and New Hampshire are strategizing to prevent reversal of the flow. For instance, they are exploring whether the Montreal-to-South Portland portion would require a presidential permit because it crosses an international border. "We think there are ways to stop these projects on a number of fronts," Brand said. "They deserve public and technical scrutiny beyond what they have received."

"Environmental organizations are eager to start talking about an energy strategy for eastern Canada and the northeastern United States," said Guilbeault, of Quebec's Équiterre. "Companies think provinces shouldn't have any say about these matters, about where pumping stations and pipelines should go. They say our national energy infrastructure should be under federal jurisdiction. We think it should be shared." {Elizabeth McGowan in InsideClimateNews 20.Mar.12}

April update

Denis Boucher, PMPL spokesperson, said the company currently has no plans to reverse the flow of oil between Montreal and South Portland. [See Yu comment in Regional.] The court case over the disputed Dunham pumping station, needed to reverse the flow, was simply a means of laying legal groundwork should the company ever decide to pursue that option. "The project is not active and it's not going anywhere right now. There may be a demand at one point to carry oil from Montreal to Portland instead of the other way, but not at present."

Tex Hauser, South Portland's director of planning and development, recalled PMPL gaining planning board approval to make infrastructure changes consistent with flow reversal. He believed that market forces are keeping the oil flowing strictly to Montreal. "As other oil gets more expensive or difficult to obtain, I'm told it would be more economical to start shipping to our refineries." {Matt Dodge in MaineBiz 3.Apr.12}

MAINE PORTS: NO LNG?*

4 April, DC. THE FEDERAL ENERGY REGULATORY COMMISSION DISMISSED ONE OF TWO LNG PROPOSALS. In a letter to Calais LNG officials sent this day, FERC cited 'your continued inability to secure either financing or a site for the project is evidence that you are not currently in a position to proceed.'

Calais LNG said in 2010 [see 10#07B] it was working to secure a new investor, but according to the FERC letter, those negotiations are expected to continue at least another six months. FERC dismissed the
application without prejudice, meaning Calais LNG could reapply at a later date. {MaineBiz 5.Apr.12}

The other proposal, Downeast LNG in Robbinston, apparently still lives. In December 2011 opponents asked FERC to pull the plug. {Tom Walsh in Bangor Daily News 13.Dec.11}

[Given the price of natural gas and the burgeoning North American production – see 12#02B – one wonders, even given FERC approval, whether either makes financial sense. Editor]

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**MASSACHUSETTS**

**GU: LOCALS VOCAL**

13 April, Upton. **WHETHER, AND HOW, TO FILE A PETITION AT THE STB WAS DEBATED** at five different fora.

**Town Council**

On 28 February, the Council decided not to hire an attorney to file a petition to the Board. It formed the Railroad Fact-Finding Committee.

**Rail Committee**

On 28 March the railroad committee deadlocked on whether to go to the Board, and will meet again on 13 April. Planning Board Member Gary Bohan and citizen representative Bill Taylor voted to file the petition, while two others voted no.

Taylor several times has questioned whether the operation of the wood pellet packaging facility at the Upton Yard falls under the federal aegis as “transportation”.

The Rail Committee will ultimately file a report to the Town Council, which will have the final decision on whether to petition the STB.

**Local citizens group**

A group involved with Marsha Paul, a former selectman and vocal opponent of the railroad [see 11#10B] is considering paying land use attorney Mark Bobrowski $10,000 to file a petition at the Board.

**Upton Planning Board**

The Board would like to challenge GU activity, but cannot hire an attorney to do so without permission from the Town Council.

Bobrowski was considering representing the Planning Board pro bono, while getting paid by the citizens group. But on 11 April Bobrowski told Bohan he would not represent the Board.

With Bobrowski bowing out, the Board might not go forward. Members during their meeting 11 April considering proceeding pro se [proceed without a lawyer, which is relatively common in smaller railroad matters at the Board – editor], but made no decision.

**FRA high school meeting**

The FRA's William Schoonover, who conducted a public hearing on railroad questions at the Upton High School on November 2011 [see 11#10B], has declined to comment further on the legal status of railroad operations. “We have conference-called him three times and emailed him twice,” Bohan said. {Morgan Rousseau in Milford Daily News.com 12&13.Apr.12}

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**ETC CAPITAL v CAPE RAIL: ONWARD**

31 March, Pontiac, Michigan. **THE MICHIGAN COURT DECIDED THAT CAPE RAIL WAS SUBJECT TO ITS JURISDICTION.** Judge Michael Warren deemed the contacts in the state [see 12#02B] sufficient to subject Cape Rail, the parent of MC, to its purview, after a hearing on 28 March. {text of decision}
The case will now move forward on the merits: whether Cape Rail violated the non-compete clause in its agreement with ETC Capital [see 12#01A].

Massachusetts
ETC has now appealed the Massachusetts dismissal [see 12#02B].

NEW HAMPSHIRE

MBRX: UPDATES**

Operation
Owner Peter Leishman wrote that Granite State has begun trucking stone to its Milford processing location. MBRX cannot begin operation because it needs a third employee. Due to Pan Am's continued refusal to permit Leishman on the property [the subject of the case before the US First Circuit Court of Appeals – see below], MBRX needs the trained third worker, who is currently unavailable. {e-mail to ANR&P from Leishman 4.Apr.12}
Possible operators, NHDOT decision
Correcting the account in 12#03B, NHDOT did receive a second proposal to operate on the state-owned Hillsborough branch. 'We are setting up the review process now,' wrote rail administrator Kit Morgan. {e-mail to ANR&P 3.Apr.12}

The department notified Leishman on 6 April that it was postponing the target date to complete proposal review from 11 April to 20 April. {e-mail to ANR&P from Leishman}

First Circuit appeal
MBRX has filed its brief. Pan Am's is due on 23 April. [Once that is filed, I will summarize the arguments. Editor]

PAN AM-PW: COAL DEAD??
9 April, Bow. PSNH ANNOUNCED THE BOW SCRUBBER WAS WORKING WELL, BUT the power plant won't operate much this year, and other voices are calling for its closure.

The scrubber
The new facility, which uses limestone, is removing 97-98% of mercury, well above the goal of 80% set by the New Hampshire General Court. The final cost will come to $422 million, below the budget of $457 million. {PSNH press release}

Only operating half the year?
A PSNH filing with the New Hampshire Public Utilities Commission (PUC) on 11 December estimated that unit 1 at Bow will operate only six months of the year, and unit 2 seven months, both probably providing peaking power during the winter and summer air-conditioning “need.”

The other PSNH units will operate even less, except Schiller 5 (79% over the entire year) and the hydropower units (67%). {text of filing}

Rail impact
While coal does move to Bow from the west {D&H e-list}, in recent months coal has rarely moved via PW out of Providence. Nor has PW carried any more limestone, which it did for the test of the scrubber [see 11#04A]. “Just sitting in storage,” wrote ProvPort chief Bruce Waterson. {e-mail to ANR&P 9.Apr.12}

The plants cost too much to operate
When the scrubber comes online next month, PSNH will charge 9.49 cents a kilowatt-hour for energy, according to data supplied by the Power Generators Association. Other New Hampshire utilities, which divested themselves of power generators in the early 2000s, charge less: 7.75 cents for National Grid and 8.01 cents for Unitil.

Consequently, per the PUC, 82% of large-volume customers use other suppliers, and about 60% of medium-sized customers have left the company. Remaining fixed costs, including the scrubber's, will be paid by those customers who remain, the Power Generators Association said. At this point, those customers are homes and businesses too small to contract with independent power producers, the association says.

That is a “death spiral,” said Daniel Allegretti, vice president of energy policy for Constellation Energy, a Baltimore-based power producer. “In a way, we're trying to save them from themselves.” He predicted a political crisis and potential bankruptcy. “We inevitably see them looking for a bailout.” {Mark Hayward in Manchester Union Leader 11.Mar.12}

PSNH should divest its power plants, but...
Allegretti and others believe only by divesting the plants can PSNH save itself. The Power Generators Association, plus the Conservation Law Foundation and others, support a bill in the state legislature requiring
PSNH to divest its power plants.

A bill to do that failed in the New Hampshire House. On 28 March the House voted 304-19 to table HB 1238 by 304-19. By tabling the bill, the House effectively is killing HB 1238 for now, though the issue could return later in the legislative session if the Science, Technology & Energy committee opts to amend a Senate bill. {PSNH website}

NU, Nstar merger

On 4 April, the merger cleared the last hurdle when the Massachusetts Department of Public Utilities approved it. The merged company will use the Northeast Utilities name. Subsidiaries, including PSNH, NStar, and Western Massachusetts Electric Company, will keep their names. {Erin Alworth in Boston Globe 5.Apr.12}

More on the death of coal

One source familiar with coal-fired plants said because of the extraordinarily low natural gas price [most recently below $2 per million BTU] no eastern coal plants were operating. Yet an NS trackage rights train of 87 loads of coal was moving toward Bow from Conway, Pennsylvania even as the source spoke. Asked why, the source said NU probably had already contracted for the coal. {D&H e-list 13.Apr.12; e-mail to ANR&P 13.Apr.12}

The 1.55 million carloads of coal hauled by US railroads in the first quarter of 2012 was the lowest for any quarter since the beginning of 1994, the US Energy Information Administration said 16 April. Coal carloads dropped 9.8% compared with the first quarter of 2011, when US railroads totaled 1.72 million carloads.

The impacts of mild weather and low natural gas prices are more severe in the higher-cost eastern coal regions. CSXT coal carloads decreased 16.3% year-on-year in the first quarter; NS saw its Q1 coal carloads drop 13.9%.

The share of US coal transported by rail increased to more than 70% through the first three quarters of 2011, compared with around 65% a decade ago and just more than 60% in 1994. {Darren Epps in Platts 16.Apr.12}

Bow may still be needed

Christophe Courchesne of the Conservation Law Foundation wrote: 'Essentially, PSNH decides to operate Merrimack Station to serve its own retail customers according to principles of "economic dispatch."

'Although there are inefficiencies that can occur [to] prevent this, the general idea is that PSNH will not operate its plants when it can buy power from other suppliers (the prices for which are largely determined by the price of natural gas) for less than it costs to run the PSNH power plants.

'[As noted above] in 2012, the low price of natural gas is forcing PSNH to serve its customers with more and more non-PSNH power. There will be times, e.g., this summer, when A/C use increases and the region needs more power; at those times, PSNH will operate its units effectively as "peaking" units to meet summer demand. When demand goes down in the fall, PSNH units will again reduce and/or suspend operations.

'In 2011, Merrimack Station Unit 1 had a capacity factor of about 60% and Unit 2 had a capacity factor of about 50%. As Unit 2 has more about three times more MW capacity than Unit 1, the average factor was slightly above 50%. This is down from capacity factors in the 80% range during the mid-2000s.'

'PSNH [would be buying cheaper power] even if the large customers were still buying from PSNH. The suppliers in the wholesale market include a variety of power sources, including the nuclear units, Canadian and New England-based hydro, wind farms, and natural gas power plants (as well as a few remaining coal and oil units elsewhere in New England and minor amounts of other power sources, like solar, biomass, and landfill gas). {e-mail to ANR&P 13.Apr.12}

Coal cars in storage

At Cranston Yards in Rhode Island, PW has stored about 80 CGPX aluminum coal hoppers on lease for Bow service, equipped with rotary couplers [to permit dumping the entire car]. The cars were used to move
limestone to Bow [see 11#04A]. {e-mails to ANR&P from two different sources}

**RHODE ISLAND**

**PW: CLEANUP ORDERED**

13 March, Providence. THE RHODE ISLAND DEPARTMENT OF ENVIRONMENTAL MANAGEMENT ORDERED THE REMOVAL OF DISCARDED TIES in a letter of noncompliance dated this day. Tracy D'Amadio Tyrrell, supervising environmental scientist, told PW the plat and lot of the tie locations, which represent 'solid waste', were to be removed within 60 days. They cannot be buried or burned on site. Tyrrell estimated 100 cubic yards of the ties. Failure to comply would likely lead to a notice of violation.

**PW reply**

DEM released the letter and the PW reply. In the latter, Bernard Cartier, PW director of engineering, wrote that PW does not consider the ties as solid waste and 'takes exception to this classification.' Any future ties will be moved as quickly as possible, but overall 'no action is planned at this time.'

    Cartier noted that the ties, which last 30 to 40 years, when replaced are used near the track as erosion and brush control.

**Resident response**

Retired Lincoln schoolteacher Peter Moreau called the ties 'an eyesore that mar the beauty of the [Blackstone Bikeway] that is so well maintained.' [A photo accompanying the article shows ties strewn haphazardly just adjacent to the track in Manville, and not apparently performing either erosion or brush control. Editor]

{Marcia Green in Valley Breeze 4.Apr.12}

**PW response**

Marie Angelini, PW general counsel, wrote on 17 April: 'P&W respectfully disagrees with the contention that the discarded ties are not involved in either erosion or brush control.

    'As for the presence of ties adjacent to the bikepath, P&W has operated on the adjacent mainline track since 1844. The bikepath, constructed on land owned by P&W and for which it granted the State of Rhode Island an easement, was completed less than 10 years ago.

    'These types of issues are bound to arise from time to time when two such disparate uses – industrial and recreational – are located within as little space as eighteen feet in some areas. The mainline furnishes rail service to Rhode Island where P&W is the sole freight carrier. Given the interests at issue, P&W believes it has struck an appropriate balance between the interests of its several constituencies, including the customers and communities which it provides with freight service, and those of the public using the bikepath.' {e-mail to ANR&P}

**MARITIMES**

**SAINT JOHN: MSC STARTING**

13 April. MEDITERRANEAN SHIPPING LINE WILL BEGIN ITS NEW DIRECT BI-WEEKLY SERVICE OUT OF SAINT JOHN to the Bahamas and Caribbean around 8 May, said Sarah Norgaard, regional sales manager, MSC (Canada) Inc. The 2,400-TEU vessel MSC Elena will drop approximately 400 empty containers, a mix of 40-foot and 20-foot, at the port either 15 or 16 April in preparation for the first sailing.

    [MSC announced its new service in March – see 12#03B]
MSC plans
Responding to speculation that MSC wants to build volumes to 400 TEUs every two weeks, Norgaard said no official goal was set. “At the end of the day we would like to get as many containers as we can. We are not putting a number on it at this point. Internally there are expectations but there has been nothing official at this point.”

What cargo
MSC has a major presence in Montreal; some speculated that cargo may be diverted through Saint John because of Montreal's water depth and ship-size issues. Norgaard said that “not one container will take that route. Despite whatever challenges are foreseen in Montreal, the Saint John sailing will not change any cargo that has come into Montreal.”

The new service will focus on cargo moving in and out of the Maritimes such as forestry products, manufactured goods and frozen food items and fish. “We have refrigerated containers which will suit the (frozen food processors) McCains and the Cavendishes and some of the frozen fish exporters as well. At this point we are looking at anything and everything that can be moved in containers.”

Norgaard added that MSC is also not deliberately trying to divert cargo that now goes over the Port of Halifax. “I have no doubt that is going to be a natural progression but our target here is to keep New Brunswick cargo moving through a New Brunswick port. We have a twofold goal here.

“One, to keep that business in the province, cargo consumed here and manufactured here. The second is for New Brunswick exporters and importers to put their thinking caps on and use us for expansion, allow them to tap markets overseas [the MSC connects with global services – see 12#03B] that they never had the opportunity for even through Halifax, for example, just because over the road costs were too expensive to get it off the ground. So this is where our focus is. If that means there will be cargo that diverts to Saint John from Halifax there is the possibility that will happen but our mission here is not to steal cargo from Halifax. That is not what we are here for.”

Why Saint John?
Per Norgaard, MSC moved into Saint John because “it was the natural next step. MSC is well-established in Montreal which is our primary Canadian market and in the container line business you are always looking to for new markets to expand.

“A year or so ago we decided to expand West and started a service in Vancouver so the next logical step was to come East. We have had our eye on Saint John for sometime. We see the potential here absolutely and also we were very welcomed here by the port and the business community.”{discussion with ANR&P’s Tom Peters 13.Apr.12}

Paula Small, Saint John Port Authority, said MSC was not offered any financial incentives from the port authority or the province to come to Saint John. [Contrast with AFL – see Regional.]{Paula Small e-mail to Peters 13.Apr. 12}

Halifax traffic?
The Irving group, which produces forestry products and owns the Cavendish brand, ships through the Port of Halifax. Irving spokesman Mary Keith said that will not change. {Mary Keith in an email to Peters 13.Apr. 12}

A cargo source in Halifax said the MSC service has already had an affect on Halifax: both Zim and Hapag-Lloyd have lost some cargo, mainly newsprint, to Saint John. The source did not have numbers. {discussion with Peters 13.Apr.12}

Halifax Port Authority
HPA's Michele Peveril said Halifax did not compete with Saint John to get the MSC business. “Our primary focus is retaining and attracting long-haul, deep-water services, so if we are dealing with a customer or potential line such as this (MSC) we are really targeting something that speaks to our infrastructure. Ours is
different than Saint John. We would seek a different type of service than this which is a feeder.”

MSC called Halifax over an 18-month period in 2000 and 2001, then continued servicing the port on a slot charter arrangement with ACL which ended in September 2003. {Discussion with Peters 13.Apr. 12}

**SYDNEY-CANSO-SEARPORT**

13 April. **U.S. EAST COAST SEAPORTS HAVE A SERIOUS OVERHANG OF UNUSED TERMINAL CAPACITY.** For example, the Port of Charleston handled about 1.4 million TEUs in 2011, just 38% of its available capacity of 3.7 million TEUs. {JOC magazine 16.Apr.12}

Halifax, like Charleston at about one-third capacity, Saint John, and Boston in the Atlantic Northeast also have unused capacity. Given these figures, how do advocates of new terminals at Canso and Sydney continue to have faith? Editor

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**RAIL SHIPPERS**

Described in this issue.
Colarussa (CSXT, New York) To build transload for moving stone to New York metro area.
Granite State (MBRX, New Hampshire) Trucking stone from Massachusetts.
Irving Oil (MMA, Regional) Moving crude by rail to refinery.
Logistec (PW, Connecticut) Leaves New Haven terminal.
NEPW (ST, Maine) Demurrage case of former owner dismissed.
PSNH (ST/PW, New Hampshire) Coal burning ceased.
Twin Rivers (MNRC-soon, Maine) 51% stake for sale.

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**PEOPLE, EVENTS**

**Gordon Fuller**, former general manager of the Morristown and Erie Railroad, which owns the Maine Eastern Railroad, and **Bill Phillips**, former project manager, were indicted on 10 April by a state grand jury. They are charged with defrauding the New Jersey Department of Transportation (NJDOT) of more than $800,000. Between January 2003 and August 2010, Fuller, in his role as chief operating officer, allegedly had M&E submit invoices to create and reinforce the false impression that certain work had been completed on four railroad improvement projects for which M&E received DOT grant funding. In fact, very little of the work had been performed.

An early part of the investigation led to the indictment of a suspended NJDOT engineer, Gaudner B. Metellus, and an alleged accomplice on charges they solicited M&E to fraudulently inflate the cost of a state-funded rail project by over $700,000 and pay them $325,000 in bribes. M&E alerted the state to that alleged fraud after Fuller was terminated by the company in 2010. {press release from New Jersey Attorney General Jeffrey S. Chiesa 11.Apr.12}

At the time Fuller was said to have 'retired'. [See 10#08A.]

**Mike Cella** has left NEPW Logistics. In 2011 NEPW bought his former company, Fore River Distribution [see Maine].

**Clyde Forbes** died at the end of December [news takes a long time to reach Maine from Florida]. He began his railroad career in 1955, spent much of it on the Santa Fe, and then began operating his own railroads.

In New England, he put together the New Hampshire-Vermont Railroad (Groveton to Jefferson, and Barrett to Jefferson, both intact), the **Twin State Railroad** (Whitefield to St.Johnsbury, still the subject of ownership dispute), and the Lamoille Valley Railroad (St.Johnsbury to Swanton – now a trail) to provide a route from northern New Hampshire to Lake Champlain, after the Maine Central abandoned much of it.
He also owned the Florida West Coast Railroad. [See box in 06#07A.]

EDITORIAL

CONNECTICUT CONSOLIDATION?
ConnDOT has delayed the award of the State Pier contract in order to receive the report of the consultants on the market for Connecticut ports [see Connecticut]. The state currently believes it has three deepwater ports for freight: Bridgeport, New Haven, and New London.

Maine also has a three-port strategy: Eastport, Searsport, and Portland lie relatively far apart along the coast: Portland to Searsport is 90 miles, Searsport to Eastport almost 120. The Connecticut ports lie close together: Bridgeport to New Haven is about 15 miles, New Haven to New London about 40 miles. Given the lack of traffic, Connecticut does not need all three.

Bridgeport gave up the ghost a few years ago, and now the break-bulk sector of New Haven appears to be dying. New London, served in essence by both NECR and PW, should make the case that the state should consolidate all break-bulk traffic there. New Haven's massive bulk infrastructure makes the case that bulk should remain there.

Consultants are not known for making bold statements, even if supported by the facts on the ground. One wonders if Moffat and Nichol [see 12#01A] in this case will “state” the obvious.