Formal issue 12#07B 31 July 2012

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

REGIONAL

GWI-RailAmerica: No significant regional impact .**
Region: New refuerer customer.
Energy traffic: Coal & ethanol going, crude coming.
MMA: Traffic up, adding eight locomotives.*
Small railroads: Getting insurance not easy.*

NEW YORK

NYNJ: 65th Street terminal opened last week.**
NYA: More on Brookhaven Rail Terminal.*
NYA: More on Brookhaven Rail ownership.*

QUÉBEC

[No report.]

CONNECTICUT

HRRC: One new customer started, second awaits figures from CSXT and MC.*

MAINE

[No report. See MMA in Regional.]

 MASSACHUSETTS

PAS-MassDOT: State gets okay to buy ConnRiver.*
GU: Pellet facility pre-empted?
Pan Am: Moving ash to Holcim in Everett. Map
Salem: Goodbye to coal, all deepwater cargoes?*

Massachusetts coal: Activists target coal plants.*

CCRR: Transloading slag for Ensio in Bow.** Map.
NEG: Traffic slow.*

RHODE ISLAND

[No report. See Regional for no ethanol.]

VERMONT

RailAmerica: Keep dispatching center?

MARITIMES

CBNS: RA-GWI merger no immediate effect.
CN: Shredder in Saint John produces more traffic.
Halifax: Imperial refinery to close, or revive?*
Halifax: 1H12 TEUs down.*

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Kit Morgan.

GUEST EDITORIAL

MassDOT buying ConnRiver in the nick of time.

FROM THE PUBLISHER

No Maine!
For the first time in forever, I have no Maine news.
We are awaiting the IRAP awards.

- Chop Hardenbergh


Helping to move rail and port traffic through New York, New England, the Maritimes, & eastern Québec. A weekly trade newsletter.
GWI-RAIL AMERICA: COMBINATION*

23 July, Greenwich CT. **GWIS ACQUIRING RAILAMERICA**, paying $27.50 per share, a total of $1.39 billion, assuming that the deal attains the necessary approvals. GWI will add 45 RailAmerica roads to its 63 in North America.

GWI expects to originate or terminate more than 4% of all U.S. carloads, balanced across all North American Class I railroads.

**Government approval – United States**

GWI will acquire the RailAmerica roads, a transfer requiring STB approval. The stage of the acquisition putting the RailAmerican stock into a voting trust 'could be as early as Q3 2012, formal STB approval may be as early as Q4 2012 or as late as Q3 2013,' according to the announcement.

'Integration of companies will commence following formal STB approval of transaction.' {text and slides of announcement}

**Government approval – Canada**

GWI, according to the map accompanying the announcement, owns three railroads in Canada: SLQ and QGRY in Quebec, and NCRY in Ontario. No government action is required on them.

RailAmerica owns four railroads in the country: CBNS in Nova Scotia, and OVR, GEXR, and SOR in Ontario. GEXR is a federal railway according to the Canadian Transportation Agency website; the provinces have jurisdiction over the other three.

For the only RailAmerica railroad in the Canadian Atlantic Northeast, CBNS, the Nova Scotia provincial government has jurisdiction. Steve Newson, rail policy advisor at NSDOT, wrote on 24 July: 'The Cape Breton & Central Nova Scotia Railway is set up as a "N.S. Limited Company" registered with the Registry of Joint Stock Companies in the Province. The Directors and Agent for CBNS are listed including CBNS and RA corporate directors....

'If RA and or G&W changes the Directors of CBNS then they would update the Registry of the changes. I checked with the Registry and there is no time line enforced for providing updates.' No notification of change in stock ownership is required, 'primarily because the Cape Breton & Central Nova Scotia Railway is a company on its own right in the Province...

'For example, Shannon Toner, general manager, and Peter Touesnard [former general manager] are listed as Directors and reside in the Province.' {e-mail to ANR&P 24.July.12}

**Selling SLR: No**

The map indicates that SLR and NECR both end in Montreal, and serve New England. Observers do not think that GWI would let the SLR go. Tom Hall, head of the Committee to Improve Rail Service in Maine, wrote:

'I think that there’s little, if any traffic common to both the SLR and the NECR that would allow G&W to even begin considering giving up one for the other. And there’s no way that the CN would allow G&W to even begin to consider such a move.

'The overhead traffic that the two railroads handle are very specific to a certain region. If G&W wanted to drop the SLR and send the Pan Am bridge traffic to interchange at Palmer, instead of Danville; it would add at least a day of additional transit time, more likely at least two days of additional time. That’s going to lead the highly lucrative paper traffic to go elsewhere – off CN.'

Another former official linked to railroads in New England wrote: 'Look at the map. As far as New England is concerned, the “synergies,” awful word, are administrative and financial. Not much clever rerouting available.' {e-mails to ANR&P 23.July.12}
One view of the deal
A long-time knowledgeable rail observer said GWI assigned itself a “daunting exercise to take over 45 properties.” GWI will look closely at divesting some of the properties: That will be “uncharacteristic for them, they've never divested anything domestically that they acquired. This deal might break that pattern.”

In the Atlantic Northeast, he listed the Massena Terminal, which RailAmerica acquired as part of the Alcoa package, as a good candidate. “Business is way down, and it's off the beaten track.”

CSO is another. “GWI does not like passenger operations and the potential liabilities.” [Then what about NECR? Editor]

He did not view either SLR or NECR as candidates, though in Quebec traffic from both ends up at

### Summary of Combined Operations

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<tr>
<th></th>
<th>RailAmerica</th>
<th>G&amp;W North America</th>
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<td>$286</td>
<td>$829</td>
<td>$1,380</td>
</tr>
</tbody>
</table>

- **Largest Commodities**: Agriculture / Chemicals, Coal / Metals, Intermodal / Metallic Ores, Intermodal / Coal, Farm & Food / Metallic Ores
Montreal. Overall, though, the RailAmerica properties have “a lot of candidates for divestiture.” Railtex, one RA predecessor, and RailAmerica under Gary Marino “bought anything at any price.”

However, the observer did not foresee anything “precipitous.” Only a month ago RailAmerica was entertaining three suitors, and GWI still has some due diligence to perform.

He did have some concern about the combination's weight in the American Short Line and Regional Railroad Association. “GWI will have 20% of the roads in the Association.” {ANR&P discussion 24.July.12}

Another view on selling off some properties
Tony Hatch, rail stock analyst, wrote: 'The finished product will have 108 SLs – maybe. Perhaps it will involve selling off non-core or non-cluster rails as there is a ready appetite for such sales. Expect another to emerge as a stronger number-two short line holding company over the next few years.' {Cited by Roy Blanchard in Railroad Week in Review 27.July.12}

REGION: NEW CUSTOMER
27 July, Overland Park, Kansas. RAIL LOGISTICS WILL OFFER REFRIGERATED SERVICE TO NEW YORK AND NEW ENGLAND IN AUGUST, as well as other Florida, Georgia, and Pennsylvania. It ran 100 test loads to those areas in the first half of 2012.

The asset-based company currently owns 120 refrigerated 53-foot containers, and plans to acquire another 180 by the end of 2012.

In early 2010, Rail Logistics launched the Cold Train refrigerated intermodal service in partnership with BNSF and the Port of Quincy, Washington. The service has grown rapidly with shippers in Washington state and the Midwest, and shipments of Washington fresh produce, frozen foods and vegetables, mainly to Chicago, continue to grow at a fast pace, Rail Logistics officials said in a prepared statement.

Cold Train service currently hauls about 400 containers of fresh and frozen cargo per month to the Midwest, and will move 600 containers per month by year’s end, they said. {Progressive Railroading e-news 25.July.12} Much of the traffic at this point consists of apples, moving to two large grocery chains east of the Mississippi, said George Mavungu, director of marketing.

The new markets
Rail Logistics will ask customers the final destination of the product in, for example, New England and then choose how to get the product there. The company does its own marketing, and also uses third-party logistics companies.

The traffic and backhauls
At this point, eastbound the containers hold about 75% fresh produce, and 25% frozen, said Mavungu. Existing backhauls are divided about equally between fresh and dry product. {Discussion with ANR&P}

ENERGY PRODUCTS
COAL, OIL, AND NOW ETHANOL MOVES ARE CHANGING DRAMATICALLY, pointed out Warren Riccitelli, chief of the New England Railcar Association. First, the coal trains began decreasing as power plants moved to natural gas. Next, unit trains of crude began moving through the region to Saint John [see MMA below].

'A few days ago, I received an email that the 'gas trains' that had been coming into Providence from North Dakota and the West have all been cancelled because of the drought affecting most of the country. Corn prices have soared and as a result, the ethanol producers have temporarily closed 60% of these plants in the last two months. With over 40% of a nominal corn crop going to ethanol production, the drought has eaten into this and our normal food supply.

In Providence, all ethanol coming in thru the end of the year will be coming from Brazil. You can now call it 'imported ethanol'. Brazil now has a standard of an E18 blend for vehicles and is the largest producers of ethanol.' {e-mail to ANR&P}
Dramatic for oil by rail
U.S. rail shipments of oil and petroleum products rose 38% in the first half of 2012 compared with the same period last year, according to the Association of American Railroads. The Energy Information Administration attributed the increase to rising production levels from the Bakken Region in North Dakota. An estimated 241,000 rail cars were loaded during the six-month period, AAR said. {United Press International 27.July.12}

Ethanol variability
Asked if PW saw a decline in ethanol moves, General Counsel Marie Angelini wrote: 'Ethanol is a globally-traded commodity, with both domestic and international markets and supply. Changes in those markets, such as drought, crop yield, and the price of competitive products (e.g. oil) are important factors into how ethanol is traded and moves within the marketplace. Under current market conditions, lead times are extremely short and have a high degree of variability.' {e-mail to ANR&P 30.July.12}

MMA: REVIVING*
22 July, Derby. MMA WILL INCREASE ITS MAINLINE FREIGHTS FROM THREE TO SIX A WEEK within the next several weeks, said President Bob Grindrod. “It is increasing revenue after a long period of near revenue starvation. The downturn on this railroad started on 2006. In the second half the lumber market collapsed.”

Increased traffic
The traffic increase comes from several sources, Grindrod said. Auto manufacturers in and around Detroit have increased shipments to a regional distribution center in Saint John. Kia Motors also is shipping more vehicles from the West coast to Saint John.

The best increase comes from the crude oil move to Irving. He hopes this will increase: “It is a lot of business and it produces a lot of revenue.”

Manufacturers in Maine and Canada also seem to be doing better, Grindrod said, particularly Tafisa Canada. Occasional large shipments of windmill parts to Searsport also have helped.

The future
The new torrefied wood facility planned by Great Northern Paper for Millinocket [see 11#11B] is seeking permits and may start railing product to Searsport and from there to the United Kingdom in 2013. Grindrod also hopes the “ best paper machine in Maine” in Millinocket restarts, as well as GNP's second machine at East Millinocket.

Additional locomotives
At the company’s mechanical facility on BNA Avenue here, Tim Scalia, MMA chief mechanical officer, said the company by the end of 2012 is getting eight more locomotives to add to the existing 29. “There was a really hard stretch there the last couple of years. Now business is improving. We have put more assets out there and it’s going to be good.” {Nick Sambides in Bangor Daily News 12.July.12}

More on crude
Asked about the prognosis for crude oil on the MMA, Chair Ed Burkhardt wrote 26 July:

'I cannot comment in detail except to make two points –

1. MMA sees its increase in traffic to be reasonably long-lived, as long as Brent and WTI oil pricing maintain their present relationship. Everything we are seeing in oil pricing confirms the view that the current differential will remain. We are the eastern connection from CP, which is the best located of all the origin railways, with a
strong position in North Dakota and Saskatchewan (Bakken crude) and in Alberta (oil sands crude). We are confident in spending some money to increase our capacity, and our current capacity has outrun the increase in traffic, which is limited by the car supply. We are pleased our change to SPTO (single person train operations) will permit an increase in service without incurring additional cost and without resulting in employee layoffs. We are also happy with CP’s management change, which we believe will improve their service offering and competitiveness.

2. “Firm commitments” in the railroad industry are few and far between, and many “contracts” are simply pricing documents. Movements depend on service and pricing every day, and no railroad will move more traffic than its customers’ own business will support. We are not afraid to compete on this basis, which is why we are increasing our capacity.' {e-mail to ANR&P}

NAPA: SHORT SEA SHIPPING*

6 June, New Bedford. **CREATING SHORT SEA VIABILITY HAS BECOME A CATCH-22.** Paul Bea, a marine policy consultant with PHB Public Affairs in DC, told the American Association of Port Authorities economic development workshop at the Waypoint Event Center on the waterfront: “People tell you there's no market. You say give me a ship and I'll prove there's a market. They say there's no ship. You say give me the money and I'll build a ship. So they say there's no money till you prove there's a market.”

In addition, federal policy is weak, funding for navigational channels is not reliable, and shipbuilding isn't strong, Bea said.

It is working in some places

Kristin Decas, former executive director of the Harbor Development Commission in New Bedford, chaired the session. “There are certainly challenges to short sea shipping. It's about creating confidence and creating a demand. In places like Virginia and between Puerto Rico and the USA, it's working. But we have to overcome all of these policy issues."

Short sea shipping can work, said John Parrott, president of Totem Ocean Trailer Express, a company that moves cargo from Tacoma to Alaska. “If you do the math, it works." However, a string of smaller operations has failed from lack of support. “They didn't become sustainable because it's a demand problem.”

Ed Anthes-Washburn, director of port operations for New Bedford, acknowledged that short sea shipping would have to wait. "Right now, the market isn't there. That's why we need to focus on things like international cargo." {Don Cuddy in New Bedford Standard Times 6.June.12}

7 June, New Bedford. **SHORT SEA SHIPPING REMAINS A VIABLE GOAL,** reported Lauren Brand, who leads the US Maritime Administration (MARAD) America's Marine Highway program. It would like coastwise shipping to become “a routine choice for shippers – one they don't think twice about,” she said in a presentation to the North Atlantic Ports Association twice-yearly meeting at the same location as the AAPA [see other article].

**Government funding**

Toward that end, USDOT has paid out $111.14 million in TIGER funds in the first three rounds, out of $1.1 billion in applications. In the last two years, Northeast ports have submitted several grant applications.

**Jones Act, need for ships, and American Feeder Lines**

MARAD stands strongly behind the Jones Act, but sees a shortfall in the number of US ships needed to serve the proposed number of off-shore windfarms.

Some have proposed a “short-term reflagging” [of foreign-built vessels] paired with a commitment to build ships in the United States. But labor unions and shipyard operators are still unified on the Jones Act.

American Feeder Lines was talking to maritime labor to get some support to modify the Jones Act so
the company could move cargo from US port to US port, but meeting a lot of opposition, said Brand. The failure of AFL’s Halifax service [see 12#03A] “cut that conversation off.”

Success stories
Brand pointed to some short sea successes: In Virginia, a local route has moved up from one to three sailings a week. In California, the Stockton-Oakland route is doing well for international cargoes, and has some inquiries for domestic.

She pointed out to those who say that Europe short sea routes are doing well, that Europe had “ten failures before its success.”

Brand noted that the Marine Highway might serve as a route for hazardous cargoes. For example, “Maine has no designated hazardous materials highway routes. US DOT is exploring the potential for implementing Marine Highway for moves around metropolitan areas.” {ANR&P coverage}

Jones Act and financial barriers
Movement of goods by ship costs 15% more than by truck at this point, said one participant. Barriers to reducing that include the harbor maintenance tax, levied on domestic as well as international cargoes, and the capital cost of a vessel.

What could help:
- a national maritime policy, perhaps an authorization bill similar to that for surface transportation, with the title ‘SEA-21’.
- vessel standardization. For the past five years Europe, under the CREATE3S program, has sought standardized vessel design to lower the cost of ship building. In the United States, such efforts are “substantially all RO-RO,” and driven by the dual-use initiative.
- Government ownership of vessels (akin to government ownership of railroad tracks). One participant labelled this “highly unlikely.”

Henshaw and Portland
Though American Feeder Lines failed in its current incarnation, said John Henshaw, executive director of the Maine Port Authority, such a feeder could work. Indeed, some of the players are still interested; only the German investors have bowed out.

“We are still working on Portland-New York,” he said on the margin of the NAPA meeting. “That could be a game changer.”

The problem is that the Jones Act requirements make a domestic service “five times more costly.”

As a result he and his team are looking at the articulated tug-barge (ATB) as an option [see 12#05A]. This would cost one-third the price of a ship, as it only needs a crew of seven and no lifeboat, whereas a ship needs more crew and two lifeboats. {ANR&P conversation 7.June.12}

SMALL RAILROADS: COVERAGE HARD*
17 July, Canterbury, New Hampshire. AN INSURANCE PURCHASING GROUP, THE NORTHEAST RAIL COALITION (NERC), organized in 1994 with now some 30 members across the United States, was unable to secure its typical group liability insurance policies this year, said Peter Dearness of NEGS. The Group's insurer, Great American Insurance (A-rated since 1908), decided to exit the railroad liability insurance market and so another group insurer was sought.

Out of several railroad market insurers solicited for the group policy coverage only one was interested; however, its program broke down just weeks before the Group's 15 June 2012 renewal date, forcing all to renew with individual policies to continue their coverage.

“With the substitute individual policy, I paid even more for $1 million coverage than I did for $10 million limits (passenger) as part of the NERC group,” Dearness said. “We hope to hear soon about a new group policy, that Walt Stapleton [the Group's insurance broker and administrator since 1994 – editor],
continues to pursue.”

If successful in securing another group policy insurer, it is possible to cancel and rewrite the individual policies into the group and thereby recapture at least a portion of the group premium savings.

Dearness, whose contract with the state requires him to carry $5 million limits for freight and $10 million for passenger operations, needs the group policy to make his insurance affordable. Peter Leishman, MBRX chief who is also part of the group, decided to pay for a $3 million single line coverage despite an increase more than three times larger than under the group plan. {ANR&P discussions}

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NEW YORK

NYNJ/NYA**

21 July, New York. **THE 65th STREET TERMINAL REOPENED** this week. 'NYNJ executed an agreement with NYCEDC to begin using the 65th Street rail yard and transfer bridges back in October of 2010. However several capital improvements had to be made before rail service to the facility could be initiated. Improvements included rehabilitation of a portion of the rail yard and the transfer bridges themselves, modifications to the carfloat currently in service, and modifications to the transfer bridges in Greenville. This work was finally completed on 7/13, allowing the railroad to begin floating into 65th St last week.' {e-mail to ANR&P 25.July.12 from Jennifer Friedberg, NYCEDC spokesperson}

CSXT traffic for New York

Bill Goetz, vice-president of business development, said his railroad was running two round trips into the Bronx and Queens a day, up from one a day seven years ago. Much of that is attributable to the NYA, which has increased to more than 22,000 carloads annually [same as 2010 – see 11#08A].

51st Street and 65th Street Float Bridges

As of September 2011 [see 11#09B], NYNJ was using the 51st Street terminal and float bridge [which it owned – see 09#01B]. PANYNJ was using its funds to rehab both [see 11#10B] the 51st Street terminal and the 65th Street terminal [owned by NYCEDC – see 09#01B] with its two float bridges. Until the Port Authority bought NYNJ, the city did not want to let NYNJ use the 65th Street terminal [09#01B].

NYNJ goal

Don Hutton, NYNJ managing director, aimed for 23,000 carloads a year, up from 1600 now.

NYNJ serves the South Brooklyn waterfront between 65th Street and 29th Street. NYA interchanges with NYNJ at 65th Street [see map in 09#10B].

One day this week, a line of cars at 65th Street, loaded with auto scrap from an NYA customer, awaited a trip across to Greenville, New Jersey.

New York City goal and resistance

While city officials want to increase freight by rail above the 1% of total freight traffic through the city and its suburbs in 2004, some residents are resisting. Civics United for Rail Environmental Solutions, formed in 2009, has called for reducing the impact. “Whatever expansion is taking place is certainly going to have a more negative effect on those living near the rail lines,” said Gary Giordano, district manager for Queens Community Board 5. {Winnie Hu in New York Times 20.July.12}

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NYNJ: RFP FOR TRANSLOADS


On 14 November, your editor submitted a Freedom of Information request for the bid proposals for the
Still reviewing
On 26 July, in response to an e-mailed question (‘Have I missed an announcement about the two transloads in South Brooklyn - RFP was October 2011?’), Jennifer Friedberg, NYCEDC spokesperson, wrote: 'We are still reviewing the responses.’ {e-mail to ANR&P}

Phone calls and e-mails to PANYNJ for comment were not returned by publication deadline.

Mini-editorial
I am deeply grateful to NYCEDC for providing an answer. One would think that the Port Authority, the issuer of the RFP, would have the good grace to first, acknowledge a request for an update, and second to explain the delay. Sadly, despite its stated preference 'to increase openness and transparency'\(^1\), the indirect admission that eight months later the Port Authority is 'still reviewing' falls far short of both openness and transparency. Editor

NYA: MORE ON BROOKHAVEN RAIL TERMINAL*
16 July, Yaphank. THE TRANSLOAD/RAILROAD HERE GENERATED ANOTHER NEWSPAPER STORY, the third in Newsday in one month. [See 12#06B.]

Traffic
In its first nine months of operation, the terminal received 735 railcars of stone, 22 of flour and 12 of biodiesel. The terminal operators said the loads replaced 3,076 long-haul trucks on the Long Island Expressway (LIE).

Ultra Green Energy Services, a biodiesel company, will open its terminal facility 19 July to bring in fuel made from vegetable oils and other fats for heating system and vehicle use. [Confirming the report in 12#06B.]

And flour continues: "Right now we bring in about 40% of our flour by railcar," said Richard Wenner of Wenner Bread in Islip. "Once we analyze the situation some more . . . our goal is to move to 90%" or the equivalent of 1500 trucks per year.

The terminal is seeking state and federal assistance to expand to serve about 400,000SF of refrigerated and dry storage warehousing in 2013. Bill Mannix, economic development director for the Town of Islip prized the refrigerated storage: "Then I think we have the tiger by the tail. I can't begin to guess how many other sectors could benefit – pharmaceuticals, health and beauty products, East End produce and wine exported. I think it's a very important project for Long Island, we just have to capitalize on it."

Other possible facilities
Only 1% of Long Island freight moves by rail because of the limited number of Hudson River rail crossings, said Robert Paaswell, professor of civil engineering at the City College of New York. At the request of then-Governor David A. Paterson he led a team that conducted a 2009 review of potential Long Island truck-rail yards. The research showed demand for rail freight delivery would increase and that Long Island needs more than one terminal.

"We felt it [the Brookhaven terminal] would be one of the first to fly," Paaswell said. "They are supplying a fast-growing part of Long Island and they had initiative."

US Representative Jerrold Nadler (D-Manhattan) has long advocated for rail depots on Long Island as a way to reduce metro-area truck traffic. Brookhaven Rail is "a good start," but the Island needs several facilities to keep final truck delivery distances as short as possible. "There is no choice, you have to develop rail freight capacity or you put a lid on economic development, job growth, and economic prosperity by reason of

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\(^1\) 'Freedom of Information Act – Policy and Procedure' passed by the PANYNJ Board 20 November 2008.
congestion.”

State-funded transload
New York State secured millions of dollars in federal and state funds in the mid-2000s to build a rail freight distribution facility on part of the former Pilgrim State Hospital grounds in Brentwood. That project stalled about four years ago because of local opposition, but state officials said they continue to evaluate "the costs and benefits" of having a rail freight terminal at the Pilgrim site.  {Sarah Crichton in Long Island Newsday 16.July.12}

NYA: BROOKHAVEN MICRO RAILROAD*
15 June. DC. SOME OF THE MYSTERY AROUND THE OWNERSHIP OF THE BROOKHAVEN RAIL TERMINAL was clarified by an STB notice [missed earlier by your editor – apologies]. According to the decision issued this day:

Nevada 5, Inc. (Nevada 5) and Oakland Transportation Holdings LLC (Oakland) (collectively, applicants) have filed a verified notice of exemption to acquire control of US Rail Holdings, LLC (Rail Holdings), a Class III rail carrier, through Oakland's acquisition of GTR Leasing LLC (GTR), the parent company of Rail Holdings.

As a result of the proposed transaction, applicants will indirectly control Rail Holdings. Oakland currently owns all of the equity interests of Brookhaven Rail, LLC (formerly known as US Rail New York, LLC) (Brookhaven Rail), a Class III rail carrier. Nevada 5, in turn, owns 98% of the equity in Oakland and indirectly controls Brookhaven Rail.

'Applicants state that the purpose of the transaction is to allow Oakland to take advantage of the consolidation of the administrative and operational support it can provide, which, in turn, will permit more efficient operation and management of Rail Holdings and Brookhaven Rail.'  {STB website, decisions page, Docket No. FD 35635 15.June.12}

Restatement for clarity
Nevada 5 owns 98% of Oakland Transportation Holdings. Oakland will own GTR Leasing. GTR Leasing is the parent company of US Rail Holdings. Oakland already owned another railroad, Brookhaven Rail, which serves the Brookhaven Rail Terminal in Yaphank [see 12#06B].

Who owns the Brookhaven railroad?
BRT initially tried to do its own railroad but then decided to hire US Rail, controlled by Gabriel Hall. In January 2011, Hall created US Rail of New York (USR-NY) to operate BRT. {11#07B}

By August 2011, Ted Mills had taken over USR-NY and served as spokesperson for the group of partners. {11#08A} Mills is managing director of ETC Capital in Farmington, Michigan [which tried to buy into Cape Rail – see 12#06A].

USR-NY, according to the STB statement, became Brookhaven Rail, and Oakland owns 'all the equity interests' of Brookhaven Rail.

Industry announcement
A newly organized railroad is Brookhaven Rail LLC. Assigned Reporting Mark BHR and AAR Rule 260 Code 483, the railroad will operate about two and one half miles of line in Brookhaven, NY. It will interchange with the New York & Atlantic Railway in Sills, NY and was expected to begin operations on or about June 15, 2012. Its contact information is as follows: Mr. Jim Newell, Chief Operating Officer, Brookhaven Rail LLC, 121 Kingfisher Drive, Ponte Vedra Beach, FL 32082, Phone: (646) 302-1432, Fax: (904) 996-1543, Email: jnewell@oaklandtransportation.net. {ASLRRA Bulletin 16.July.12}

A phone call to Newell was not returned by publication. Editor
CONNECTICUT

HRRC: NEW CUSTOMER*
25 July, Falls Village. **NEW RAIL CUSTOMER CENTURY AGGREGATES IS SHIPPING STONE** from a rehabilitated siding here. 'We project 250 cars per year from this first rail destination,' wrote HRRC marketer Rian Nemeroff.

Second possible
The railroad is also 'looking forward to rail customer number two. For years we have been trying to get Pavestone in Middleboro to receive carloads but cannot yet make the numbers work with CSXT and Mass Coastal.' {e-mail to ANR&P}

MASSACHUSETTS

PAS/MASSDOT: LINE SALE*
11 July, Boston. **THE MASSDOT BOARD OKAYED THE PURCHASE OF THE PAS CONNRIVER LINE** from Springfield to East Northfield, Vermont. The deal, which involves further negotiation, also includes passenger rights held by Pan Am Southern between Springfield and the (Connecticut) border.

"It's a huge deal," said DOT spokesperson Michael Verseckes. Some $15.4 million of the purchase price comes from a Federal Rail Administration grant, the remainder of $1.6 million from MassDOT. Spokesperson Sara Lavoie said it was unclear what the time frame is for moving ahead with the purchase, since it involves revising the three-way operating agreement between Pan Am, the state, and Amtrak. "We'll try to proceed as quickly as possible," she said. {Richie Davis in Greenfield Gazette.com 14.July.12}


GU: PELLET FACILITY PRE-EMPTED?
24 July, Upton. **THE BOARD OF SELECTMEN WAS TOLD THAT THE PELLET TRANSLOAD IS EXEMPT FROM LOCAL OVERSIGHT.** A Railroad Fact Finding Committee [see 12#02A] spent nine months creating a 218-page report [available at the town website] on the railroad activity, and asked Town Counsel Mark Reich whether the town could exercise oversight of the pellet transload in the West Upton Yard [see 12#05A].

Reich wrote: 'In my opinion, the transportation and handling of wood pellets at the Maple Avenue facility by the (railroad) as described in the committee documents are consistent with those activities deemed by the STB to be exempt from local regulation.'

Selectboard Chair Ken Picard stated at the Board's meeting this evening: "I think, no matter how we word the question, the answer remains the same. I feel the whole facility is pre-empted at this point....I think we are still subject to [an award of attorney's fees to GU] if we go to federal court [to challenge the operation.]" {Mike Gleason in Milford Daily News (web) 24.July.12}
PAN AM: MORE TRAFFIC*  
16 July, Everett. THE HOLCIM TERMINAL HERE IS RECEIVING ASH BY RAIL from sites in Ohio. It can receive cement by rail or barge, wrote Robin Decarlo, spokesperson for Holcim USA.

Now, it is receiving cement from Holcim's Holly Hill, South Carolina plant via the Georgetown South Carolina barge terminal. {e-mail to ANR&P}

Holcim acquired the Everett facility when it bought St.Lawrence Cement. The plant has often received cement by ship from overseas, or by rail from its plant in Joliette, Quebec [see 07#04B]. During the Big Dig in Boston, the plant was receiving volumes by rail through 2001. By 2003, it was receiving only by barge [see 07#03B].

Other Holcim (St.Lawrence) locations in the Atlantic Northeast
Holcim has the US headquarters in Waltham and a sales office in Hudson, New York, plus three cement terminals: Buffalo, Providence, and Everett, with the Portland terminal and the Catskill plant permanently closed.

Holcim mothballed Catskill [see 12#04A] in 2007 {Holcim press release 15.Mar.11}, and then announced its closure in February 2012. The closure in Catskill left New York with two cement plants, the Lafarge plant in Ravena and the Lehigh Northeast plant in Glens Falls. {Brian Nearing in Albany Times Union 23.Feb.12} [And a third – Lehigh's Cementon plant. {Lehigh website}]  

In Providence, Holcim receives only by barge; the terminal at 139 Terminal Road does not have rail. {e-mail to ANR&P from DeCarlo}

St.Lawrence mothballed the Portland plant [see 07#04A] and Holcim no longer lists it as a terminal on the Holcim map.

Holcim was founded in the village of Holderbank in the Swiss canton of Aargau in 1912. It bought shares in St.Lawrence and then in 2007 it bought out the minority shareholders. In 2009, Holcim ended the use of the St.Lawrence name, rebranding all facilities as Holcim. {Ian Harvey in Daily Commercial News 20.Apr.09}

SALEM: GOODBYE TO COAL*
29 June. DOMINION RESOURCES IS CLOSING AND SELLING ITS COAL-FIRED PLANT HERE. Dominion Energy New England LLC owns the 62-acre Salem Harbor Power Station site, which dominates the City’s state-designated port area, and generates not only power for the region but tax revenues for the City as
the longtime top taxpayer. The 745MW coal-and-oil-fired Salem Harbor Power Station has also long generated protests over its emissions and calls for its closure.

Dominion announced in May 2011 the closing of the entire site 1 June 2014. Salem began a study of re-use even earlier, completed in January 2012. {Site Assessment Study 12.Jan.12, www.salem.com}

Purchase of plant – end of coal

On 29 June, a New Jersey-based power company, Footprint Power LLC, announced that it signed a purchase-and-sale agreement with Dominion to acquire the plant. Footprint will clean up the site, take down the smokestacks and buildings and construct a new natural gas plant. In the long run, it said it plans commercial and industrial development on the waterfront site consistent with the development program of the site-assessment study. {Tom Dalton in Salem News 5.July.12}

Footprint will operate the existing power plant through May 2014 and then supply gas-fired power to the region in 2016. {Kevin Mooney in Boston.com 29.Jun.12}

Ferry and passenger service adjacent

The City is moving forward with Phase 3 of the Blaney Street Salem Wharf Project, encompassing the current Salem ferry [see map]. On 21 June the Massachusetts Seaport Advisory Council approved $1,750,000 of funding for the project: $600,000 for work associated with the ferry operation; $1,000,000 for phase one dredging providing 16-foot wharf berthing depths to accommodate excursion and visiting vessels and 250-foot cruise ships in addition to the ferry; and $150,000 for the provision of public pedestrian access to the Power Station pier site for future large cruise ship berthing, under the proposed development program of the power station site assessment study. {coverage by ANR&P correspondent Laurel Rafferty 21.Jun.12}

CLOSE ALL COAL PLANTS?*

12 July, Salem. **A STATEWIDE COALITION AIMS TO CLOSE ALL MASSACHUSETTS COAL-FIRED PLANTS.** The Salem plant will close by 2014 [see above]. The new group, called Coal Free Massachusetts, wants to close those in Somerset [Brayton Point – see 12#06A; the Somerset NRG plant, now closed, was served by barge and ship – see 11#02B] – and Holyoke [Mt.Tom, served by PAS] by 2020.

“We have looked at communities across the country and learned some pretty horrifying lessons. Plants close, and for years after, there is nothing on the site,” said James McCaffrey, director of the Massachusetts Sierra Club. “One of those lessons is you’ve got to start planning early.” {Jesse Roman in Salem News 12.July.12}

NEW HAMPSHIRE

CCRR: NEW CUSTOMER**

13 July, Claremont. **CARLOADS OF SLAG FOR ENSIO IN CUTS OF A DOZEN OR SO CARS ARE SPOTTED HERE** by NECR frequently. Ed Heck, who is marketing for CCRR, said Ensio “found us on the
internet.” Starting 30 May, CCRR brought the cars to the Eagle Leaf Transload site in Claremont, where Eagle Leaf transloads using a front end loader. He hopes that Ensio will learn CCRR is doing a good job and continue with the transload. \{ANR&P discussion 13.July.12\}

On 10 July, Katrina Spaulding, an official with the city, said recently, the difficulty of unloading the cars has required workers to shake the cars, resulting in noise loud enough for nearby residents to complain to the city government. She met with the local CCRR manager about the noise. He indicated the move would last about a year. \{ANR&P discussion\}

**Ensio Resources the customer**

Ensio owns a slag processing facility at the Bow power plant, located there to process the slag. But with Bow producing little or nothing, and the capital cost of the facility high, Ensio has decided to bring in slag from other power plants.

[Phone calls to Ensio for further details were not returned by press time.]

The facility produces both sand-blasting abrasive, and finer granules used in making roofing shingles. At one time some of the abrasive was railed to Quebec, and the rest was trucked to local markets. [See 07#07B.] Now, all the product moves by truck, said Peter Dearness of NEGS, which formerly served Ensio.

**Why not direct rail?**

Dearness explained that direct rail presented two problems to Ensio, resulting in the drayage contract from Claremont. First, due to the rail configuration [see map], a rail provider cannot serve Ensio when a coal train empty or loaded is also in the plant. Ironically, Bow has received very few coal trains in recent months due to the low price of natural gas [see 12#04A].

Second, the poor condition of the track resulted in numerous derailments when NEGS served Ensio through 2008. That year the company went to truck. Dearness suggested that Ensio hire Maine Track Maintenance or DeAngelis Railroad Contractors (which handles Bow track repairs for Public Service of New Hampshire) to redo it, using 39-foot lengths, new ties, and new roadbed. The existing roadbed is mostly slag, which slides around because it cannot be compressed.

**Who else could do transload?**

Ensio first asked Ciment Quebec, the nearby facility [see map], if it could transload, who considered it and apparently declined. Ensio asked Dearness, who declined because NEGS would be required to purchase a $60,000 piece of equipment. \{ANR&P discussion\}

**Other traffic**

Heck related that the “lean times” in 2009 had now turned around. While CCRR has no other additional customers, each of the long-time customers is now using rail more, to the tune of one or two cars a month.

In Claremont, the railroad serves LaValley Lumber and a fertilizer company; in White River Junction, Lafarge Cement and a propane company. \{ANR&P discussion 13.July.12\}

MORE ON ENSIO

'In 2006 Ensio Resources acquired the Reed Minerals Coal Slag processing plant located in Bow, New Hampshire. Since that time, we have made significant investments in the facility and our personnel, and we will continue to do so to ensure that our product quality and operational capabilities are of the best quality.'

The sand-blasting was once called 'Black Beauty' and is now called 'Patriot Blast'. The roofing granules are branded 'Black Velvet'. \{Ensio website\}
Bow, New Hampshire, showing Ensio location and blockage by coal trains. {ANR&P}
NEGS: TRAFFIC SLOW*
17 July, Concord. THE RAILROAD IS SERVING ITS TWO CUSTOMERS ON THE WHITE MOUNTAIN BRANCH, with at most two interchanges a week with Pan Am, said principal Peter Dearness.

He does have customers who would locate at his transload in Canterbury if they could get service to Concord four times a week. Pan Am has said it is willing to do that, if the railroad will lock in a minimum. NEGS (which would look to the customer to make it whole) would pay even if it did not use the contracted number of carloads. Conversely, if Pan Am did not provide the service promised, it would pay the railroad.

Unfortunately for both parties, Dearness said, “No shipper or reload will [agree to take or pay] to develop new traffic in this economy.” The chances of the economy changing enough that the customer would not need the contracted number of carloads is too great. {ANR&P discussion}

NHN: NEW CUSTOMER
27 July, Rollingsford. GREEN VIEW TECHNOLOGIES WILL RAIL OUT RECYCLED BASE OIL from its facility here. Mark Wentworth, the president, said a long-unused north leg of the wye with Pan Am, as well as a spur, come off the NHN line. “NHN is rebuilding the track for us.”

Product
Green View accepts used motor oils and other lubricants. Wentworth explained that the manufacturers of these start with a base oil, and then put in additives. The latter “break down after use in engines.” Much of the used oil is now consumed in industrial burners. Green View separates out the old additive, which becomes a component in an asphalt product, and sends out the now-clean base oil. “We only have 2% waste.”

Rail service
NHN agreed to reinstall the switch and rehab the spur if Green View leased the track. The spur will hold a few cars; if more business develops, NHN will upgrade the other.

Wentworth anticipated 80-100 carloads a year, though he will not start marketing to distant points until the rail is set. {ANR&P discussion}

VERMONT

RAILAMERICA: DISPATCHING CENTER
26 July, St.Albans. GWI WOULD PROBABLY NOT LET GO THE AMERICAN RAIL DISPATCHING CENTER HERE, said Charlie Moore, former RailAmerican regional vice-president [see 10#02A]. The Center, a wholly owned subsidiary of RailAmerica, does all of the dispatching for Rail America as well as other railroads [see 07#02A]. Historically, GWI has not consolidated its dispatching operations, leaving each individual railroad to do its own. It is possible GWI could decide to use the same model for dispatching the Rail America lines, which would bring an end to the center in St. Albans.

“With any acquisition… there's going to be winners and losers...[but] I don't envision that happening,” said Moore. “The dispatching center is top-notch.”

Other functions in St.Albans
The dispatching center here employs approximately 25 people, according to Moore. GWI could decide to consolidate its current dispatching, resulting in growth at the dispatching center.

The mechanical department in St. Albans will likely continue, because each line must have mechanics to maintain the engines, explained Moore. The interline accounting department based in St. Albans may duplicate GWI's, leaving the accounting department fate's unclear. {Michelle Monroe in St.Albans Messenger 26.July.12}
MARITIMES

CBNS: EFFECT OF MERGER?
27 July, Sydney. “I AM NOT TOO CONCERNED” about the line to Sydney surviving the GWI-RailAmerica merger, said Adrian White, executive director of the Sydney and Area Chamber of Commerce [see Regional]. The Cape Breton portion of the CBNS receives a subsidy from the Nova Scotia government [see 11#10B].

Political item?
“The province has been providing a subsidy to maintain that section in anticipation of the day when they will be operating a container terminal in the Sydney harbour area,” White said. “A new owner could throw caution to the wind and say they are not interested in the subsidy any longer and they are just going to shut it down. But I think the politics around that would certainly be a hot discussion. I think the mayor of CBRM [John Morgan] and the province would certainly be knee deep in it and find a way to maintain that section of line.” {discussion ANR&P correspondent Tom Peters 27.July.12}

Michael Williams, corporate spokesman for Genesee & Wyoming, was not available for comment. {27.July 12}

Subsidy to continue
Toby Koffman, spokesperson for the NS Department of Economic and Rural Development, said the subsidy, up to $2 million a year until September 2014, will continue. ‘This transaction does not change the province's investment in the Cape Breton rail line. The continuation of the rail service in Cape Breton preserves a key piece of transportation infrastructure for the future of the region. Once the railway is gone, it would be very costly to reinstate the infrastructure and service.’

In order for CBNS to access the funding, ‘the company must submit receipts or financial records that show maintenance costs or operating losses,’ Koffman said. {email to Peters 26.July12}

CBNS General Manager Shannon Toner said it is business as usual for the rail line, at least for the time being. {Roger Taylor in Halifax Chronicle Herald 25.July.12}

CN-SAINT JOHN: NEW CUSTOMER
24 July. AMERICAN IRON AND METAL STARTED UP ITS SHREDDER IN APRIL, according to Paula Small, who handles marketing for the Saint John Port Authority. The facility [see 11#09A] will ship about 250,000 tonnes per year, up from 50,000 tonnes before the shredder began operation.

The by-product, called “auto fluff,” goes by rail to Montreal for further processing. The recycled metal is shipped off-shore; 17,000 tonnes of scrap metal left Saint John in June. {email to Tom Peters, ANR&P correspondent 24.July.12}

HALIFAX: REFINERY CLOSING?*
12 July. CLOSING THE IMPERIAL OIL REFINERY WOULD END MANY LARGE TANKER CALLS TO THE PORT AND DECREASE RAIL TRAFFIC, as well as eliminate 200 jobs.

Imperial, a subsidiary of ExxonMobil, announced in May that it is considering options including selling its assets, converting the facility to a storage terminal, or shutting it. The refinery started production in 1918 on Eastern Passage in Dartmouth; it can process 88,000 barrels of crude oil a day. (For comparison, the Irving refinery in Saint John processes over 300,000 barrels per day according to the Irving website.)

Demand down
The Dartmouth refinery operates in the highly-competitive Atlantic Basin which is open to significant global competition. Demand for refined products in the basin has declined in recent years and despite tremendous efforts by the workforce, the refinery has not met expected financial returns. {Imperial release 17. May. 12}
Merle Macisaac, ExxonMobil spokesperson, said a decision on the refinery will be made public in 1Q13. {discussions with ANR&P correspondent Tom Peters 12 Jul. 12}

**Impact on shipping**

Through 12 July, 23 tankers had called the refinery, ranging from about 60,000 gross registered tonnes (GRT) to 85,000 GRT. In 2010, 41 tankers called; in 2011 39.

'To put the size of these vessels in perspective, one vessel that is used relatively frequently is the *Overseas Shirley*, a tanker of 62,385 GRT...250 meters in length and 44 meters in breadth. On the larger end of frequent callers is the *Heather Knutsen*...80,918 GRT...276.96 meters in length and 46 meters in breadth.' {email from Peter MacArthur, Atlantic Pilotage Authority to Peters, 13 Jul. 12}

**Crude from the West**

Imperial spokesperson Jon Harding said on 23 July that the Dartmouth refinery is presently modifying facilities so it can accept crude delivery by rail car. “We are looking at bringing crude from western Canada. The Dartmouth refinery can process a number of crudes including those from western Canada. The refinery continually assesses ways to optimize the crude slate so there is work going on to modify facilities so we can accept crude delivery which it doesn’t do now. We do move products by rail but we don’t have facilities to accept crude by rail,” he said.

Harding wouldn’t say how many cars leave the refinery daily because that information is confidential. He also wouldn’t say when Western crude might start arriving. “We don’t like to talk about our particular supply position or particular slates of crude coming at any given time. Our supply position and purchasing strategies are confidential.”

He did report that the refinery’s primary method of receiving crude is by ship and that will continue; rumors that the refinery would stop getting crude by ship after August are not true.{discussion with Peters 23 Jul. 2012}

CN would not comment on any Imperial Refinery activity “as its contractual relationship with individual customers is confidential.” {CN’s Mark Hallman in email to Peters 13 Jul. 2012}

**Premier concerned**

Nova Scotia Premier Darrell Dexter is concerned about the situation. 'I am glad that the company prefers to sell the refinery as a going concern. I also want the refinery to keep operating, but there has to be a realistic business case. The outcome will depend on the interest among potential buyers.' {email to Peters 13 Jul. 2012}

**HALIFAX: 2Q STATS**

19 July. **CONTAINER TEUs DROPPED 10% IN 2H12 FROM 2H11 to 191,068** and 9.4% in tonnage to 1,537,171MT in the first half of 2012.

- Bulk cargo dropped 16.9% in the first six months of 2012 compared to the same period in 2011 while general cargo (breakbulk and ro/ro) was up 12.9% to 231,242MT.
- Overall tonnage was down 13% in the first half of 2012 (4,219,150MT) compared to the first half of 2011 (4,850,881 MT).
- [In 2011, containers and breakbulk were up over the same period in 2010 – see 11#07B (TEU figure should be tonnage figure).]

1Q12 v 2Q12

Second quarter did improve over first quarter of 2012, though again 1Q12 was worse than 1Q11. Halifax Port Authority’s Michele Peveril said: ‘We know the market is still volatile but this quarter and the first half of 2012 are trending in a positive direction. With uncertainty in the global economy and our export base, it will take

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3Crude Slate – the mix of crude oils used as a feedstock. Operators will try to buy grades of crude that will produce a desired product slate which is called a portfolio of finished products. {Refining-2012 GeologyBuzz}
time for volumes to return to pre-recession levels of cargo in Halifax and indeed globally. We anticipate we will see volumes rebound fully to those levels by 2013/2014.’ {e-mail to ANR&P’s correspondent Tom Peters 20 July. 12}

**CN marketing**

Peveril earlier said that CN has been very “aggressive” working for new business, making several calls to the headquarters of shipping lines in Asia and North America. “Asia has grown to be 45% of the cargo handled over Halifax, and CN has been working with terminal operators and the Port Authority in countries like Vietnam.” {Tom Peters in Port of Halifax newsletter 6.12}

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**RAIL SHIPPERS**

Described in this issue.

Brookhaven Rail Terminal (NYA, New York) Business building.
Ensio (CCRR, New Hampshire) Transloading slag.
Green View Technologies (NHN, New Hampshire) Starting rail.
GU pellet transload (GU, Massachusetts) Pre-empted.
Holcim (Pan Am, Massachusetts) Receiving ash and cement.
Imperial Oil (CN, Nova Scotia) Building inbound rail terminal for crude.
Rail Logistics (no selected railroad, region)
Ultra Green Energy  (NYA, New York) Served by Brookhaven Rail Terminal.
Wenner Bread (NYA, New York) Served by Brookhaven Rail Terminal.

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**PEOPLE, EVENTS**

Kit Morgan, NHDOT rail administrator, retires at the end of July. No successor yet. (Your editor estimates January.) He says he will take some time to consider his next step.

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**EDITORIAL**

**GUEST COMMENTARY ON MASSDOT ACQUISITION**

Craig Della Penna, whose railroad *bona fides* stems from his managing the Pinsly Railroad Distribution Center (locations in Westfield and Holyoke at that time), and whose rail to trail *bona fides* comes from his working for Northeast Greenway Solutions after his railroad stint, writes of MassDOT buying the ConnRiver [see Massachusetts]:

MassDOT is buying the ConnRiver line just in the nick of time, as I predicted would happen more than five years ago. In recent years, unbeknownst to most people, the coal for the Holyoke plant [FirstLight's Mt.Tom power plant – editor] came from places like Russia and South America [via ProvPort – editor] instead of Pennsylvania and West Virginia. This provided cleaner emissions at the stack. (Don’t ask about the footprint for the entire move because no one at the Massachusetts Department of Environmental Protection cared to know about that.)

Anyway, for a time the rail direct move went away and the coal was trucked into the facility from West Springfield [see 11#04B], compounding the lunacy. Obviously people in the know knew that whole operation was akin to “jumping the shark” and the environmental non-profits are now calling for the plant’s demise. Still
no one talks about the absurd 12,000 mile coal move.

Once that plant is closed, PAS would not have enough traffic to pay for track maintenance and then the line would slowly fall apart with the next step after the lowly FRA Class 1 track speed being surcharges on traffic on the line. That would be the proverbial kiss o’ death, so MassDOT is stepping before that happens.

Too bad the state declined to buy the seven dead CSXT lines in eastern Massachusetts when they bought the CSXT main line out to Worcester. Everything should have been purchased—all at once. Built out as bike paths that connect schools, neighborhoods, and commercial districts, those seven orphan CSXT corridors would certainly move far more people and create far more economic development than two Amtrak trains a day ever will on the ConnRiver line.

When is Mass DOT going to be a real forward thinking DOT?

- Craig Della Penna, Broker/Owner,
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