Helping to move rail and port traffic through New York, New England, the Maritimes, and eastern Québec. A weekly trade newsletter.

**MARITIMES**

CN: First unit train to Irving Oil in Saint John.**
NBSR: Minas Basin Pulp mill to close.*
Halifax: Increase air draft in a few years*
Halifax: Traffic up at Ceres.*
Sydney: PEV selects dredger and disposal site contractor, no temporary coal operation.*
Saint John [see Regional],

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

Erica Breiterman

FROM THE PUBLISHER

Openness

When Irving Oil traffic never touched the continent (tankers came to a sea buoy to unload), the private company had perhaps little need to let the public know of its activities. Now that its crude nearly wiped out Hudson River aquatic life (thanks to the US government for insisting on double hulls!), Irving must change its attitude toward public comment.

- Chop Hardenbergh Next formal issue 7 January

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REGIONAL

ALBANY-SAINT JOHN: CRUDE MOVE

20 December, Coeymans. THE EFFORT TO SHIP CRUDE FROM ALBANY TO SAINT JOHN RAN AGROUND, LITERALLY. The 600-foot tanker Stena Primorsk left the Buckeye Terminal in Albany with a load of crude, the first of many planned direct shipments to Saint John [prior to this, barges from Albany were transloaded in New York Harbor – see 12#11A].

The ship either ran aground or struck an object about 10 miles south of Albany at about 7AM. The outer hull of the double-hulled tanker\(^1\) was breached, the U.S. Coast Guard said in a statement.

At 131 feet across, the Stena Primorsk is somewhat wider than other Hudson River-going vessels, Ian Corcoran, vice president of the Hudson River Pilots Association, said. “I haven’t spoken to the pilot yet, but if the ship loses the ability to steer, the width doesn’t really matter.” He called it an unfortunate coincidence that the first tanker shipload of Bakken from Albany ran aground.

Present and future

On 21 December the Stena Primorsk returned safely to Buckeye Albany Terminals. {Coast Guard press release 21.Dec.12} Rich Hendrick, general manager of the port, said the cargo of about 11.7 million gallons (279,000 barrels) of oil would be offloaded to Buckeye Partners LP’s terminal and then be loaded on barges for shipment over the next few days. [The port makes no money from the move. Hendricks wrote: 'There are no wharfage or dockage charges for that terminal. This is a 100-year lease by the Port Administration.' {e-mail to ANR&P correspondent Laurel Rafferty 21.Dec.12}]

\(^1\) The 550-foot Swedish-owned ship, built in Croatia in 2006, was carrying nearly the same amount of crude oil that spilled from the tanker Exxon Valdez in Alaska in 1989. The Valdez was a single-hull ship; the cleanup cost $2.1 billion. {Paul Grondahl, Rick Karlin and Jordan Carleo-Evangelist in Albany Times-Union 21.Dec.12}
Hendrick said shipments from Albany were scheduled to take place every eight days [which would make the daily rate about 35,000 barrels – editor]. “This is the first of a long string of planned shipments from the Port of Albany to Irving.”

More US exports coming
Demand to ship crude abroad is increasing as domestic production surges. U.S. crude output rose in mid-December to the highest level since January 1994, Energy Department data show. The gains have been primarily light, low-sulfur oil from Bakken and Eagle Ford shale formations in North Dakota and southern Texas. Both Valero Energy Corporation2 and Irving are seeking to use North American crude in eastern Canadian plants to replace cargoes from across the Atlantic Ocean.

“Exports to Canada will probably pick up quite a bit in the next year,” Amrita Sen, chief oil market analyst for Energy Aspects Limited, said on 20 December in London. “The repercussions will have more to do with how much the U.S. continues to displace West Africa. That’s the one that really competes with Brent.”

Bakken oil in Clearbrook, Minnesota, was about $27 a barrel less expensive than North Sea Brent crude, the benchmark for overseas imports, according to data compiled by Bloomberg. A glut of oil in the upper Midwest, where North Dakota output has jumped 57% in the past year, has pushed rail shipments in 3Q12 almost fourfold from a year earlier, according to the Association of American Railroads. [The Albany crude arrives via rail either via CP or BNSF-CSXT. See 12#10A.] {Dan Murtaugh and Eliot Caroom in Bloomberg news 21.Dec.12}

GWI-RA: APPROVAL
19 December, DC. THE STB APPROVED THE PURCHASE OF RAILAMERICA WITH CONDITIONS. ‘Based on the record here, the Board finds that the Transaction is not likely to cause a substantial lessening of competition or to create a monopoly or a restraint of trade. Applicants explain that no shipper on the line would have reduced competitive rail service options as a result of the Transaction and no party has identified any rail route or rail service option that would become unavailable to a shipper.’

Labor protection condition: B&P
‘GWI currently controls one Class II carrier, Buffalo & Pittsburgh Railroad, Inc.; all other carriers subject to the Transaction are Class III carriers. Because the Transaction involves the control of one or more Class III rail carriers and one Class II rail carrier, it is subject to the labor protective requirements and other procedures of 49 U.S.C. § 11326(b) and Wisconsin Central—Acquisition Exemption—Lines of Union Pacific Railroad, 2 S.T.B. 218 (1997).’

The Board also required the applicants to adhere to representations made in the proceedings, specifically to address concerns of some California parties. {STB website, decisions page, FD 35654}

NEW YORK

PORT OF LYONS: MORE*
14 December, Geneva. FGLK IS VERY INTERESTED IN LYONS, said Mike Smith, the general manager. “We intend to work with the folks of Wayne County” on the effort to create a multi-modal freight transfer operation for barge, rail, and truck [see 12#11B].

Rail line a parallel effort
Even if the port facility does not survive scrutiny, Smith reported, “we are in the process of negotiating with NS” for the rail line which runs due north about 15 miles from Geneva to Lyons. Now out of service, FGLK would like to revive it. Smith suggested he could report something about the talks in the middle of 1Q13.

2 Valero has received approval from the Commerce Department to ship crude from the U.S. Gulf Coast to its Quebec City refinery, Bill Day, a company spokesman in San Antonio, said in an e-mail.
Calculating how much traffic is needed
Lloyd Thompson of Moffatt & Nichol, who did the financial feasibility study for the Port [see 12#11B], expanded on the potential traffic for a multi-modal facility.

To test the viability, he looked at what would happen if the Port did 200,000 tons annually, “a reasonable number to illustrate what the financial performance might be.”

That “is very small compared with the total” current volumes, he pointed out. Some 54% of the total 21,000,000 tons of outbound cargoes {page 14} consist of the top four domestic cargoes moving out from the Rochester area: cereal grains (3,788,000 tons), other foodstuffs (2,888,000), waste/scrap (2,472,000), and nonmetallic minerals, such as salt, sand and aggregates (2,277,000).

Only cereal and waste/scrap has an appreciable rail share. {page 15} Outbound cereal grains and other agricultural products are mainly destined to New York and Pennsylvania: 63% of cereal grains currently moves to Pennsylvania by rail and multi-modal.

Inbound the area receives about 15,000,000 tons, spread over a wide variety of products. The study found very little international freight moving in and out of the region.

Unfortunately the volume of 200,000 tons would not sustain the facility as planned [see 12#11B]. {study and ANR&P discussion with Thompson 14.Dec.12}

FGLK: NEW TRAFFIC*
14 December, Geneva. FGLK IS NOW ORIGINATING EXPORT GRAIN, said Mike Smith, president. Located in the middle of a substantial grain and soybean market, his line moves a thousand cars a year for the local farmers.

Recently, some of the covered hoppers loaded with soybeans have moved to interchange with the New York, Susquehanna and Western Railway (NYSW). In a project developed by Jim Howarth, vice-resident of business development for NYSW, the grain is moved to North Bergen, New Jersey, transloaded into containers, and exported, mostly to the Far East. “This is a new market for our farmers and represents a long-term future,” said Smith. “Jim Howarth gets the credit. It is his baby, and he did a great job.”

Other markets, railroads
Smith noted that the Southern Tier is a “productive grain-growing area” for corn, soybeans, and wheat, for domestic markets which comprise the majority of these FGLK carloads.

Other railroads handle the area’s farm products as well: NYSW, Rochester & Southern, and the Livonia, Avon, & Lakeville, Smith mentioned. {ANR&P discussion}

MAINE
PAN AM: MORE ON PAPER
18 December, North Billerica. 'BUSINESS ON PAR IS INCREASING AND THERE IS SUBSTANTIAL DEMAND FOR BOXCARS throughout the system,' wrote Executive Vice-president Cynthia Scarano. Though she declined to comment on 'the specific reason these cars [the 50 or so boxcars parked] are in Yarmouth [see photos], I can assure you that it has nothing to do with a decline in business on PAR.' {e-mail to ANR&P}

An update on pulp and paper traffic
In November, President David Fink provided an update on the railroad’s pulp and paper traffic during an interview. Some 60% of Pan Am traffic comes from the New England pulp and paper industry and 40% from transporting everything from autos to coal to building products, sand and road salt. “We can even send overseas through the ports in New York and New Jersey.”
Other salient points:

**Boxcars**
To better serve its pulp and paper customers, Pan Am maintains a fleet of about 3000 boxcars, several hundred of which are now being re-worked. “Our paper customers need specialized boxcars: 50' long and with cushioned underframes,” said Fink. He called them the Rolls Royce of boxcars, each costing about $100,000. "They are the lifeblood of the pulp and paper industry and our railroad. That's why we have continued to make investments in our fleet and will continue to do so as long as our paper customers need our services.”

**Working with executives**
"We've seen a lot of changes in the pulp and paper industry," he says. "There's been more demand for consistent transit times, which we've worked on with all of our customers. We've done 6 sigma and Kaizen events with all our large mills, and have gotten our customers and our people together so that everyone understands each other's business and what we and they need at multiple levels of the company.

“I know what the top paper company executives need, but sometimes the guys in the mills and the guy running the train may not understand the gravity of making sure a door is properly closed and latched, or that the car doesn't have any leaks. So we've drilled down to make sure that everyone who works for us knows how important it is that our paper customers get a boxcar that will move their product from the mill to the printer with no problems.

“Unhappy customers will go elsewhere or they will want to ship in a truck, and that's not good for us. So we need to get every load of paper we can on the rails and be sure that these folks stay competitive.”

Fink has also worked hard to establish strong relationships with top executives at the paper companies. "We've come a long way in the last two years, but it is through the efforts of paper executives like Mike Jackson [Verso president and CEO], Lyle Fellows [Verso senior vice-president], Mark Gardner [SAPPI president and CEO], John Donahue [SAPPI vice-president}
manufacturing], Russ Drechsel [manager of Madison Paper], and Wayne Howard [vice-president Newpage sourcing and logistics], that we are where we are today, so we really appreciate the senior level input." {Glenn Ostle in TAPPI's weekly Ahead of the Curve 28.Nov.12; affiliations courtesy of Google}

**MASSACHUSETTS**

**CSXT: BEACON PARK ENGINES**

2 December, Allston. **CSXT HAS 'NOTHING TO ANNOUNCE' ABOUT THE RELOCATION OF THE LOCOMOTIVE MAINTENANCE FACILITY' in Beacon Park.** [A view of the yard in late November showed many locomotives there. *Editor*] In response to whether any plans exist to move the facility, CSXT spokesperson Robert Sullivan had nothing to announce, and added 'CSX remains focused on ensuring a smooth transition of intermodal operations from Beacon Park to Worcester.' [To happen in January – see 12#10B.] {e-mail to ANR&P

New location needed?
As part of the plan to move entirely out of Beacon Park [see 08#11A], CSXT will move the maintenance facility, and MassDOT agreed to assist in finding a new location [see 10#02B].

No more obligation to find a site
EOT (now MassDOT) was obligated to assist the movement of the engine facility only up to the second closing [see box], and only if it wanted to run additional trains. Now that the Second Closing has occurred [see 12#09B] and the state owns the main line to Worcester, no obligation to assist the move exists, confirmed MassDOT spokesperson Joe Pesaturo.

Nevertheless, 'MassDOT will continue to work with CSXT to get their Locomotive Facility to a location where it truly supports the mission of bringing efficient and environmentally
consciences freight rail service to the many businesses in Massachusetts that rely on those services. It’s the right thing to do.’ {Pesaturo e-mail 17.Dec.12}

TOWN OF GRAFTON v GU: FEDERAL CASE**
14 December, Grafton. **THE TOWN AND THE RAILROAD ARE NOW REFIGHTING FEDERAL PRE-EMPTION IN FEDERAL COURT** as a result of steps by each side:

- On 4 December [see 12#11B] at a public meeting, GU made public its plans for a propane terminal.

- On 11 December town officials were discussing the facility with GU President Jon Delli Priscoli. He informed them that the first tank would arrive on 12 December, and the remaining three the following week. According to an affidavit filed with federal court, Jon Delli refused to delay delivery of the tanks.

- On 12 December, Grafton selectmen voted in executive session to file a cease and desist order in Massachusetts Superior Court.

- On 12 December Grafton Building Inspector Robert Berger served GU with a cease and desist order to stop all construction and turn over all MassDOT documents or other permits related to the transport of the propane tanks.

  Jon Delli, showing up in person at Town Hall, said the town had initiated a “nuclear war” which he “intends to win.”

- On 12 December, Grafton was granted a temporary restraining order by the Superior Court to halt delivery of four propane tanks to the site.

- On 13 December, GU removed the case to federal district court.

- On 13 December, Grafton filed in federal court an emergency motion for a preliminary injunction. The town responded to the GU contention that local oversight was pre-empted by federal law, arguing that 'no tribunal has made such a finding with respect to this proposed propane facility.' [This appears to mis-understand the applicable law. No 'finding' is needed. Editor]

- The filing stated that Grafton intended to file a petition with the STB.

- On 13 December, the federal court held a status conference. GU requested time to prepare arguments. The court set a hearing on the motion for preliminary injunction for 21 December.

Posture
Grafton has asked the Court to prevent further construction until 'some tribunal finds that the activity is covered by the doctrine of pre-emption' and retain jurisdiction until the STB rules. {Town of Grafton Board of Selectmen v Grafton and Upton Railroad, federal docket no. 4:12-cv-40164-TSH, on court website}

[Of note: GU is now embroiled in a legal battle with each eponymous town. See Upton situation in 12#08B.]

The tanks and their delivery
According to the Fall River Herald News, the four tanks 120 feet long and 34 feet in circumference still sit on a New England Gas Company site in Fall River.

The tanks resided there for 50 years, unused for the last six due to an increase of natural gas consumption and warmer winters.
LPG Ventures, based in Raytown, Missouri, was hired by GU to haul the tanks. The company handled burning off any remaining propane in July. (Richard Price and Jennifer Lord Paluzzi in *Grafton Daily Voice* 13.Dec.12)

21 December, Worcester. *FEDERAL JUDGE TIMOTHY HILLMAN CONTINUED THE TEMPORARY RESTRAINING ORDER ON MOVING IN PROPANE TANKS*, after a hearing in which the two sides argued whether federal pre-emption applied.

He also took under advisement GU's Motion for Preliminary Injunction, and set a bench trial for 14 January. {docket no. 4:12-cv-40164-TSH, on court website}

**Facts in the GU memorandum of law**

*Reasons behind the propane facility.* In 2011, the Railroad considered the creation and operation of a propane transloading facility based upon the local demand for alternative sources of fuel. The decision to install the propane transloading facility was driven in part by the increasing need for propane in New England and the absence of rail car propane transloading facilities in the area. Massachusetts faces propane supply problems due to infrastructure and transportation issues which the proposed transloading facility would help alleviate.

*The proposed transloading operation will involve the hauling of rail cars containing propane by locomotive from the CSX rail interchange yard approximately 100 yards to a rail yard devoted to transferring propane from those rail cars and ultimately filling specially-designed tanker trucks to haul propane to various retailers throughout New England. The transloading operation requires the installation of above-ground pressurized tanks set on cradles to receive the propane from rail cars. The transloading facility constructed on the Railroad's property includes pressurized tanks, trackage, piping and other equipment.*

*The facility was designed by the Railroad with the assistance of its consultants and is being constructed by LPG Ventures, Inc., a nationwide leader in the safe design and construction of such facilities with 18 years of experience....*

*GU discussions with officials long before November 2012.* 'Once the Railroad determined that a transloading facility made sense, it began communicating with appropriate state and local Town of Grafton officials. On June 7, 2011, the Railroad held a meeting with the State Assistant Fire Marshal, Jacob Nunnemacher, Grafton Fire Chief, Michael Gauthier, as well as other members of the Grafton Fire Department, at which time the Railroad's vice president, Stan Gordon, its general manager, Eric Moffett, and a propane consultant described the planned facilities to the representatives of the Grafton Fire Department and State Fire Marshal.

*In addition to setting forth its plan, the Railroad sought input and feedback from the state and town officials regarding the safety and fire concerns. The Railroad arranged this meeting in order to solicit input as to*
any safety concerns it could address in the design phase for the facility.

'Site work for the proposed transloading facility began in the summer of 2011. Plans for the first phase of construction were drawn up on April 18, 2012 and included the safety and fire elements discussed at the June 7, 2011 meeting. The actual construction of the concrete pads and facilities necessary to conduct the transloading began in or around May of 2012.

'Shortly after the June 2011 meeting, Priscoli had a conversation with Grafton Town Manager Tim McInerney concerning the propane facility. After this first conversation with the Town Manager in the summer of 2011, Priscoli communicated further with the Town Manager on several occasions to address various aspects of the proposed propane transloading facility. Additionally, when the Town Manager came to the site in mid-2012, Priscoli showed him the ongoing areas being excavated and graded for the proposed propane transloading facility. The Town Manager specifically told Priscoli during these meetings that he understood the Railroad was exempt from local building and zoning permitting requirements.

'The Railroad held a second meeting on June 27, 2012 with state and town officials to provide an update on its plans for the transloading facility. Present at this meeting was State Assistant Fire Marshall Nunnemacher, Grafton Fire Chief Gauthier, other members of the Grafton Fire Department, Eric Moffett, Vice President of Business Development for the Railroad, Jon Holstein, a propane expert hired by the Railroad, and John Baanders and Carrol Jordan of LPG Ventures, the contractor in charge of the construction of the facility.

'At this meeting the Railroad provided preliminary drawings and process flow diagrams of the facility which were reviewed by the Grafton Fire Department and Assistant State Fire Marshall. Also at the meeting, Mr. Baanders and Mrs. Jordan discussed the construction of the facility and some of the safety controls that would be implemented. During the meeting, Mr. Nunnemacher, requested that the Railroad undertake a Fire Safety Analysis of the proposed facility. In order to meet this request, within days of the meeting the Railroad hired a safety consultant, Thomas Godfrey, to prepare a Fire Safety Analysis concerning the proposed propane transloading facility.

'While the Railroad has and continues to maintain that it is exempt from local and state preconstruction permitting procedures, the Railroad's consultant prepared fire safety plans that the Railroad shared with state and local authorities....

Market interest in the facility
'Since the propane industry became aware that the Railroad was erecting a propane transloading facility, the Railroad has received inquiries from at least 3 wholesalers and suppliers, as well as CSX Railroad, expressing an interest in the Railroad's ability to transfer propane. The Railroad has already reached a transportation arrangement with one supplier and is in direct negotiations with another large propane wholesaler for the use of the Railroad's services. Others have expressed an interest in using the transloading services at the facility once it is completed and the Railroad is currently communicating with potential users of the facility.

Facts in the Town of Grafton memorandum of law
The Town presented facts to buttress its argument that the railroad did not control the facility and hence the facility did not meet federal pre-emption requirements:

In February 2012 Spicer Gas won the bid for four 80,000-gallon propane tanks owned by New England Gas Company. Spicer Gas has been a family-owned propane business since 1915. Present operations include a commercial and retail propane gas distribution business servicing coastal and southeastern Connecticut and Southwestern Rhode Island. It earns revenues of $15-$200 million, while GU's revenues come to $1-$2.5 million.

In July of 2012, All American Transloading (AAT) registered to do business in the Commonwealth of Massachusetts. The corporate filing for AAT, in Delaware, cites one official, Jonathan Holstein. Holstein is a vice-president of Spicer Gas and representative of the Connecticut members of the National Propane Gas Association.

Spicer hired LPG Ventures of Groton, Connecticut to perform removal and trucking of the liquefied
material [in the tanks in Fall River], perform a controlled burn of the remaining propane, and transport the tanks. {docket in case no. 4:12-cv-40164-TSH, and memoranda, on court website}

NEW HAMPSHIRE

MBRX: STILL NOTHING
21 December, Concord. THE STATE IS STILL REFUSING TO SAY ANYTHING ABOUT THE CONTRACT AWARD ON THE HILLSBORO BRANCH. Since August, NHDOT has declined to say anything, even whether it is negotiating a contract award with any party.

On this day, Assistant Attorney General David Hills wrote: 'I am not at liberty to discuss any pre-award activities pertaining to the Hillsboro Branch RFP per RSA 21-I:13-a.' {e-mail to ANR&P}

[One wonders whether ten years hence Hilts will be saying the same thing! The state has, as far as I know, no bureaucratic pathway to require the department to at least state the reason behind the holdup. Perhaps Mr. Leishman, as a current state representative, could introduce legislation to the effect that if any state contract is not awarded within six months of the receipt of bids, the state must make public the reason for the delay. Editor]

RHODE ISLAND

PW: MORE ON POND VIEW**
4 December, East Providence. DEBRIS CONTINUED TO LEAVE POND VIEW UNDER SUPERVISION.
One rail observer said PW lifted four cars here this day. {e-mail to ANR&P 4.Dec.12}

Operation ended
On 26 July Receiver John Mancini of the bankrupt operator, TLA-Providence LLC, was ordered by the Rhode Island Superior Court to remove all 'old material' within 30 days, that which was on-site at the time of the creation of the receivership of April [see 12#03B]. Later the receiver obtained the services of Waste Haulers LLC to operate the facility. (Waste Haulers may eventually take over the facility.)

On 28 August, the Rhode Island Department of Environmental Management (RIDEM) asked the Court to require the receiver to remove all materials within 30 days, as he had failed to meet the earlier deadline.

On 10 September the receiver asked the Court to permit him to terminate the business operations. The receiver reported that the material's condition did not permit recycling or salvage, so the costs for removal 'is more than initially anticipated.'

He estimated on-site remained 5,000 tons of old material, and that Waste Haulers had obtained and loaded 18 cars with a total of 1700 tons. The court granted his motion [see 12#08B] and ordered him to 'cease accepting any solid waste at the facility.'

A sheet filed with the court indicated that Pond View continued to accept material during August, to a total of 2,785 tons, while loading and shipping only 1183 tons.

Cost of moving and emptying loaded railcars
'The cost of removal of the railcars that are on-site is approximately $80,000⁴, which includes the cost of the rental cars, the disposal fee, and the fee to the Providence and Worcester Railroad for transportation.'

[Of note: PW was not among the creditors of Pond View. This lends credence to the persistent, but unofficial, reports that PW would only lift cars from Pond View after receiving full payment. Editor] {documents on file in Providence at the Rhode Island Superior Court in case #C.A. PB12-1475⁵}
Next steps
Susan Forcier, the assistant attorney general representing the Rhode Island Department of Environmental Management, wrote that 'an equipment auction was held at the facility' 20 December.

'A number of rail cars full of C&D debris that had been on site were removed in the past month, and we are currently waiting for the bonding company that wrote the closure bond for the facility to bid the clean-up of the facility and determine how to proceed from here. We expect the bond company to make a decision on that issue in the next few weeks.' {e-mail to ANR&P 21.Dec.12}

PW, SEAVIEW, & QUONSET: RECORDS SET
19 December. THE HIGHEST NUMBER OF AUTOS TO ARRIVE IN ONE DAY AND THE LARGEST INBOUND TRAIN occurred this month.

On 19 December more than 4,100 autos arrived on two incoming car carriers: almost 3,200 autos arrived on K Line's Shanghai Highway and another 900 vehicles on NYK's Rhea Leader. Steven King, managing director at the Quonset Development Corporation, called it a strong finish to a successful year. "We still have more ships coming in, but when you combine these numbers with our growing rail business you can understand why we are excited about the momentum we have going into 2013."

On 10 December, PW delivered an 80-car mixed train to Seaview, with autos for finishing and processing at North Atlantic Distribution, Inc, lumber for treatment at BB&S, and new rail ties for Amtrak, among several other commodities. With approximately 14 miles of track in two branches, the Seaview Railroad at Quonset Business Park is receiving 35-40 rail cars per day from locations all across North America. In 2011, more than 40,000 autos were imported by rail to the Port of Davisville.

Eric Moffett, Seaview president, noted more companies were coming to the Park. {Quonset Development Corporation newsletter, undated!}

RHODE ISLAND PORTS
mid-December. A SPECIAL RHODE ISLAND PORT POLICY SUMMIT AT THE COMMUNITY COLLEGE OF RHODE ISLAND. U.S. Senators Jack Reed and Sheldon Whitehouse joined U.S. Representatives Jim Langevin and David Cicilline, Governor Lincoln Chafee and officials from the US Maritime Administration.

They discussed a variety of topics and the future of two of Rhode Island's most important assets - the Port of Davisville at Quonset Business Park and ProvPort in Providence. Among the questions raised were:

◆ What steps need to be taken to ensure continued growth at both ports?
◆ How do RI ports compare to others in New England and how do we capitalize on our advantages?
◆ What investments need to be made now and in the future to ensure port infrastructure remains a competitive advantage? {Quonset Development Corporation newsletter, undated!}

VERMONT

NECR: IMPACT OF MERGER
28 December. THE VOTING TRUST SET UP BY GWI WILL DISSOLVE THIS DAY and 'GWI would assume control of RailAmerica and begin integration of the two companies,' according to the GWI press release announcing the STB decision [see Regional]. Chris Parker, executive director of the Vermont Rail Action request, but the public has no way of seeing dockets either in print or electronically. An order entered by the court in this case on 29 November had not reached the case folder on the afternoon of 3 December. This must embarrass the judges and the state, but no more so than having some of its towns declare bankruptcy. Editor
Network, wrote of the effect on NECR, the Vermont railroad of RailAmerica:

'The New England Central Railroad, which is locally managed in Saint Albans and hosts Amtrak's Vermonter will continue to be locally managed under G&W ownership (indeed there will be even more local control than before, including ratemaking, which should be positive for Vermont shippers).

'A new general manager will be hired; currently seasoned retired railroader Bob Murphy is interim general manager. The Saint Albans dispatching center will remain open. G&W’s existing railroad dispatching is decentralized so the transaction could mean more work in Saint Albans (or less if the decentralized model is eventually applied to former RailAmerica railroads across the country that are now dispatched from Saint Albans). NECR's shop in Saint Albans will remain and may even get a bit more work. More train crews are being hired.

'RailAmerica had cultivated an excellent relationship with Vermont's leaders, government and community's. We hope that will continue. The Vermont Rail Action Network has been making an effort to reach out to Genesee & Wyoming management and have found them receptive and professional, as decent and honest people and good railroaders.' {VRAN e-mail 21.Dec.12}

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**VRS: EXPANDING CUSTOMER**

19 December, Vermont. **TOWNS ARE INCREASING THEIR USE OF CALCIUM CHLORIDE**, reported Rick Lawrence, who manages the supply for Gorman Group here. In 2006 he had three rail-served sites [see 06#05A]; for 2013 he will have five.

**Why the increase**

In 2012, Lawrence said, “business was very good, we had our best year in 25 years. The summer was dry.” In general, the product “seasons are getting longer, going from after the snow leaves in spring to snowfall the following winter.

The product is used by towns for dust control on gravel roads. As a liquid, it stabilizes the gravel and fines [smaller particles]. “If used correctly, it will harden a gravel road close to black top...so hard” that a grader can cut into it only with difficulty. “It has the same effect as asphalt in a hot mix, it's the glue that holds fines to the stone.”

**Setting the price**

Lawrence said that “a few towns have bids on the product” which “basically establishes the fair market value” and then Gorman will sell at that price to other towns. The state is not using CaCl.
State using different product
The state, said Lawrence, “has gone to Black Magic,” a mix of magnesium chloride and molasses, and also salt brine. But, he reported, “it’s horrible. The state tried to get a lot of towns to use it, but it does a lousy job and nobody wants it.”

Source of CaCl
Earlier, Gorman was sourcing the product from General Chemical in Ontario, whence it moved to Oswego, then by barge to Scotia, New York, and finally by truck to Vermont.

Around 2005 Lawrence switched to rail from General Chemical on CPR to interchange with MMA, which interchanged it with VRS in Newport. Then Gorman began sourcing from a Dow plant in Michigan, so the railcars originated on CSXT. In 2009, Occidental Chemical Corporation acquired Dow’s calcium chloride operations {Occidental website}, so Gorman is now received from “OxyChem.”

The rail-served sites
Lyndonville. At Calkins Rock, Gorman now has tanks directly on rail holding 60,000 gallons, and “up the hill” another 75,000 gallons. He no longer has tanks downtown. [Calkins continues to move some rock by rail, according to an official at the facility. {ANR&P discussion 21.Dec.12}
Orleans. After the departure of CTI [see other article], Gorman moved across to the tracks to the CTI site. Lawrence has the new site graded and will bring in tanks for 45,000 gallons of storage in early April. “I’m hoping to eventually have 100,000 gallons of storage.”

New Haven Junction. This site “never had tanks” and now has a site excavated for tanks holding 25,000 gallons by spring. “I hope to have 60,000 gallons there in the future.” [This location also has the new mill, Phoenix Feeds and Grain, about two years old, which per Lawrence does a “lot of business.” More in a future issue.]

Middlebury (new). Lawrence was unloading cars here off MacIntyre Lane earlier, direct to truck. Now, he will “add 45,000 gallons of storage by spring.”

Bellows Falls (new). Gorman will have 45,000 gallons of storage here, by the rail station. “I plan on having as much as 100,000 gallons after the next few years.

**Rail use**

Before 2005, Gorman had trucked. “That will never happen again,” Lawrence said. “New storage will all go on the rail.”

Gorman just did a projection for 2013, and has ordered 90 cars [up from 50 in 2005]. Each car holds 20,000 gallons. “I cannot say enough about the whole company, they are so service-oriented. They remind me of my service: people can call me ay time of the day and night, and [VRS] are the same way. I am so impressed, they are a good company to do business with.” Lawrence mentioned Brion Muzzy [operations manager], Frank Brewer, Melinda Gomez [WACR customer service], and Roger Desrosiers [marketing and sales].

**His role**

Lawrence has a “one-man show” in Vermont. He does sales in the winter, dispatches trucks in the summer, and...
drives a truck as well. “I like all ends of the business. I want to get out on the roads and see what's going on.” {ANR&P discussion}

VRS: NEW FREIGHT FACILITY
12 December, St. Johnsbury. MORRISON CUSTOM FEEDS RECENTLY OPENED A SECOND RAIL TRANSLOAD at the former Caledonia Kilns site [which was offered for sale in 2011 – see 11#04B] here. Corn from a CNA covered hopper and another grain from an IC covered hopper were unloaded. {email to ANR&P from rail observer Fritz Gerhardt}

Railcars number about 150-200 per year, about the same number as in 2003 [see 03#06A], said Tina Mitchell of Morrison. About 99% come from Canada.

Ran out of room in Barnet
Due to wetlands, Morrison could not expand at its first facility, in Barnet. As to which cars or products go to St. Johnsbury or Barnet (both supplied by both rail and truck), “there's no rhyme or reason,” said Mitchell. {ANR&P discussion 20 Dec. 12}

VRS: CUSTOMER THRIVING*
13 December, Lyndonville. COUTURE’S TRUCKING HAS CONSOLIDATED AND EXPANDED ITS MALT BARLEY OPERATION to its location here, and a satellite in North Carolina. When it opened its grain transload in Lyndonville in 2011 [see 11#04A], Jean Couture retained the operation in Orleans. Consolidating to Lyndonville since then happened because:

- Couture's Trucking Inc (CTI) was running out of room in Orleans [see 11#04A].

- Gorman Brothers could expand in Orleans if he moved [see above article].

- CTI could consolidate its equipment in Lyndonville.

So CTI expanded from four to six acres (it initially used only two of the six), and moved all its Orleans silos to Lyndonville, where over the past six months one rail observer saw 'generally 12-18 covered hoppers' on the sidings.
Traffic; containerized move
Couture did not expect that his traffic would change much from 2012, when he did about 300 railcars [2011 had 300 inbound – see 11#11B]. This is a drop of a couple of hundred from his traffic of 2006, due to moving some to North Carolina, and to ceasing the dairy mineral grains he was handling in 2006.

In North Carolina, Couture expects to begin using a silo there “in the spring.”

Malted barley. Couture reported that he continues to receive this product by rail (as well as truck) from Canada, via CN, NECR to White River Junction, and VRS, with some coming “over the top” via MMA to VRS. He transloads most of it to truck and delivers it to microbreweries from Bar Harbor to the Mid-Atlantic.

CTI also receives foreign malted barley (English, German, Belgian, French) in ocean containers from the Port of Montreal on flatbed truck [see 11#11B], which moves out via truck or rail.

Finally, CTI is now sending via rail malted barley as far as Memphis, Tennessee via VRS-NECR to Palmer and then to CSXT there.

The empty cars return to Lyndonville by the same route, Couture said.

Rail service

MARITIMES

CN: FIRST UNIT CRUDE*
17 December, Saint John. THE FIRST UNIT TRAIN OF CRUDE OIL ARRIVED HERE. BNSF originated the train at Eland, North Dakota and interchanged it with CN in Eola, Illinois. U700 departed Moncton for Saint John at 2000 on 16 December. CN held it there because the train was four hours ahead of schedule, and Saint John congestion prevented its arriving early.

On 15 December, CN train W406 moved some 70 oil tankers of a total 140 cars, the remainder intermodal, wood chips, gypsum and other cars. [Whether the cuts of crude oil cars – see 12#11B – will continue is unknown. Editor]

On 18 December, according to the video of a rail observer, the unit train U701 returned westbound with 95 empties. {AtlanticRails e-list}

Contract. 'Officially, this is a monthly contract bid and reportedly the first of what could be many. The tankers were a set that BNSF had used in the Saint John cycle and were routed west to Eland off of the Pan Am/CSXT routing. How many trains the CN will move is not known or if or how much impact to the CSX/Pan Am route.' {Kevin Burkholder of Eastern Rail News in MMA-rail list 15.Dec.12}

Effect on MMA and Pan Am traffic
While CP-origin unit trains would most probably remain on a CP-MMA-NBSR routing, BNSF-origins might more easily switch to CN.

MMA. Three unit crude trains ran east in mid-December [see photo]. {MMA-rail}

Pan Am. Reportedly Pan Am moved a unit crude train through New Hampshire in early December, and will host another soon. Pan Am has replaced tens of thousands of ties moving west from Mattawamkeag over the past few months. {MMA-rail; RailsNB}
No comment [as always] from CN or Irving Oil

CN's Mark Hallman: 'CN as a matter of company policy does not comment on the traffic of specific customers.'

Irving Oil's Carolyn van der Veen: 'As a private company, Irving Oil does not offer comment on commercial or day-to-day operations.' {e-mails to ANR&P 17.Dec.12}

Crude by ship

The first ship out of Albany ran aground. [See Regional.]

NBSR: LOSS OF CUSTOMER?*

December. MINAS BASIN PULP AND POWER WILL CLOSE ITS CONTAINERBOARD MILL here. In 2005, it was trucking some pulp to Saint John, which railed it into the United States [see 05#10B]. Currently the mill, founded in 1927, produces pulp which becomes 100% recycled paperboard products such as linerboard and coreboard, up to 100,000 tonnes per year.

Scotia Investments, which owns Minas Basin, will transfer some workers to CKF Inc, which produces moulded pulp and foam products including Royal Chinet.6 {PaperAge 11-12.12}

NOVA SCOTIA PORTS

7 December, THE NEW TRIPLE-E CONTAINER SHIPS AND GREATER USE OF THE GREAT LAKES-

6 The history of CKF is intermingled with a US licensee. In 1932 Canadian Keyes Fibre licensed the moulded plate process to Keyes Fibre of Waterville, Maine. The US and Canadian operations went their separate ways, though much interaction occurred. The Waterville operation, now named Chinet with rail service by Pan Am, is owned by Huhtamaki. {company websites}
**ST. LAWRENCE SEAWAY FOR BULK COMMODITIES COULD SPELL INCREASED BUSINESS** for Nova Scotia ports, said marine industry observers. At a recent Highway H20 conference in Toronto, experts indicated that the recent dismantling of the Canadian Wheat Board and a greater demand in the world for North American coal will create more business for the Lakes and Seaway while the introduction of the massive containers ships capable of carrying up to 18,000 TEUs will shift trading patterns from Asia in favor of the East Coast.

**Triple-E ships**
The first Triple-E class container ship (Economy of scale, Energy-efficient, Environmentally-improved {Wikipedia}) is expected next year. Hazem Ghonima of Ottawa-based TAF Communications, told the Toronto conference the introduction of these larger vessels will shift the line separating east- and west-bound routings out of Asia to the Pearl River Delta from Singapore. Because of the vessel size, the traffic will move through the Suez Canal to East coast North America. {Ian Putzger in Canadian Transportation & Logistics Magazine 7.Dec.12}

**Bulk cargo potential: Halifax as Michigan's deep-water port**
Halifax and Sydney already see increased bulk traffic. Halifax Grain Elevator business from Thunder Bay and Hamilton is growing [see 12#11B] and Provincial Energy Ventures is building a $75 million coal transshipment facility in Sydney [see Sydney].

In addition, Michael Belzer at Wayne State University, president of Great Lakes Global Freight Gateway, wants to transform Michigan into a transportation hub and make Halifax its deep-water port. 'We have had a number of meetings, particularly with customers, over the past year. We have had an enthusiastic response from them and a positive response from certain service providers. Michigan is still working through its position on this kind of initiative and will becoming out sometime early next year with a guidance document. 'My overall impression is that the leadership we have shown has contributed to a general growing awareness of this opportunity within the community – the business community, the economic development community and the public. We hope that 2013 is our breakout year. We continue to believe that the Port of Halifax needs a major inland port as a customer and we are working to become that inland port.' {e-mail to ANR&P correspondent Tom Peters 13.Dec.12}

**Melford**
Maher Melford's Richie Mann said his views parallel Ghonima's. 'I guess we have been saying many of the same things as Mr. Ghonima for some time now. While we are still not convinced there will be 18,000 TEU vessels on the East Coast in the short term, we do believe there will be a cascade effect that will see other large vessels on the East Coast routes. In all likelihood, the size of the vessels will likely be determined by the ability of terminals in New York to accommodate them. It is difficult to ignore New York on a service because of the large volume of New York-bound cargo.

'With respect to a shift in the separation line to the east resulting in more Suez traffic, we have been aware of that for some time, due in large part to extensive studies we have undertaken at the request of shippers to compare Melford’s competitiveness with other East and West coast ports. The matrix we developed (using carriers’ published times) combines all elements of transit time from origin to destination (ocean, dwell and rail). Cargo owners make it quite clear that reliability, time and cost determine their routings.

'Often people make the mistake of thinking that simply having enough water (draft) to accommodate a large vessel is enough. That is not the case. If a large vessel call means a high cargo volume discharge which congests the terminal and results in increased on-dock handling costs and increased dwell time, then other benefits are diminished or negated.

'With Melford’s large footprint and ability to design and implement a more modern and efficient handling operation, we become extremely attractive as larger vessels contemplate calls to the East Coast.

'Mr. Ghonima suggests that as much as 90% of cargo moving through Atlantic Canada would likely move by rail. It therefore stands to reason that the attraction and retention of such business will require effective
and affordable rail service with minimum handling and reduced dwell.

'We will base much of our operation on the Prince Rupert model which has established an extremely success operation utilizing the efficiencies outlined above (vessel-to-rail transfer, reduced dwell),' Mann wrote. {e-mail to Peters 14.Dec.12}

What about Halifax?

Halifax Port Authority’s Patrick Bohan can “certainly see more...happening with natural resources and grain and we are ready to play a part of that,” he said, and “some companies want to move now into larger ships on the East coast. As I understand it the bigger ships are more fuel efficient so there is discussion in the industry moving that direction now and with more of the Pearl River Delta in play it makes it interesting for Halifax [which has] super post-Panamax berths and deep berths.”

When those big ships arrive in Halifax, Bohan is not sure. “We could see them some day. I haven’t been around this industry that long but 15 years ago Maersk built the biggest container ships in the world at the time, the Regina Maersk class, around 6,000 TEU and those were a big game changer. They are now building 18,000 TEU ships and the good news is as the industry moves in that direction we are equipped to work that kind of ship in Halifax so it is an opportunity in the future.” {Bohan in discussions with Peters 14.Dec.12}

HALIFAX: AIR DRAFT PLANS*

10 December. RE-DECKING OF HALIFAX HARBOUR’S TWO BRIDGES OVER THE NEXT DECADE OR SO WILL INCREASE AIR DRAFT UNDER THE SPANS by approximately 1.5 metres and reduce the concern for high container vessels passing under the bridges, said Halifax Port Authority’s George Malec.

[Halterm has no air draft problem, lying seaward of the two bridges – see 11#06B Montreal. Air draft could bar super-post Panamax vessels (above 7500 TEUs) access to Ceres – see 10#02A.]

Air draft now

“Air draft right now is consistently around 51 metres and we are seeing vessels transit consistently around 47 to 48 metres. Minimum required air draft under the Macdonald Bridge [lower than the MacKay Bridge by 0.5 metres] is 1.35 metres,” said Malec.

The highest container ships going under the bridges presently on route to the Fairview Cove terminal are the OOCL vessels which have a capacity of about 6,000 TEUs.

“They are about the tallest in the world right now in their class but we are very confident with the studies we have done that right now larger TEU ships can easily be accommodated. They are wider but not higher. Comfortably right now 8,000 plus TEU ships can transit (under the bridges),” said Malec.

The concern with height is has more to do with the vessel's antenna. “Actual top mast height is mainly the issue and some of the 10,000 and 12,000 TEU vessels being built are having retractable antennae which will make them more flexible,” Malec said.

Macdonald

The raising of each bridge will occur during re-decking. “Halifax Harbour Bridges (formerly the bridge commission) has the option where there are certain things they can do with respect to the cabling system and structure of the Macdonald bridge that will actually result in the deck being elevated slightly from its current position to approximately two metres (approximately seven feet),” Malec said.

Raising the deck adds about $1.5 million to the cost, which HPA will pay.

MacKay

MacKay is already half a metre higher than Macdonald, so when Macdonald is re-decked, noted Malec, “we can immediately add half a metre to our air draft.” When MacKay is completed after 2023, a ship 1.5 metres higher than now will pass under both bridges, which will have the same air draft. {Discussion with ANR&P’s correspondent Tom Peters 10.Dec.12}
The work

The Angus L. Macdonald Bridge, opened in 1955, will undergo the $200 million re-decking in 2015/16, said Alison MacDonal of Halifax Harbour Bridges (HHB). The same work on the A. Murray MacKay Bridge, opened in 1970, is tentatively scheduled to start in 2023.

The Halifax Port Authority has thus far agreed to cover only the cost of raising the Macdonald bridge, MacDonald said. MacKay issues remain to be discussed. {Discussion with ANR&P’s correspondent Tom Peters 10.Dec.12}

SYDNEY: MORE ON COAL TRAFFIC*

3 December. PROVINCIAL ENERGY VENTURES DROPPED ITS PLAN FOR A TEMPORARY COAL LOADING FACILITY at its pier in Sydney, where it is investing $75 million in a new coal facility with permanent wharf and loading equipment [see 11#12A] to receive coal from the interior and transship it to larger vessels. Before completion, PEV was planning to use a temporary loading arrangement [see 12#05B].

'The temporary loading system requires the importation of expensive specialist barge-mounted cranes and it may interfere with wharf repairs/installation of the permanent system. So for now it has been dropped from the plan. The estimated commissioning date for the expanded terminal is spring 2015,' wrote project manager Jim Wooder.

Project dredging progressing

The PEV wharf needs to be dreged to 16.5 metres to allow for deep draft coal boats and work is progressing on that part of the project.

Preparation of disposal field. 'The confined disposal field [CDF, for the dredge material] preparation and construction at Blast Furnace Cove [the body of water immediately adjacent to the PEV wharf] is well underway.'

J & T Van Zutphen of Southwest Mabou, Cape Breton received a contract in excess of $2 million to level the perimeter of the cove with slag, place geotextiles, then close off the cove with the placement of a slag cofferdam. This work is expected to be completed sometime in January or February, wrote Wooder.

Dredging contract. Wooder said PEV has selected a dredging company, but declined to reveal the name until the contract details were final.

Purpose of CDF

PEV will eventually reclaim all of the cove and add an additional 32 acres to PEV's laydown area. “And rather than commence the dredging of the access channel in front of the berth in the middle of winter, we have decided to postpone the dredge mobilization until later in the year – likely after the lobster fishing season.” {Wooder in an email to ANR&P’s correspondent Tom Peters 3.Dec.12}

HALIFAX: CERES TRAFFIC*

6 December. CERESCORP, OPERATOR OF THE FAIRVIEW COVE CONTAINER TERMINAL, IS HAVING A STRONG FOURTH QUARTER spiked by an improving economy, said Senior Vice-president Calvin Whidden. “Generally I think the economy in both the U.S. and Canada has picked up a bit. Imports are up, exports are up, trucks are up. It is all a positive sign from what I see.

“Volumes are back up. The Far East cargo on the AEX service [Asia Europe Express] used to be 800-900 containers and it went down to 400. It is now back up to 700-800 again. November was our highest volume month since 2005, approximately 15,000 containers.”

Whidden estimated the terminal will handle slightly less than 140,000 containers in 2012 (combination of 20- and 40-foot containers or approximately 224,000 TEUs), slightly more than 2011. Ceres handled
approximately 60,000 TEUs in the third quarter; 4Q12 statistics are not available.

Trend to continue
Whidden believed growth “will continue but that is just my personal read on it. I think it is going to grow two or three per cent and we may yet get a kick (business) from New York,” referring to the US East coast labour issues. “There is stillno settlement and they have an extension until the end of December. If they don’t agree, the word is it is likely the government will step in and give them another 90 days cooling-off period so it may go to March.” However, if government doesn’t step in, potentially there could be a New York strike in January, he added. \{Whidden in discussions with ANR&P’s correspondent Tom Peters 6.Dec.12\}

Versus Halterm
According to the Halifax Port Authority statistics, the port’s two terminals handled 111,093 TEUs in the third quarter. [Thus Halterm handled the balance (111,093 less 60,000) of about 51,000 TEUs. Editor]

Rail traffic up
AtlanticRails discussion group members who follow closely rail movements in the Atlantic region reported 'a big bump in export traffic over the last several weeks (12,000 feet for Halterm over a three- day span last week, unheard of in recent years), while import traffic seems to be remaining fairly steady.

'While more export traffic than import has been fairly constant over the last few years, the modest growth in overall container traffic has meant that on many days there isn't room on [CN train 121 westbound] for the blocks of empty cars that the train was handling last summer. In May and June of last year, empty cars made up 25-30% of train 121 most nights. This year, 121 is nearly solid loads most nights of the week.' \{AtlanticRails email 6.Dec.12\}

Ceres negotiating new Grand Alliance agreement
Ceres is discussing a new service agreement with the Grand Alliance, comprised of NYK Line, OOCL, and Hapag-Lloyd, who move 80,000 to 100,000 TEUs annually over Ceres. The present contract, which was a one-year extension from the previous three-year deal, expires 31 December 2012.

Sources expected Ceres to reach an agreement with the Grand Alliance since NYK owns Cerescorp. Earlier this year Halterm reportedly sought the Grand Alliance business. A Halterm official said there are no talks to get the Grand Alliance to move to Halterm.\{Andrew Macdonald, allNovaScotia.com 6.Dec.12\}

**RAIL FREIGHT FACILITIES**

Described in this issue.
Calkins Rock (VRS, Vermont) Moving stone.
Couture's Trucking (VRS, Vermont) Consolidates to Lyndonville.
Gorman Brothers (VRS, Vermont) Overview of five facilities.
Grain export transload (NYSW, New York) Grain originates on FGLK.
Irving Oil (NBSR, New Brunswick) First CN unit train.
Minas Basin (NBSR, New Brunswick) Mill closing.
Morrison Custom Feeds (VRS, Vermont) Opens second transload.
NORAD (PW, Rhode Island) Record number of cars.
Pond View (PW, Rhode Island) C&D continues to move out.
Propane facility (GU, Massachusetts) Town fighting federal pre-emption.
Erica Breiterman, who formerly handled logistics for Linde, is now senior account manager, national accounts, at CSX Intermodal. She writes, 'My team will be focused on facilitating intermodal shipping for the beneficial cargo owners.'