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

Formal issue 13#01B 5 February 2013

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

Regional

Crude oil: Rail continues, pipeline coming?
Portland-NY: Maine accepts qualifications for ATB.
Intermodal trucking: Kellaway forms RoadOne.

New York

[No report.]

Québec

CSXT: New Valleyfield intermodal facility.** Maps.

Connecticut


Massachusetts

PW-New Haven: Greenleaf Biofuels to open.

Maine

SLR: Customer closing.*
Searsport: No reasonable likelihood that DCP could export propane from its proposed tank.* Map.

Massachusetts

SLR: Customer closing.*
Searsport: No reasonable likelihood that DCP could export propane from its proposed tank.* Map.

Maritimes

CN: Intermodal traffic for Halifax increasing.*
Halifax: 4Q12 boxes way up, total for year slightly up.*

Rail Shippers/Receivers

A cross-reference to companies mentioned here.

People, Positions, Events

Ed Foley.

Editorial

From the Publisher

Propane tank
Shale deposits and fracking continue to reconfigure logistics. I’d be very surprised if DCP, even with permission, built the Searsport tank.

- Chop Hardenbergh Next formal issue 19 Feb


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REGIONAL

CRUDE OIL MOVES

RAIL OBSERVERS CONTINUE TO NOTE that unit trains of crude are moving via Pan Am and MMA to NBSR for delivery to Saint John, and that large cuts of crude tankers move via CN to Saint John. {MMA, AtlanticRails e-lists}

Pipeline to Irving: the end to rail?
TransCanada Corporation owns the Canadian Mainline, an existing 14,000-kilometre natural gas pipeline from Alberta to Quebec, and reports it could be converted to carry crude. (The company is pushing to build the Keystone XL pipeline from Albert to the Gulf of Mexico.) Producers and refiners have expressed an interest in converting the line and extending it to reach Irving in Saint John. Shawn Howard, TransCanada spokesperson, put the cost at $5 billion and the time as five years if it started now, and added, “We have to translate that interest into long-term commercial contracts, and we're not there yet.” {CBC 28.Jan.13}

Federal Natural Resources Minister Joe Oliver said recently: “I met with Arthur Irving [Irving Oil chair] and expressed the support of the government of Canada, in principle, for this initiative. We in principle are very supportive and are encouraging the market participants to pursue it. To the extent that there are regulatory reviews, of course we respect that, and our support would be contingent on those reviews coming out positive.”

Alberta Premier Alison Redford and New Brunswick’s David Alward have discussed the pipeline for months.

Enbridge pipeline to Montreal. Enbridge Inc. is considering expanding capacity on some pipes in the Great Lakes region and reversing the flow of another line between Montreal and southern Ontario – the so-called Line 9 pipeline that currently brings imported oil to a refinery in Sarnia [see 12#04A].
“You don't have the issue of the construction and the potential environmental impact which has to be assessed,” Oliver said. “In both cases ... the bulk of the line will have already been built, and that makes quite a difference. In terms of the surrounding area through which it goes there's no (environmental) impact.”

Enbridge's Line 9 actually flowed from west to east when it was built in the 1970s, but was reversed two decades later to respond to market conditions at the time.

Oliver said he sees great potential to tap into overseas markets with a west-to-east flow of crude. “The west coast of India is closer to the east coast of Canada than the west coast of Canada is to India on the other side,” he noted. “I think Canadians take pride in the resources they have. And if we develop them responsibly, this is a national building exercise.” {Canadian Press 2.Feb.13}

**PORTLAND-NEW YORK:ATB**
31 January. **THE MAINE PORT AUTHORITY RECEIVED FOUR RESPONSES TO THE RFQ** to design and build an articulated tug-barge (ATB) [see 12#12B], said Executive Director John Henshaw. “We are reviewing them now,” with an eye to issuing an RFP later for the proposed feeder service between Portland and New York-New Jersey. “We will be inclusive,” he said. {ANR&P interview}

**INTERMODAL TRUCKING**
29 January, Randolph Massachusetts. **KEN KELLAWAY CONTINUES IN INTERMODAL TRANSPORTATION**: a press release this day announced that he and other founder/owners of Roadlink [see 09#02B, 08#07B] had bought its assets, operations, and vendor contracts, rebranding it RoadOne. The sale occurred at the behest of Fenway Partners, one of the major investors in RoadLink.

RoadOne, a newly-formed Boston-based company, is founded by Boston area industry veterans Ken Kellaway and David McLaughlin with their lead financial partner Oskie Capital of New York City. RoadOne offers intermodal trucking, as well as container terminal operations, dedicated fleet operations, warehousing, and transloading services.

[Kellaway at one point operated the Pan Am (then Guilford) intermodal terminal at Ayer. See 05#10A.]

50-50 division between overseas and domestic traffic
About half of RoadOne's traffic is overseas, either directly with major importers such as IKEA and Lowes, or indirectly with steamship lines. The domestic half results from contracts with intermodal marketing companies, railroads, and others.

Locations
Of the 40 locations where RoadOne operates, many lie in the Atlantic Northeast. “We serve all the major rail ramps,” and even Waterville, said Kellaway.

The company also offers off-site container yards near the rail ramps, for storage of both loaded and empty boxes and trailers. {ANR&P discussion 1.Feb.13}

**QUEBEC**

**CSXT (QUEBEC): NEW INTERMODAL FACILITY**
25 January, Jacksonville. **THE RAILROAD ANNOUNCED CONSTRUCTION OF A NEW FACILITY IN VALLEYFIELD.** At a cost of $100 million, CSX Intermodal Terminals Inc will utilize an 89-acre (36-hectare) site in the City of Salaberry-de-Valleyfield at the Perron Industrial Park, near the newly-completed Autoroute 30.

The Province of Quebec and Salaberry-de-Valleyfield will make improvements to the road network in the immediate vicinity of the terminal. The Quebec Ministry of Transportation will also support the project through a $6 million grant for the reduction of greenhouse emissions. [See details below.]
Michael Ward, CSXT president, made the announcement in Valleyfield at a press conference with Quebec Transport Minister Sylvain Gaudreault and Salaberry-de-Valleyfield Mayor Denis Lapointe. His railroad expects to move about 100,000 containers through here. Trains will operate between the new CSXT Northwest Ohio mixing facility in Baltimore and this location.

**New alignment**
In response to community planning needs, CSXT will also relocate a portion of its main line in residential areas of Salaberry-de-Valleyfield to a location south of Autoroute 530 alongside the new terminal in the industrial park. CSXT is proud of its 125-year history in Quebec, dating to the St. Lawrence and Adirondack Railway Company.

The project is subject to regulatory approval from the Canadian Transportation Agency.

**Location**
CSXT will remove a section of the line which loops through residential Valleyfield, and replace it with a track along Route 30, and a switch into the new terminal off the new alignment. [See map.]

Some $6.6 million from MTQ covers reconstructing intersections of Route 30 to permit the line to pass underneath: $2.9 million for the Boulevard Gerard Cadieux intersection; $1.7 million for the Boulevard des Erables intersection; and $1.7 million for the Chemin Laroque intersection. Some $300,000 will go to demolish a bridge at Boulevard Saint Marie. {Steve Sauvé in Vallyfield Express 7 Dec.12}

**Existing intermodal service**
At this point CSXT serves the Montreal region through an intermodal terminal built out of its Transflo site in Beauharnois [see 12#10B]. Bob Sullivan, CSXT spokesperson, wrote on 28 January: 'Once the Salaberry-de-Valleyfield facility is open, the intermodal operations in Beauharnois will move there. But the TRANSFLO facility will continue to operate in Beauharnois.'

**New York and Philadelphia service**
Sullivan added: 'The [intermodal trains to and from Valleyfield] will stop at Syracuse for New York/New Jersey and Philadelphia traffic.' {e-mail to ANR&P 28 Jan.13}
Subsidy per reduction of greenhouse gases

In addition to the road reconstruction, MTQ will reimburse CSXT $500 per tonne, for the first 10,000 tons of greenhouse gases which the project reduces, and $50 per ton for each subsequent reduction, up to a total of $6 million. {Steve Sauve in Valleyfield Express 7.Dec.12}

No longer selling Massena

The additional intermodal services announced in November – see 12#10B – indicated CSXT was no longer interested in selling all or part of the Massena Secondary, the line between Syracuse and Montreal. Sullivan confirmed that: 'The large intermodal hub in Northwest Ohio enables CSX to provide efficient and reliable service to new markets, like Montreal. The Massena Line is important to that service and is no longer for sale.'

More on permitting

Angela Ebsworth, senior communications advisor with the Canadian Transportation Agency (CTA), wrote that CSX has filed three applications under the Canada Transportation Act:

Section 91, for a certificate of fitness to permit CSX Intermodal Terminals, Inc. to construct and operate a rail intermodal terminal in the industrial park of the City of Salaberry-de-Valleyfield which will connect with CSXT’s main railway line.’ Filed 16 August 2012.

Section 93, to vary CSXT’s Certificate of Fitness No. 97004-2 to include the construction of a railway line which is approximately 2.7 kilometres in length in replacement of part of the CSXT’s existing railway line. Filed 16 August 2012.

Section 98, to build the new line. CSXT submitted this 21 December 2011, and subsequently submitted two sets
of amendments on 31 May and 27 July 2012.
CTA is currently reviewing and processing the applications. {e-mail to ANR&P 30 Jan.13}

CONNECTICUT

NEW HAVEN: RAIL, NORTH YARD
25 January  AN UPDATE ON THE PORT was provided by Judi Sheiffele, director of the New Haven Port Authority.

Waterfront Street reconstruction
The contractor, RED Technologies [see box in 12#07A], got the notice to proceed in late 2012. Unfortunately, the regional water authority, which must handle some work in the street, cannot start and then stop for the winter. Sheiffele said RED will start in March 2013. The rail work by PW, consisting of installing spurs to each terminal (but only across the street and not into the terminal) will occur last, depending on weather, between autumn 2013 and spring 2014.

Who will get a spur on the terminal?
The cost of installing spurs on the private terminal property will be borne by the terminal. Individual notes, from south to north:

Harbor Terminal. Already installed [see 13#01A].

New Haven Terminal. This occupies the northern part of the terminal (for liquid bulk) at 100 Waterfront Street, while Harbor occupies the southern part (for dry cargo). Sheiffele said NHT still wanted to proceed.

Greenleaf Biofuels is leasing part of the NHT property [see separate article].

Magellan. As in July 2012, to get a spur it would have to relocate berms, a pipe manifold, and possibly tanks, at a cost of $12 million, a much larger cost than the other terminals.

Gateway. The first spur design would have required Gateway to take down the retaining wall it uses for the scrap dock. The design consultant, has now laid out the spur north of the three narrow silos [see map in 13#01A]. Though Gateway must take down one building to make space for the spur, it wants to proceed.

Gulf. This terminal will get a spur, Sheiffele said, though at times in the past it had seemed uninterested.

Getty. [This terminal is closed. {Midwest Publishing website} Getty Terminals, a subsidiary of Getty Petroleum Marketing, was placed in bankruptcy along with the parent in December 2011. {Aviva Gat in The Deal Pipeline 6 Dec. 11}]

The North Yard
This area north of I-95 has no rail, though two projects could use rail and require its reinstallation.

All American Waste. The New Haven facility lies between Wheeler Street and the Quinnipiac River. AAW would like rail service, and is discussing with PW how to get rail into the site. To do so, the line must cross the property, currently unused, owned by Ronsal North. As formerly laid out, the curve into the Ronsal Property is too tight for current locomotives. Designers are looking at possible new alignments.
MORE ON ALL AMERICAN WASTE

According to the website, the company has locations in New Haven, South Windsor, and New Milford.

While not (yet) clear, All American Waste (AAW) is apparently related to Murphy Road, as the AAW website refers to Murphy Road Recycling/Automated Material Handling located at 655 Christian Lane, Berlin, Connecticut.

According to trade magazine C&D World, 'For more than 15 years, F&G Recycling has been recycling C&D materials in Connecticut. It’s all part of a large, privately-held network [see 04#09A] of 14 facilities throughout the state, most of which process or transfer C&D, but also handle MSW and recyclables. Some of the names under the company operates under are USA Hauling and Recycling, F&G Recycling (which has been a CMRA [Construction Materials Recycling Association] member for more than 10 years), Murphy Road Recycling, and All American Waste. The company also has an extensive hauling capacity throughout the region.' {William Turley in C&D World 31.Oct.11}

Ronsal North. [See map.] Ron Klempner in 2010 proposed a barge feeder service out of New York to use this property [see 10#10A and 12#09A Regional]. However, said Sheiffele, he never got an agreement with Sal and Ron Esposito, the owner of Ronsal, to use the property.

Esposito has leased much of the 100,000SF warehouse on the property to various businesses.

The Esposito brothers own Westchester Motor Lines, located in the port, which would make this property “a great spot for intermodal,” noted Sheiffele.

Buchanan Marine-Norfolk Tug. In early 2012 Tilcon sold a 75% share of Buchanan Marine, its division which constructed and repaired barges, to U.S. Waterways Transportation LLC. Ed Whitmore, general partner, already owned Norfolk Tug. He plans to make the shipyard in New Haven more environmentally friendly, and continue to use it for his fleet. {Kathy Bergren Smith in workboat.com 2.Oct.12; Bill Cresenzo in Hampton Roads Business Journal 10.Feb.12}

If the shipyard survives financially into 2013, Whitmore planned to rebrand it as the New Haven Shipyard. {Allen Appel in New Haven Independent 15.Feb.12}

According to the Tilcon website, the company operates 250 aggregate barges, 11 tugboats and one shipyard out of various docks located throughout New York, Connecticut, New Jersey, Delaware and Virginia. This division delivers over 6 million tons of stone by water [see 10#06B] each year to New York City and Long Island from Tilcon's quarries in the northeast region. {Tilcon Connecticut website}

R&H Terminal, owned by Hudson Company of Providence. The Connecticut Ports Study stated Hudson's primary business is liquid asphalt. However, they stopped storing asphalt at this site and have replaced it with storage of #2, #4 and #6 oil. Most recently, they submitted plans to the City of New Haven to demolish certain tanks and construct new tanks in their stead. {text of Study}

Hudson continues to host a biofuels terminal in Providence, for Global [see 09#05A]. {ANR&P discussion with official in Providence 4.Feb.13}

The north side of the river. The Hess tank farm opposite the North Yard [see map in 13#01A] is now gone [apologies for error – editor] and the rest of the north(east) bank of the Quinnipiac River up to the Ferry Street bridge looks like – in Google and Bing – a barren land, now part of the River Street Municipal Project [see map]. Sheiffele said a pilot boat and a marine contractor had each expressed an interest in the area, but a proposed pedestrian walkway along the river will essentially bar any marine uses. {ANR&P discussion}
New Haven, North Yard area. *(ANR&P map using iMap software)*

The City of New Haven is implementing a $20+ million redevelopment of the historic River Street section of Fair Haven. The project includes acquisition of brownfields; restoration / adaptive reuse of historic buildings; development of a new waterfront park; reconstruction of the public infrastructure; and establishment of new design standards to create an appealing and sustainable environment along the Quinnipiac River. The City has identified 25 acres for acquisition, remediation and sale to eligible businesses. Upon full plan implementation, 300 new jobs are projected. To date, the City of New Haven, the State of Connecticut, the US Economic Development Administration, the US Environmental Protection Agency and private concerns have invested in this project. *(City of New Haven website)*
Mini-editorial
Given the declining interest in Connecticut ports [see 12#11A] one cannot fault the City of New Haven for viewing the Fair Haven river bank as an area to improve to attract residential and commercial business. Sadly, that means yet another area of prime marine use is gone, for a long time – until the ocean rises enough to wash the entire area away.

PW-NEW HAVEN: NEW CUSTOMER
4 February. GREENLEAF BIOFUELS MAY SOON BEGIN OPERATION ON WATERFRONT STREET, in the New Haven Terminal site [see map in 13#01A]. Cheryl Verdone, Greenleaf spokesperson, said the company will release more information “in a couple of weeks.” {ANR&P discussion} [Presumably we will learn about rail and port use at that time. Editor] The company initially considered the North Yard [see 09#06A].

Plant project
According to the company website, ‘Greenleaf Biofuels’ initial project is a 10 million gallon per year (mgy) biodiesel plant located in New Haven, Connecticut. The plant will initially utilize waste vegetable oil for its feedstock and eventually expand production to 20+ mgy. This would make it the largest biofuels plant in New England.

'The plant is sited within the fuel tank storage farm area of New Haven harbor – the largest such fuel storage farm between New York and Boston. This area is also a key distribution hub for home heating oil in the state, where each year approximately 400 million gallons of heating oil are sent inland via pipeline or truck. New Haven is also home to 750,000 barrels (nearly half) of the Northeast Heating Oil Strategic Reserves.' {company website}

The Connecticut Ports Study, released in October [see 12#10A] noted: Greenleaf will be sourcing both domestic and foreign material to produce its biodiesel, and the first phase of their project will include construction of additional tank storage. The NHPA is working to amend its foreign-trade zone to include the Greenleaf site.' {text of report}

Past projects
New Haven for several years looked like a good bet for such a facility: Innovation Fuels announced plans to move there in 2009 [see 09#06B]. In 2009, the Port Authority submitted a TIGER II grant to assist in construction [see 09#09B], but did not win money. Innovation pulled back in 2010 because of the Great Recession, expiration of a tax credit, and difficulty modifying the terminal [see 10#09B].

MAINE

SLR: CUSTOMER CLOSING*
24 January, Lewiston. THE FORMER WHITE ROCK DISTILLERIES WILL CLOSE, according to a press release from its owner, Beam Inc, the maker of Jim Beam. White Rock, which made Pinnacle Vodka and Calico Jack rum, was purchased by Beam in April 2012 for $605 million.

On this day Beam said it would close the Lewiston facility, putting 150 people out of work, and move the work to Frankfort, Kentucky. {Beam website}

Rail impact
White Rock used a team track off Empire Road in Auburn to transload inbound raw material [see 05#03B].
SEARSPORT-MMA: EXPORT PROPANE?*

17 January. OPPONENTS OF THE DCP PROPANE TANK HERE ARGUED THAT DCP WAS INTENDING TO EXPORT PROPANE, rather than importing it as DCP has stated, during the hearings before the Searsport Planning Board about the proposed tank [see 12#12B].

Searsport has exported before
Statistics collected by the US Army Corps of Engineers show that while infrequent, petroleum exports have occurred. In 2010, the port exported 78,000 short tons of distillate fuel oil overseas. One source said the distillate was imported and then exported.

By contrast, in 2009 the port only received petroleum products, from foreign, Canadian, and coastwise trade. Statistics for 2011 are not yet available. {USCOE website; e-mail to ANR&P 21.Jan.13}

1. THE ARGUMENT FOR EXPORT: MAKE MONEY

David Italiaander presented the argument for export; he owns the building formerly housing the 'Left Bank' bookshop which business, he said, vacated in part because the tank was coming. He noted that propane on the world market is selling for significantly more than domestic prices because of the new domestic crude oil production [see LNG graph]. Each tankful (22.7 million gallons) will lose $20 million if DCP buys at the world price; at the estimated throughput of 113.5 million gallons per year, DCP would lose nearly $98 million per year.

Italiaander argued that by exporting at domestic propane prices and selling at world market prices, DCP could make $400 million per year based on an export volume of 680 million gallons or approximately 30 tankfuls per year. The scenario assumes that DCP unloads up to 144 trucks per day and up to 75 rail cars per day at the Searsport terminal, and loading 36 ships per year {text of presentation} [The Frangesh report – see below – finds those figures fanciful.]

Some respond that the price differential may well disappear [see below]. Italiaander noted that the price differential between Brent and West Texas has not disappeared [see graph]. Indeed, those who are railing crude to the East coast believe the differential will remain for several years [see 12#04A, 12#09B Regional, and this issue Regional].

During that time propane production will continue to increase [see graph], so that the United States will continue to export [see graph]. [Efforts to reach anyone associated with Thanks But No Tank have proved fruitless. If any reader can provide a phone number or e-mail, I would appreciate that. Editor]

2. ARGUMENT AGAINST FUTURE PROPANE EXPORT

A report requested by the Searsport Planning Board about the DCP plans was prepared by LGA Engineering of Duxbury, Massachusetts. Written by Neal Frangesh of LGA, a consulting engineer, it reviewed the entire proposal and addressed the question of export. He noted in the interim report revised to 22 January:
Pricing makes sense to export
The wholesale market price of propane in the US has dropped 50 or 60% in the past year. The market price in Europe, Japan, and China is now almost twice the current market price in the US.

Searsport can handle the ships exporting propane
Frangesh reported that large fully-refrigerated ships transport propane in international trade, similar to the 33,000-metric ton ships (capacity 15,400,000 gallons) DCP plans to use to deliver propane to the Searsport terminal. The Clipper Moon is a typical LPG carrier with a capacity of just over 33,000 metric tonnes, the size DPC proposes to use to import the propane. He cites the ship as having a length overall of 672 feet, breadth of 105 feet, and draft of 35 feet. {Frangesh report 22.Jan.13}

David Gelinas, head of the Penobscot Bay Pilots Association, said 'Bulkers which typically call on the bulk dock usually measure 623 feet x 106 feet, also with a draft of 38-39 feet.'

Gelinas also noted that propane inbound will come over the new dry cargo pier. 'Better depth alongside, and ability to tie up longer ships than the old, wooden liquid cargo pier.' {e-mail to ANR&P 20 & 31.Jan.13}

But three major barriers exist
Since Searsport has no pipeline from propane extraction facilities [the nearest propane pipeline terminates in Selkirk, New York – see map], propane for export would arrive by rail. Given railcar capacity of 30,000 gallons, DCP Searsport would have to unload and store about 500 railcars' worth to accumulate 33,000 metric tons.

Cooling problems. The railed propane must be cooled to approximately -44°F before storage in the tank. The Searsport terminal refrigeration system will have three 250-horsepower low stage compressors and two 350-horsepower high stage compressors. All five compressors will be required during ship unloading operations. However, only one low stage compressor and one high stage compressor will be required, most of the time, for holding operations between ship unloading operations. LGA estimates that the planned five
compressors suffice to cool only three or four railcars’ worth per day to -44°F. At that rate, it would take four to six months to accumulate a 33,000-metric ton cargo.

**Dehydration, fractionation needed.** Domestic propane available in New England is not pure enough for refrigerated storage at -44 degrees F. It has dissolved water in the warm liquid, which if refrigerated would plug up the valves. It also has too much ethane.

DCP could install a propane dehydration unit to remove the moisture, costing several million dollars. However, installing a fractionation plant, with accompanying huge towers, to remove the ethane is not feasible.

**Ship-loading problem.** The Searsport terminal will have only three or four 500-gallons per minute LPG product pumps. Loading a 33,000-metric tonne cargo with these pumps would require six to eight days. The demurrage charges for the ship would probably make using the 500-gallons per minute pumps for ship unloading too costly. Installing larger pumps would be quite expensive.

Frangesh noted in a follow-up discussion that the ship can unload in 24 to 36 hours because it has huge cargo pumps, two in each tank. These are not reversible to load propane.

‘In summary, we do not believe that DCP has any realistic expectation for using the Searsport terminal for propane export in the near future.’ {text of report; ANR&P discussion 29.Jan.13}

### 3. DCP WILL EXPORT PROPANE, BUT NOT THROUGH SEARSPORT

**What does DCP Midstream say?**

According to a September 2012 article, and responses to a local official, DCP Midstream (owned by Houston's Phillips 66 – which spun off from ConocoPhillips in 2012 – and Spectra Energy) is looking to pipelines and other infrastructure, but not a pipeline to the Northeast, and definitely not to Searsport. [A web search could find no mention that DCP was considering building its own export terminal at the Gulf, where its pipelines end.]

The Association of Oil Pipelines estimated demand for new natural gas liquid pipelines at an additional 500 miles per year over the next 25 years. “Natural gas and crude oil are being found in places where they have not been found before, in greater quantities,” said Tom O’Connor, CEO of DCP Midstream, the entity that owns the general partner of DCP Midstream Partners. “We decided we probably should be looking harder at owning more natural gas liquids infrastructure and more natural gas liquids pipelines.”

DCP Midstream's operations dot shale plays in Texas, Oklahoma, Colorado and Kansas, where its processing plants remove water and natural gas liquids from gas, sending the remaining dry gas to pipelines and the liquids into a path called the Y-stream. The Y-stream feeds fractionators, which separate natural gas liquids into components, including the fuels propane and butane and the petrochemical building block ethane.

In the last couple of years, DCP has set about building infrastructure to pick up gas at the wellhead and to transport natural gas liquids to market centers on the Gulf Coast. Its customers include Anadarko, Noble Energy, PDC Energy and other big natural gas exploration interests.

Analysts predict that the company will continue to benefit as new chemical and processing plants come online in the next two to five years. John Stekla, an analyst with IHS Chemical, said: “The petrochemical industry is betting tremendous sums of money that NGLs will stay advantaged as a feedstock for the rest of the world.” {Emily Pickrell in Houston Chronicle reprinted in San Antonio Express-News 3.Sept.12}

**Export terminals elsewhere, not Searsport**

Only one new export terminal is currently undergoing permitted: Cheniere Energy owns and operates the Sabine Pass LNG import terminal in Louisiana. It is developing a liquefaction project to provide bi-directional LNG
import and export here. {Greg Group in Seeking Alpha website 1.Mar.12}

Ferrell North America Vice-president of Supply and Wholesale Tom van Buren, in a presentation in 10 October 2012, stated that:

- Currently two terminals for propane export exist: Enterprise’s Houston terminal and Targa’s Galena Park [near Houston – editor] terminal.
- Current export capacity is about 4.5 - 5.0 million barrels per month, and expanding.2
- ConocoPhillips plans a terminal but won’t be ready until 2015 or beyond.
- Export capacity is maxed through 2013, almost maxed for 2014.
- Most exports from the Gulf coast go to Central America and Northwest Europe. {text of presentation}

In November. John Pratt, DCP Midstream's director of Northeast sales, said it would take two years to build the Searsport propane project, after approvals. Prices could change by then, he said, and again favor imports. "In the current market environment, I can see why those questions would be asked," he said. "But that's not what we're trying to do now. We're trying to get a permit to bring import here." {Tux Turkel in Portland Press-Herald 27.Nov.12}

Regrets

David Gelinas, the Penobscot Bay Pilots Association head, wrote on 21 January: 'The greater question that is not being investigated why should this be a deal-breaker, even if it were true? Why is it an issue at all?'

'Exports are as much a vital function of seaport as imports are. The port services sector, the local economy, and our balance of

MORE NATURAL GAS REPLACING PROPANE IN MAINE

Putting another crimp on the importing of propane, XNG and Dead River announced on 30 January a partnership under which XNG will provide, and Dead River deliver by truck, natural gas to large commercial entities in northern and eastern Maine which currently use propane or heating oil, like Aroostook Medical Center in Presque Isle, colleges and other similarly sized entities, like the Lincoln and Madison paper mills.

They will begin with a distribution hub in Baileyville, where piped natural gas already provides energy to the Woodland Pulp mill; the pipeline also delivers to the Lincoln and Madison paper mills.

The partners estimate the present commercial market in the area consumes around 100 million gallons of either propane or heating oil. {Darren Fishell in MaineBiz 30.Jan.13}

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1 With its headquarters located in Overland Park, KS, FNA keeps more than 600 Ferrellgas Retail locations supplied with propane. FNA also purchases, trades, sells, stores, and transports natural gas liquids and refinery feedstocks in conjunction with major oil companies, petrochemical manufacturers, gas processors, and other retail propane companies. {Ferrell website} Van Buren provided the date of the presentation by e-mail 29 January 2013.

2 Enterprise's current 4 million barrels per month, mostly propane, will increase to 7 million barrels in January 2013. Targa can export 1 million barrels per month after an upgrade in March 2012. By August 2013 Targa will upgrade to 3-4 million barrels per month. Sunoco Marcus Hook [see 12#10B] is exporting small amounts from the Marcellus shale, 12,000 metric tonnes each month. {Scott Gray in Butane-Propane News 1.13}
trade all benefit when the port is more highly utilized through export activity.

'There was no condition placed on the construction of the new dock that it should be for imports only. The "export scenario" is an emotional argument based on progressive political views, i.e. society should only support "green" energy, and not the fossil fuel industry. Taxpayers spent $19 million dollars to construct a multi-purpose pier to support Maine's historic ties to world trade via marine transportation. They have a right to expect that such infrastructure be used to its full potential. {e-mail to ANR&P}

MASSACHUSETTS

BCLR: REVIVED CUSTOMER

31 January, Millis. DRAGON CEMENT IS ARRIVING BY RAIL, once again, for Tresca Brothers. Bernie Reagan, senior vice-president for BCLR, which serves the branch, said four cars would be spotted by CSXT today. BCLR keeps a locomotive at the branch, but since the closing of the GAF manufacturing facility, and then the distribution facility, has had no traffic.

According to Reagan, the cement moves by rail every two years or so. Unlike past years, the rail move of the first four cars went smoothly; he attributed the change to improved service by Pan Am. The cement originates in Thomaston, Maine on MC; is interchanged to Pan Am in Brunswick; thence to CSXT in Worcester and onward to Millis; finally BCLR spots the cars on the line where Tresca can access them, off Environmental Drive. {ANR&P discussion 30.Jan.13}

Barge

Ray DeGrass, Dragon plant manager, said on 1 February that Dragon placed its barge, the normal way to move the cement from Maine to Boston, in drydock for a month. To move to Tresca, “one of our largest customers,” Dragon is using rail; to move to other customers in the Boston area, Dragon is trucking. {ANR&P discussion}

CSXT/MASSACHUSETTS: MORE ON INTERMODAL*

24 January, Jacksonville. CSXT (FINALLY*) ANNOUNCED THE OPENING OF THE FULL DOUBLESTACK ROUTE INTO WORCESTER, cutting transit times for some routes by 24 hours. {CSXT announcement}

*Readers know that full doubles were moving into Worcester in early December [see 12#12B]. Massachusetts completed the raising of bridges on 19 September [see 12#09B].

GU: STB BEGINS PROCEEDING*

23 January, DC. THE BOARD AGREED TO EXAMINE WHETHER FEDERAL PRE-EMPTION APPLIED IN UPTON. In its decision to do so, it stated: 'On August 1, 2012, Petitioners, seven residents of the Town, filed a petition for declaratory order. The petition requests that the Board find that certain transloading services (i.e., the screening, vacuuming, and bagging of wood pellets, and the trucking and storage of bulk goods) at the Upton Facility, on property owned by Upton Development Group, LLC (UDG) and operated by Grafton Upton Railcar, LLC (GU Railcar) allegedly on behalf of G&U, are not preempted from certain local zoning and other regulations.

'Petitioners further assert that the wood pellet packaging services provided at the facility are not integrally related to “rail transportation,” and that the bulk transfer terminal activities are not being conducted by a “rail carrier.” Petitioners request discovery to obtain, among other things, the contractual agreements G&U

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1 BCLR has state-awarded operating rights on the state-owned Millis Branch out of its interchange with CSXT at Medfield Junction, up to milepost 2.76, where CSXT owns the next quarter mile ending with track entering the former GAF warehouse. {04#10B Tresca use;04#08A track ownership with map}

2 For GAF closing, see 09#09B, and end of traffic on the branch 09#11B. Bing aerial photos still show tens of railcars at both the warehouse and the manufacturing plant.
has with its customers and any other documents that would help to ascertain the degree of control G&U has over the transloader performing services at the Upton Facility.'

The Board began the proceeding to resolve the matter.

Next steps: no discovery
'The Board will consider this matter under the modified procedure rules at 49 C.F.R. Part 1112. The petition will serve as Petitioners’ opening statement. G&U's reply and comments from other interested persons will be due 30 days from the service date of this decision [23 February] and Petitioners’ response will be due 45 days from the service date [11 March, roughly].

'The parties’ requests for discovery in this matter will be denied. Pursuant to the protective order issued in this proceeding, Petitioners will have access to the public versions of G&U’s Terminal Transloading Agreement with GU Railcar and the Lease Agreement between G&U and UDG. Moreover, should Petitioners execute the proper undertaking, they may also gain access to the confidential versions of those agreements. Further, although G&U seeks leave to conduct discovery in the event that a declaratory order proceeding is instituted, the Board does not typically order discovery in declaratory order proceedings,[5] and G&U has not explained, nor is it apparent, why discovery is needed here. For those reasons, there is no need for the Board to order additional discovery at this time.' {STB website, decisions page, Docket No. 35652}

The scorecard for GU and pre-emption
Petitioners in the Town of Upton won the assent of the STB to examine if facilities there are pre-empted from state regulation [above case], despite GU opposition [see 12#08B]. The Town of Upton declined to pursue this avenue [see 12#08A].

The Town of Grafton is considering asking the STB the same question about the proposed propane facility [see 12#12A], and has just completed testimony in its federal case against GU on pre-emption grounds [see 13#01A].

The Massachusetts Department of Environmental Protection will conduct a hearing in February on whether GU is subject to its regulation [see 13#01A].

MC: CUSTOMER CHANGES HANDS
1 February, Millis & Freetown. SCHNITZER STEEL BOUGHT BOTH SCRAP YARDS OF MILLIS INDUSTRIES, according to employees at each location. MC serves the East Freetown location [see 00#14]; the Millis location lies along the former rail line west of the former GAF warehouse [see map in 04#08A and BCLR article this issue]. {ANR&P discussions}

Pan Am-CSXT-BOSTON: TERMINAL SALE*
29 January, Chelsea. OFFERS ON THE BOSTON SAND PROPERTY ARE DUE ON 28 FEBRUARY, said broker Bob Cronin of Colliers International [see 13#01A]. 'We have a couple of prospective buyers.' {e-mail to ANR&P} Both Pan Am and CSXT could serve the terminal, located on Boston harbor in Chelsea.

NEW HAMPSHIRE

NHRTA: NO FREIGHT*
22 January, Concord. THE BILL TO ADD FREIGHT TO THE PURVIEW OF THE NEW HAMPSHIRE RAIL TRANSIT AUTHORITY DIED, at a hearing this day. Tom Mahon, the chair of the Authority, explained on 24 January that adding rail at this point [see 13#01A], even just language which would ask the NHRTA to consider freight, was “premature.” The Authority has two tasks before it:

- Get approval for two grants for, and get underway, feasibility and engineering studies [the legislature is moving on these – see 13#01A].
- Meet with the governor to discuss the function, role, and status of the Authority.

Mahon explained that at this point NHRTA has “no staff, no budget,” while accepting the grant “requires experienced staff to do it, and that task has fallen to NHDOT.”

Pan Am reaction
HB 162 was submitted “without approval or consent of the authority....What a nightmare!” Mahon said. The bill might permit the Authority to act on freight rates, “which is preempted at the federal level,” he noted.

Pan Am General Counsel Rob Culliford and Executive Vice-president Cyndi Scarano attended the hearing. When both Mahon and the legislative sponsor, Suzanne Smith, asked the committee to vote the bill inexpedient to legislate, neither testified. Culliford did state to the committee that his company was opposed.

Pan Am attitude toward passenger
Due to 2009 Pan Am opposition to negotiating an operating agreement [see Rob Culliford letter in 09#07B], the state has not applied for operating funds [see 09#08B]. Mahon said he and the Pan Am officials introduced themselves, but only exchanged contact information. Mahon said later, “Coordinating freight rail efforts is essential and a natural link with passenger, especially in the Capitol Corridor.” {ANR&P discussion 24.Jan.13}

MBRX: A BUY?
mid-January, Milford. NHDOT DEPUTY COMMISSIONER MICHAEL PILLSBURY REPLIED TO THE OFFER TO BUY THE LINE, from MBRX owner Peter Leishman [see 13#01A]. Pillsbury sent forms which would request that the state declare its part of the Hillsboro Branch surplus property, a step which would require at least a year, said Pillsbury.

Action on RFP?
Pillsbury also advised Leishman that the process of selecting an operator is “a very complicated process.” {ANR&P discussion 24.Jan.13}

MARITIMES

CN: MARITIMES INTERMODAL*
7 January. CN INTERMODAL TRAFFIC IS OUTGROWING ITS ONE TRAIN A DAY. A rail observer reported that this day CN 305 (a manifest train) had 20 stack cars at the front. Another noted that while earlier, 'the intermodal traffic from Halifax, Moncton, and Saint John wouldn't even fill one 12,000 foot train, traffic has grown and CN is doing what they can to handle it without adding trains.' [See Halifax.] {AtlanticRails e-list}

CN’s Mark Hallman wrote on 10 January: 'The reason why CN sometimes runs container traffic in a manifest train, if space is available, is to move traffic as quickly as possible to reduce container dwell at Halifax and/or Moncton. We make operational decisions every day to help the velocity of traffic and cars and to get goods to destination as quickly as possible. Providing alternative outlets like the manifest train helps CN deliver improved service in hopes of attracting more business over the Port of Halifax.' {e-mail to ANR&P}

In 4Q12 CN sent extra cars to the port for added traffic generated by Hurricane Sandy [see other article].

HALIFAX: 4Q12*
23 January. CONTAINER TRAFFIC CONTINUED A STRONG UPWARD TREND in 4Q12 [see 12#12A] with a 28.2% increase to 114,411 TEUs and a 29.4% increase in metric tonnes to 974,049 over 4Q11. Hurricane Sandy, which hit the U.S. East Coast hard in late October, according to industry sources diverted approximately 90,000 metric tonnes, or one-third of the increase, of additional cargo to Halifax terminals that had been
destined for U.S. ports, boosting the 4Q12 stats.

   For the year, the port handled 416,572 TEUs compared to 410,649 in 2011, up 1.4%. [See CN story for extra traffic.]

Bulk down
The 3.4% year-over-year decline in bulk cargo, down to 5,586,734 metric tonnes in 2012 from 5,786,281 in 2011, was mainly due to a decline in petroleum products [see 12#12B].

General cargo up
For the year, general cargo showed the largest increase, up 13.6% to 444,494 metric tonnes from 391,126 in 2011. Ocean Terminals, the port’s main general cargo facility, was busy throughout the year handling bagged nickel sulphides, wind turbine components, oversized vehicles and heavy machinery, and several shipments of telephone poles.

   The growth in general cargo, which includes both break bulk and ro/ro, “certainly fits with what we have been seeing over the past few years and that is a bright spot where we see further growth potential,” Peveril said. “Those figures just reflect Halifax but we know with the addition of Sheet Harbour in July 2012, that gives us some extra ability to market Nova Scotia- or Halifax-based break bulk terminals. So we are optimistic on that break bulk front.”

Port totals virtually flat
Overall, the port handled 9,490,961 metric tonnes in 2012, an increase of 0.05% over 2011. “Basically when we look back at 2012 totals, there continued a positive trend and gradual improvement in cargo volumes,” said Halifax Port Authority’s Michele Peveril. “Looking back to those recessionary periods of 2008 and 2009, we knew at the time, when volumes were impacted, it would be a volatile period and take time for volumes to come back. So we have been seeing some positive signs and 2012 was definitely trending in the right direction.”

   Going into 2013 Peveril says there are some “early signs of optimism with some of our key markets in the U.S.” but other economic factors such as the impact of the Canadian dollar on exports and the housing market remain a concern. {Michele Peveril in discussions with ANR&P correspondent Tom Peters 23.Jan.13; HPA website}

RAIL FREIGHT FACILITIES

Described in this issue.
Boston Sand (CSXT, Pan Am, Massachusetts) No buyer yet.
CSXT intermodal (CSXT, Massachusetts) Doublestack open.
CSXT intermodal (CSXT, Quebec) New facility.
Greenleaf Biofuels (PW, Connecticut) Opening.
Millis (MC, Massachusetts) Schnitzer buys.
Tresca (BCLR, Massachusetts)
White Rock (SLR, Maine) Closing.

5The Sheet Harbor port facility came under the jurisdiction of the Halifax Port Authority. At the Breakbulk Americas 2012 conference in Texas in October, Port Authority Business Development Manager Patrick Bohan said Sheet Harbour offers an abundance of lay-down area for heavy lift and project cargoes. It also offers easy truck access to major North American centres. “Lay-down area is an issue when major projects are involved. There are often occasions when contractors require space to complete value-added work to large components before they are transferred to construction sites.” {Bill Power in Halifax Herald 11.Oct.12}
Ed Foley, long-time marketing manager for the St. Lawrence & Atlantic Railway, and subsequently also SLR general manager, has moved to the corporate level of Genesee & Wyoming, SLR owner. Mario Brault, president of Genese & Wyoming Canada inc., and of SLQ and SLR subsidiaries, wrote that 'as vice-president Sales - East lines, he will continue to cover our Sales function for SLR and will be responsible for NECR and CSOR sales also. We know that Ed's broad experience and knowledge will continue to add value to the Genesee & Wyoming franchise in New England. He will report to our Northeast Region and will continue to reside in Maine.' {e-mail to ANR&P 24.Jan.13}