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

REGIONAL

MMA: Crude diversion via Gulf?
Crude oil sightings**
WRI-Brent spread: Shrinks rapidly.*
Pipeline: Alberta commits to proposed pipeline.*
National crude by rail: Way up.*
LNG imports and coal use: Way down.*

NEW YORK

Albany: Irving ship calls,* CSXT deliveries.
Albany: Sims leaves, RIS to begin scrap soon.*

QUÉBEC

THE LAC MEGANTIC DISASTER
- revised sequence of events
- not propane?
- Effect on Tafisa
- How long to set hand brakes?
- MMA safety record.
- Criminal negligence?
- TSB of Canada action.

CONNECTICUT

[No report.]

MAINE

Maine rail, port: Statistics on 2012 commodities.*
Crude through Maine Decrease for MMA.*
Pan Am Failed to report crude for April and May.*
Pan Am: Scrap fire in Topsham.*
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Pan Am: Winchester says Tighe not pre-empted.*
Pan Am: MRA, HHRC, CSXT, and NS amici.*
Pan Am: Calls for emergency ruling.
Pan Am: More short lines will join action.
NS-Pan Am-Boston: Governor vetoed language barring ethanol.* UTU comment.**
P: Global license withdrawal a benefit.*
HRRC: Governor wants more transport funding.*

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[No report.]

RHODE ISLAND

Providence: First cargo with new cranes.

VERMONT

VRS: Working with Bellows Falls on propane.*

MARITIMES

CN: Gypsum down.
Canso: Melford does not plan full automation.
NBSR: Disaster effect.*
Saint John: Containers up 100%.*

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Bonnie Murphy,* Tony Marquis.

EDITORIAL

Editorial: How to handle a major disaster?*
- Chop Hardenbergh Next formal issue 1 August.

Common abbreviation:
**REGIONAL**

**MMA OPERATIONS: SEVERELY AFFECTED**

17 July, Hermon. **THE MMA TEMPORARILY LAID OFF 79 OF ITS 179 TOTAL EMPLOYEES,** said Gaynor Ryan, MMA vice-president of human resources, due to the Lac Megantic disaster. In Quebec, the railway on 16 July gave notice to 19 of its 75 workers in Quebec, according to Canadian press reports. In Maine, the layoffs occurred on 15 July, said Julie Rabinowitz, spokesperson for the Maine Department of the U.S. Railroad Retirement Board administers unemployment benefits for railroad workers. As a result, the affected MMA workers in Maine would not participate in the state-funded unemployment system, but would be eligible to use other services such as the Maine Job Bank, help with new job searches or job retraining. {Jessica Hall in Portland Press Herald 17.July.13}

**Burkhardt comment**

"We have lost a lot of business," said Ed Burkhardt, MMA chair on 17 July. "We don't need to run many trains. Revenues are way down." The layoffs are a temporary measure and the railway hopes to hire the workers back once revenues rebound. "We are doing what any company would do."

He appreciates the offers of help from other railroads. "It's a strange business," he said. "We are enemies one day and friends the next. We fight on one thing and cooperate on another."

**Quebec impact**

Due to the TSB keeping the crime scene/disaster scene blocked off [see Quebec], MMA cannot move traffic through Lac Megantic. Nor apparently can Tafisa [see Quebec], a major MMA customer, move its cars east or west [see map in Quebec].

Quebec MMA operations after the derailments are the following: MM&A train #1 and #2 operate between Sherbrooke and Montreal. Local switchers are operating in the towns of St-Jean-sur-Richelieu, Cowansville and Sherbrooke on a regular basis. {MMA-rail e-list}

**Maine impact**

MMA provides competition and service. Old Town Fuel & Fiber [formerly Georgia-Pacific, formerly Red Shield Environmental – see 05#08B, 06#11B, and 11#06A] receives pulpwood from northern Maine via MMA, which drops it at South Lagrange for drayage to Old Town. "The railroads are in many ways the lifelines to a lot of industries," said Everett Deschenses, manager of fiber and logistics. "There is a concern that MM&A is not going to survive this."

The MM&A line is critical; its loss would reduce competition, leading to higher shipping costs, said Deschenses. [Pan Am serves Old Town directly but will hand off Old Town pulp cars to MMA] to reach customers in the Midwest and South.

Deschenses also worries that the disaster will cause Congress to create more regulations, which would also raise shipping costs.

**Pan Am assistance.** Later Deschenes said Old Town is now using primarily Pan Am Railways to ship its product, pulp, to customers to the west. The plant has begun using trucks for shorter hauls. Pan Am Railways is offering fair rates and not taking advantage of its new rail monopoly, he reported.

**SLR assistance.** SLR President Mario Brault said his railroad has offered help re-routing MMA trains.
State officials' comments. The collapse of MMA could have implications for Maine businesses, said Rob Elder, MDOT director of the freight and business services. Other railroads are now cooperating with MMA to help it serve its customers, Elder noted.

So far, no problems have surfaced, perhaps because manufacturers still have an inventory of supplies, Nate Moulton, MDOT rail administrator. "The longer it goes on, the tougher it gets." Even if MMA goes bankrupt, federal law would requires a trustee to continue to operate the railroad, until a new buyer is found, said Moulton.

Searsport. MMA serves Searsport, fetching marine-delivered clay slurry to Maine pulp and paper mills. {Tom Bell in Portland Press Herald 14&18 July.13}

Diversion of autoracks
Rail observers have spotted autoracks on the CN route to Saint John. {NBRails} This probably indicates that Chrysler, which uses the NBSR auto terminal [see 12#08B], is diverting via CN due to the MMA blockage. {editor}

Vermont impact
Much of the traffic moved by MMA between northern Vermont and Farnham, Quebec, originates in northern Maine. This too will be blocked. Editor

MMA: CRUDE OIL DIVERSION
12 July, Saint John. THE IRVING REFINERY COULD RECEIVE BAKKEN CRUDE VIA GULF PORTS.
The company has not responded to a request for information about its purchasing plans. Bob Vander Valk, of the Bakken Oil Business Journal, said Irving Oil is now arranging to get some western crude shipped through Houston.

"On the Gulf Coast, they have several options to deliver rail cars into the Houston area or Port Arthur or even into the New Orleans area and put it on a tanker from there," said Andrew Lipow, a consultant with Lipow Oil Associates in Houston.

Andrew Ang, of Oil Pricing Information Service, said Irving Oil’s ability to use southern rail and barge routes means the impact of the Lac-Mégantic tragedy on its access to western crude oil will not "be that great." {CBC 12 July.13}

CRUDE OIL MOVES**
Sightings
In July after the 2nd (as always, this list, compiled from rail observer sightings, does not contain every oil train that moved, and may list one train more than once):

CN
29 June, Hampton. 79 inbound loaded cars on a mixed train (reported in 13#06B)

NBSR
3 July, McAdam, eastbound set off 35 carloads of logs and wood chips for Woodland and picked up 31 cars (6 loads of woodpulp). 79 cars, 4 locos out of McAdam including 24 loads of crude oil.
12 July, McAdam, eastbound set off 29 loads of wood chips and logs for Woodland, lifted 26 empties (methanol tanks, ballast hoppers, gypsum gondolas, and fishfood covered hoppers). 62 cars, 4 locos out of McAdam include 16 loads of chips and 20 crude oil tanks (reporting marks STAX).
14 July, near McAdam, westbound. 106 cars, 5 covered hoppers, 12 centerbeams, 17 boxcars, 39 STAX tank cars, 20 gondolas (many EMRY – probably chip cars), 4 clay slurry tanks. {NBRails}
Pan Am
8 July, Massachusetts, unit oil train eastbound off CSXT.
12 July, Bangor, eastbound 60-car cut with 28 other cars with three pushers for Veazie hill.
12 July, Old Town, oil train “OI-28” eastbound with 2 B&M, 2 MEC locos. {NBRails, NERAIL}

Albany
[See New York for CSXT-delivered oil to Saint John.]
12 July, Bangor, eastbound 60-car cut with 28 other cars with three pushers for Veazie hill.
12 July, Old Town, oil train “OI-28” eastbound with 2 B&M, 2 MEC locos. {NBRails, NERAIL}

WILL THE SPREAD CONTINUE?
Observers say that the price spread between Bakken crude (a few dollars less than WTI) and Brent crude is keeping the crude by rail flowing. The WTI-Brent spread has shrunk significantly. Perhaps the declining crude through Maine [q.v.] reflects this.

Boom in WTI
The shrink occurred because the price of WTI rose, not because Brent came down.
'Two market events combined to create a sudden demand for supplies of light sweet crude such as Bakken from North Dakota and WTI from the Permian Basin at Midwest refineries.
'The first of these two events was the shutdown of a large production facility (known as an upgrader) in Western Canada that supplied up to 350 Mb/d of light sweet synthetic crude (syncrude) into the Midwest. The second event was the recent restart of the 250 Mb/d distillation unit at the BP Whiting, Illinois refinery after a shutdown and rebuild since last year. The BP rebuild will eventually allow the refinery to process heavy crude, but the new coker unit will take months to get ready for that task. In the meantime the refinery will process light
sweet crude through the main distillation tower.

The combination of these two events caused a new demand for 600 Mb/d of light sweet crude in the Midwest market. The result was a predictable increase in the price refiners are paying for Bakken crude and for WTI. The price of WTI has increased by over $6/Bbl since the end of June to trade over $100/Bbl for the first time since May 2012.' {Sandy Fielden in RBN Energy 7.July.13}

**PIPELINE TO SAINT JOHN?**

4 July, Edmonton, Alberta. **DAYS PRIOR TO THE LAC MEGANTIC DISASTER, ALBERTA SUPPORTED A PIPELINE.** The province's Alberta Petroleum Marketing Corporation will provide to Energy East Limited Partnership up to 100,000 barrels per day for 20 years for transmission on the proposed TransCanada Pipelines eastern main line conversion project, according to financial documents released in late June.

The Alberta government has access to 400,000 barrels per day of bitumen in lieu of receiving royalties. “We’ve always indicated that we’re prepared to put our shoulder to the wheel to help ensure that we get access to markets and this is an example of what we are prepared to do,” Energy Minister Ken Hughes said in an interview this day.

Depending on approval to construct the pipeline, the province — through the Alberta Petroleum Marketing Commission – would pay an estimated $5 billion in tolls over the 20-year term of the deal. “It’s a substantial commitment on the part of the province of Alberta, but it actually doesn’t cost us money,” Hughes explained. “It costs the use of a strategic asset, which is the bitumen royalty in kind.” {Darcy Henton in Calgary Herald 4.July.13}

**US NATIONAL CRUDE BY RAIL: UP**

**FOR THE FIRST HALF OF THE YEAR, CRUDE AND REFINED PRODUCTS BY RAIL ROSE 48% over 2012 on all Class I railroads, according to a report from the Association of American Railroads (AAR).**

With U.S. crude oil production at the highest level in two decades, outstripping pipeline capacity, the United States is relying more on railroads to move its new crude oil to refineries and storage centers. The amount of crude oil and refined petroleum products transported by rail totaled close to 356,000 carloads during the first half of 2013, up 48% from the same period in 2012, according to Association of American Railroads (AAR).

U.S. weekly carloadings of crude oil and petroleum products averaged nearly 13,700 rail tankers during the January-June 2013 period. With one rail carload holding about 700 barrels, the amount of crude oil and
petroleum products shipped by rail was equal to 1.37 million barrels per day during the first half of 2013, up from 927,000 barrels per day during the first six months of last year. AAR data do not differentiate between crude oil and petroleum products, but it is generally believed that most of the volume being moved in the 2006-10 period was petroleum products and most of the increase since then has been crude oil. Crude oil accounts for about half of those 2013 daily volumes, according to AAR.

The roughly 700,000 barrels per day of crude oil, which includes both imported and domestic crude oil, moved by rail compares with the 7.2 million barrels of crude oil the United States produces daily, based on the latest 2013 monthly output numbers from the U.S. Energy Information Administration.

REGION: LNG IMPORTS, COAL DOWN*

9 July. DC. IMPORTS OF LIQUEFIED NATURAL GAS INTO NEW ENGLAND ON THE MARITIMES AND NORTHEAST PIPELINE HIT A 10-YEAR LOW IN 2012, a trend fueled by low prices for U.S.-produced gas out of Pennsylvania and higher-priced markets in Asia and Europe, according to a report released today by the Federal Energy Regulatory Commission.

The report found that the decreasing price of natural gas drove more electricity generation away from coal, which hit a 30-year low for its share of electricity generation nationwide.

Electricity costs fell with the price of natural gas, but pipeline constraints in New England kept prices in the region slightly higher than elsewhere in the country. Over the full year, the average spot price for natural gas at Boston's Algonquin Citygate terminal was $3.91, over a dollar higher than areas like Chicago, Texas, and Washington but still 22% lower than the previous year. {MaineBiz 9.July.13}

Natural gas continued to replace coal in New England [This decreases rail traffic while benefitting our air – editor.]. Statistics published this day by the Federal Energy Regulatory Commission noted that despite a constraint on pipelines, New England power companies took advantage of lower gas prices, as well as boosting their use of domestic gas. In 2012 LNG sold in Asia for $15/million BTUs, four to six times higher than in the United States. {page 7}

Boston LNG terminal hit

LNG imports into the Everett LNG facility outside Boston fell 37% in 2012, from 137 Bcf to 87 Bcf. The terminal has firm long-term LNG supply agreements with Trinidad and Tobago and Yemen, but repeated terrorist attacks on the natural gas pipeline that supplies the Yemen LNG facility sharply curtailed deliveries from that country in 2012.

This led Distrigas of Massachusetts (DOMA), the owner of Everett LNG, to declare force majeure in April and May. They curtailed deliveries to firm customers by 20%, and halted deliveries to interruptible customers. DOMA requested accelerated deliveries of LNG from Trinidad, but by the fall of 2012, LNG cargoes into Everett had dropped from four to five vessels per month to two to three per month.

As a result, Everett sent out only a small amount of re-gasified LNG into the regional grid. Most of its send-outs were dedicated to serving the adjacent Mystic power plant, and firm customers who truck LNG to storage tanks throughout the region. {page 17}

The supply disruption led to concerns for adequate gas to Mystic units 8 and 9 which can provide up to 1,600 MW of electricity supplies into the Boston area. Connected to Everett through a dedicated pipeline, they are directly dependent on Everett for its fuel supply. Subsequent to the supply challenges that emerged in the spring, DOMA and ISO-NE worked closely together to ensure that the Mystic power plant had enough fuel to run during peak electricity demand periods.

Versus heating demand

New England is a winter-peaking natural gas market driven by heating demand from the residential and commercial sectors. In the last two years, power burn has increased its share of total natural gas demand in New England and grew 4% during the summer of 2012 (compared to 2011). Constraints on pipelines serving the region are particularly acute during cold snaps when demand from power plants coincides with peak residential
and commercial natural gas demand. While the higher power burn pushed regional pipeline capacity to operating limits at times, New England avoided any major supply issues due to an unusually warm winter that suppressed residential and commercial load during the first quarter of 2012. {page 14}

**Main natural gas routes into New England**

- **Maritimes Canada** - This includes Canaport LNG supplies (off-shore landing in Saint John) and Sable Island (Nova Scotia) offshore production via the Maritimes & Northeast Pipeline (Maritimes);
- **LNG** - This comprises LNG imports through the onshore Everett LNG terminal and offshore Northeast Gateway and Neptune LNG terminals near Boston. Most of Everett’s LNG is used to fuel the Mystic power plant in Boston or trucked to local distribution companies’ LNG storage tanks and used to meet peak demand. Northeast Gateway and Neptune LNG have not imported any LNG since 2010;
- **Northern Route** - This comprises Canadian natural gas supplies from the TransCanada Mainline via the Iroquois Pipeline and Portland Natural Gas Transmission (PNGTS); and,
- **Southern Route** - This comprises Gulf Coast, Rocky Mountains, and Marcellus Shale natural gas supplies via Tennessee Gas Pipeline (TGP) and Algonquin Gas Transmission (Algonquin). {32012 FERC State of the Markets Report 6.13}

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**NEW YORK**

**ALBANY: OIL**

15 July. **IRVING HAS RESUMED SHIP CALLS HERE**, after switching back to barge following the grounding of its first ship in 2012 [see 13#05B]. Rich Hendrick, Port of Albany general manager, reported that the first ship sailed out the morning of 20 June.

On 15 July Hendrick said return of that ship, formerly due at the end of June, is now due 14 or 15 July. He expects the service to use a second ship to deploy in the Albany-Saint John service before the end of July. {e-mails to ANR&P correspondent Laurel Rafferty 15, 21.June.13 & 15.July.13}

**Several CSXT trains a week  Buckeye?**

The Port of Albany traffic to Irving via Buckeye [see 13#03B], CSX train K010 and K012, has been steadily heavy since the beginning of 2013. There are often several K010 trains a week into Albany. {dandh e-list 13.July.13}

**ALBANY: SCRAP SHIPMENTS**

28 June. **RENNSELAER IRON AND STEEL DUE DILIGENCE MEANS IT WON'T LEASE** before the end of the summer, Hendrick wrote this day. On 28 June Sims Metal Management exited the property it was leasing from the Port of Albany [see 13#05B].

RIS [parent company of Grimmel – see Maine fire story], before executing its lease for this property, is making sure there are no future environmental issues that become its issues and hopes to have the lease by the end of the summer. {e-mails to Rafferty 2 & 15.July.13}
QUEBEC

LAC MEGANTIC TRAGEDY**
6 July, Lac Megantic. AN MMA OIL TRAIN DERAILED, RESULTING IN AN EXPLOSION AND MANY DEATHS.

Note: The sequence of events has introduced me to the details of hours of service, train operation, and brakes, much more so than I ever anticipated. I follow those details here because many, many people are arguing about them, people I would have thought knew them.

More important to the rail industry now enjoying a huge rise in crude traffic, the details continue (at least in my own mind) to argue that crude oil did not cause this disaster. Any set of train cars of flammable material (gasoline, heating oil, butane, etc) could have caused it, and crude oil itself should not be blamed.

The sequence of events, revised (blue type shows revisions)
Note: the recounting is based on many news sources (only some cited below), and may end up inaccurate. The following sequence makes the most sense to me.

“Dead” MMA loaded oil train in Lac Megantic. In the evening of 5 July, an MMA engineer arrived just west of Lac Megantic in Nantes, having operated the train from Farnham with 73 loaded cars of crude originating at the Bakken field in North Dakota. At 23H00 he parked the train, as MMA routinely does for crew change, on the main line (though a siding exists), and set some brakes.

The current MM&A ETT shows the passing siding at Nantes to be 7,160 feet long and Nantes to be 7.4 miles from Lake Megantic.

Locomotive fire in Nantes. After the engineer (MMA recently obtained permission from Canadian or Quebec authorities to operate single-man crew1) left the train in Nantes at 23H25 to get rest at a hotel in Lac Megantic, a fire broke out on the lead of the five locomotives. A passerby reported it at 23H30.

Firefighters reached the scene within seven minutes, said Nantes Fire Chief Patrick Lambert said. Likely caused by a broken fuel or oil line, it “was a good sized fire, but it was contained in the motor of the train," Lambert told Reuters. "By 00H12, the fire was completely out."

As they extinguished the fire, the 12 volunteer firemen also shut down the lead locomotive, in line with their own protocols which are cleared with MMA, to prevent fuel from circulating into the flames.

Lambert said the fire department contacted the railway's regional office in Farnham, Quebec, and spoke to the dispatcher. "We told them what we did and how we did it. There was no discussion of the brakes at that time. We were there for the train fire. As for the inspection of the train after the fact, that was up to them."

The Nantes fire chief listed this fire as the fourth locomotive fire in the past eight years.

Train starts moving. The firefighters departed, leaving the train in the hands of MMA personnel. Minutes later, the unmanned train started moving downhill toward Lac Megantic, which lies in a bowl. The 12-kilometer distance has a downhill grade, perhaps 1%. [Whether the air brakes somehow let go, or whether one or more hand brakes were not applied2, remains in question. Editor]

Ed Burkhardt, MMA chair, told The Toronto Star: "If the operating locomotive is shut down, there's nothing left to keep the brakes charged up, and the brake pressure will drop finally to the point where they can't be held in place any longer."

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1 According to one report, since June 2012.
2 Canadian Railway Operating Rules state: '112. SECURING EQUIPMENT (a) When equipment is left at any point a sufficient number of hand brakes must be applied to prevent it from moving. Special instructions will indicate the minimum hand brake requirements for all locations where equipment is left. If equipment is left on a siding, it must be coupled to other equipment if any on such track unless it is necessary to provide separation at a public crossing at grade or elsewhere.'
Unmanned train derailed. Preliminary data from the locomotive's event data recorder showed the train was going an estimated 62 miles per hour when it hit the curve to the right [see map] and derailed at 01H15, Donald Ross, the Canadian Transportation Safety Board investigator in charge, told the National Post of Canada. Through downtown Lac Megantic, the track speed is 10 miles per hour. The locomotives successfully negotiated the curve, but some of the cars did not. Some derailed, then much of the entire train.

Derailed cars afire. The loaded crude cars, off the tracks, started burning. Some minutes later, the first explosion occurred, followed by others until 04H00, killing about 60 people and destroying thirty buildings around the epicenter. Crude oil cars are not pressurized and do not normally explode. [Whether the overheated crude oil cars, or stationary propane tanks, or propane cars, or something else exploded is discussed below.]

A photo from 8 July, about 48 hours after the explosion, shows about 30 tank cars in the wreck, none half-burned or clearly ruptured, apparently mostly cylindrically-shaped.

About two thousand residents were evacuated.

Post-accident.
At some point, 13 crude oil cars at the west end of the train, undamaged and still on the rails, were pulled away from the wreck toward the west, by a trackmobile [see photo] and later a switcher from Sherbrooke.
LAC MEGANTIC: COMMENTS*

Response of government. Quebec Premier Pauline Marois on 10 July hit out at the “completely deplorable attitude” of the rail company at the centre of the Lac-Mégantic disaster as she announced a $60-million fund to help victims. The French version of the company’s website is still under construction, and a translated French-language press release was riddled with errors.

“It’s a completely deplorable attitude from the company,” Marois said. “I understand he doesn’t speak French but he could have gotten someone and been there on-site.”

Meanwhile, Marois says she expects money from an emergency fund to start flowing immediately, with an initial $1,000 to help people in distress. “When someone comes to ask for help, we want the cheque to head out that day,” Marois told a Quebec City news conference. “We don’t want them to be told about some program that could help in three weeks.”

Investment questioned. Marois said Finance Minister Nicolas Marceau called the Caisse de depot et placement to “seek information” about its minority holding in MMA. The pension-fund manager is supposed to be a hands-off institution — with political interference to be avoided at risk of damaging Quebecers’ savings through politically-motivated investment decisions. {Canadian Press in National Post 8.July.13}

Burkhardt comments
Like the frank executive he has been, MMA Chair Ed Burkhardt has discussed the disaster at length:
7 July. In an interview with Reuters in his office near Chicago's O'Hare airport, Burkhardt said the railway had had minor derailments, but no fatalities. "In the 10 years or so we've been in business, this is the only serious derailment we've had." He expected claims would "be a lot of money," but the company and its insurer could handle it financially.

MMA had "a tough few years" during the 2007-2008 recession when demand fell for its usual cargo of paper and forest products. The increased demand to carry oil from western Canada and North Dakota, had helped. "The business had been getting a bit better." {P Huffstutter and Scott Haggett of Reuters in wsbt.com 7 July.13}

10 July. Burkhardt upon arrival in Lac Megantic said the train engineer has been suspended without pay. "I think he did something wrong. It's hard to explain why someone didn't do something. We think he applied some hand brakes but the question is did he apply enough of them. He said he applied 11 hand brakes we think that's not true. Initially we believed him but now we don't."

Burkhardt, who arrived with a police escort and was heckled by angry residents, said that he had stayed in Chicago to deal with the crisis in his office, where he was better able to communicate with insurers and officials in different places during what he described as 20-hour work days. {David Crary of AP in Portland Press Herald 10 July.13}

He later conducted a press conference in Lac Megantic at which he spoke at length on the tragedy [see box].
BURKHARDT PRESS CONFERENCE 10 JULY

The Nantes Fire Department. “They could have roused the locomotive engineer and taken him to the scene with them. But it's easy to say what should have happened, We're dealing what happened....I'm not saying it was the responsibility of the fire department....I don't consider the Village of Nantes to be responsible. I think the fire department played a role in this. I think that's incontrovertible. They have admitted that they shut this locomotive down. Now, does this say that they're bad people? Does this say that they're responsible for the accident? No, but it's a factor that needs to be taken into consideration.

The hand brakes on the tank cars. They should have been enough to hold the train. “Either a sufficient number of hand brakes were not set on the train, or the standards we were operating under, which are standard railway procedures, were inadequate to the size and weight of this train. We are researching this thing. We are certainly going to make any changes that may be necessary....

“The engineer told us that he set a certain number of brakes on the tank cars. That number is unknown and we're not sure.”

The hand brakes on the locomotives. The five locomotives stayed on the rails and halted about a quarter mile east of the disaster site. “On Saturday morning, before the police put up blockades around this area we were able to spend about five minutes looking at the diesel units involved. They all had hand brakes set on them and in fact the wheels were discolored and the brake shoes worn off....Our investigation is that the brakes on these locomotives were set and they were operative.”

Responsibility. “We have responsibility for this accident. We don't have total responsibility for it, but we have a large measure of responsibility. I have suggested that the fire department played a role in this thing. I think the fire department played inadvertent role, but unfortunately a key role. If this locomotive had not been shut down, we would not be having this meeting here.”

Leaving a train unattended. “I'm going to tell you that leaving a train unattended is very common in both the United States and Canada, all over there are trains left unattended....Now, is this correct, especially in view of what occurred? I think not. So we're changing our practice and we're not going to do that, without leaving a qualified employee on the train.

Crew change point. “...[W]hen our operatioNs resume we're not going to be changing crews in the Lac Megantic area anymore. We're going to go through, we're going to take crews to Sherbrooke, where the engineers, the train crews on these things match up better and the outbound engineer will be on hand and will immediately take the train which arrives with the inbound engineer....

“[T]he terrain is much better. The terrain is a problem as we certainly have found, Lac Megantic being in the middle of a valley with steep grades from both east and west....Sherbrooke is flat, we have a yard there, we can change crews there, it's a little bit of a stretch because it's a very long run from Maine to Sherbrooke. But we can do that and that's our plan.”

Relocating the rail line. “Now I'll mention something else that came out of the meeting with the mayor [of Lac Megantic] yesterday. This is a very good idea and but going to be hard to implement. She would like to see long-term a rail bypass north, going through the industrial district [where Tafisa is located – see map in e-bulletin(w)], it would take these tracks completely out of the downtown.”

Presence of Burkhardt. Asked why he as “president” did not arrive until 10 July, four days after the disaster, Burkhardt noted Bob Grindrod was president, and he had arrived from a funeral in Ohio as quickly as possible, by Sunday morning. {video edited by Allen McGinnis of Montreal Gazette and posted on Portland Press Herald website 10 July 13}
LAC MEGANTIC: NOT PROPANE?

FIRST REPORT
The day of the event, observers and the violence of the explosion both supported the notion that propane, not crude oil, had exploded.

Late on 8 July, the Portland Press Herald put together these observations:

Marie-Eve Boucher, who lives near the train yard that was at the center of the disaster, told the Toronto Star that she looked out her window after the ground began to shake and saw flames licking a tank car filled with propane. She and her husband ran to a nearby shopping mall, about a mile from the downtown, and then heard an "enormous explosion."

Her account confirms what Kevin Burkholder sees when he studies photographs taken from the air 6 July while fire crews doused the smoldering wreckage.

The mainline track on which the train was traveling remained relatively intact, he said, but a side track, known as a "storage track," was torn apart by an explosion at the point where the mainline curves, said Burkholder, editor of Vermont-based Eastern Railroad News, an online magazine that covers the industry for rail enthusiasts.

He said it appears that the train derailed at the curve and slammed into railroad cars carrying liquid propane. He said a Lac-Megantic resident, a "rail fan" who monitors activity at the yard, told him that he saw four propane cars 5 July on the same storage track.

Burkholder would not name his source, but said the Lac-Megantic resident had given accurate information about train movements in the past.

He said liquid propane is transported under pressure and is more likely than crude oil to create the kind
of explosion that destroyed much of downtown Lac-Megantic. Crude oil is not transported under pressure, he said. Burkholder said aerial photographs show that the vast majority of the tank cars carrying oil remain "intact and solid. It's very clear that the oil train itself didn't crash and blow up. It's what it crashed into." {Tom Bell in Portland Press Herald 9.July.13}

SECOND REPORT FROM MMA: NO PROPANE

NO PROPANE CARS WERE PARKED IN THE LAC MEGANTIC DISASTER AREA, MMA vice-president sales and marketing, said in a statement issued following assertions in Eastern Rail News, the Portland Press Herald, and this newsletter.  

Text  
'To clarified, there were no rail tankcars of LPG in the vicinity of the accident site. I repeat, there were no rail tankcars of LPG at site.  
'Whether or not there were storage tanks of LPG at individual locations has yet to be determined, as far as I know at this time.' {e-mail to ANR&P}

More response  
In response to your editor's contention that 'something exploded', McGonigle wrote: 'Many of the speculations you presented have valid points. I, too, know that crude is not explosive nor placarded as such. We'll await further facts from the investigation.' {e-mail to ANR&P 9.July.13}

Examination of photo of “blast” site  
In the photo, we are looking north. The main line curves away to the left at the top, toward Montreal [the accordion ed crude cars lie to the upper left beyond the photo], and to the left at the bottom, to Maine. At the top the track curves away to the right to Tafisa [see map] on the former Quebec Central line.  

At the bottom right we can see the third leg of the wye and an additional side track curving up from the third leg with two apparently non-crude tank cars near it. Above them lie what look like two covered hoppers. Mid-bottom we see several boxcars still on the tracks. Mid-picture we see other scattered tank cars. At the top left we can see the flattened ruins of the buildings destroyed in the blast and fire.

Burkholder examination and “craters”  
Burkholder writes: '[E]xamination of several of the photos that I've been privy to from the air indicate the blast site as being well away from the burning crude oil cars. There's a small yard in the location of the derailment...the blast originated there....The photo...definitely shows the blast site and the other railcars that were blown a good distance from where they had apparently sat in the yard area.  

'You can see several covered hoppers and non-crude-oil tank cars as well as boxcars that have been derailed next to where the blasts occurred. The blast areas are easily recognized by the area where there are craters and the rail is blown away. Also note...that the tracks are blown to the left on the far left side.' {e-mail to ANR&P 9.July.13}

THIRD REPORT: CRUDE COULD EXPLODE  
A knowledgable subscriber believes that the crude oil tank cars could have explod ed (one hears two distinct explosions with a metallic tone in the amateur video en français now available on the web). He began by explaining that a propane car would have been even worse: “The car would have taken off like a Scud rocket, powered by the exploding propane.” That was not seen.  

Nor was a BLEVE observed, a boiling liquid expanding vapor explosion. The subscriber believes that a

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3 This is a new track, as Google Maps aerial does not show it. Google Earth, by the way, has the same aerial photo as Google Maps.
propane BLEVE would have created far more damage.

The light crude could have begun burning within the tank car if it were punctured. The very high temperature gas created could not escape quickly enough through the puncture or the car's own pressure release valve, and thus rupture the skin of the car itself. “Then the oil would have come boiling out.” {ANr&P phone discussion 10.July.13}

**MMA: CUSTOMER DOWN**

8 July, Lac Megantic. *THE TAFISA MILL SHUT IMMEDIATELY AFTER THE EXPLOSION*, said Louis Brassard, CEO. He emphasized, however, not the economic loss but the human tragedy to his small town. “This is like 20,000 people killed in Montreal.”

**Restart soon**

Depending on the word from the municipality, Brassard reported, “we will resume shipping via truck shortly, probably tomorrow.” But for rail shipments “we have no idea....

“We rely on rail very much for outbound but not at all for inbound. We are the biggest user of rail for 80 miles around.” He estimated annual railcars at 2500. {ANR&P discussion}

**2006 fire**

Ironically, Tafisa itself suffered a massive fire in 2006, and had to shut down, causing economic hardship. It recovered by 2008 [see 08#10B], and is now 'the largest particleboard and melamine panel production facility in North America.' {company website}

**Now trucking**

Burkhardt said on 17 July Tafisa Canada and his staff are developing a plan to truck products a short distance, then load them onto rail cars west of the disaster site. {Tom Bell in Portland *Press Herald* 18.July.13}

**LAC MEGANTIC: ENOUGH HAND BRAKES?**

10 July. *DID THE ENGINEER SET SUFFICIENT HAND BRAKES?* Two ANr&P subscribers, long-time railroaders, wonder if the train arrived at Nantes at 23H00 and the engineer left the locomotive at 23H25? Their concerns are reflected by national experts.

“That seems like a short period of time to secure the train,” Colorado-based railroad consultant Robert Stout said, adding that to activate a brake, a worker must walk between the railcars, climb up a ladder and turn the brake wheel. At least three independent railroad industry experts contacted by Reuters would have opted to apply at least 20 brakes and as many as 30 on a similar heavy train parked at a grade of 1.2%, the slope from Nantes to Lac Megantic.

An online copy of Canadian Pacific's General Operating Instructions said at least nine handbrakes must be set on a parked train of 70 to 79 cars, but additional brakes "may be required" if the train is parked on a grade. Canadian National provides more specific instructions, recommending that crews activate the handbrakes on 40% of all railcars when a train is idled on a 1-1.4 percent grade, according to a Transportation Safety Board report in April.

If MMA's engineer had followed the 40% guidance, he would have had to activate about 29 brakes.

**The brake setting sequence: possible in 25 minutes, barely?**

According to one subscriber, the engineer would apply the air brakes fully, set each hand brake on each locomotive [apparently done, see Burkhardt press conference in box], and then set the hand brakes on, say, ten cars. The other subscriber said when he outlawed in Maine, he only needed twenty minutes to set up the brakes for a 'train on a grade'.

But after the hand brakes are set, the engineer is supposed to fully release the air brakes, then wait five minutes to be sure the hand brakes hold the train, then fully apply the air brakes again. Moreover, the engineer
must also shut down the other four locomotives, which the MMA requires to save fuel. {e-mail to ANR&P 9.July.13; ANR&P discussion 9.July.13}

**LAC MEGANTIC: MMA SAFETY RECORD***

9 July. **MMA HAS HAD TWO REPORTABLE ACCIDENTS PER YEAR** in Maine over the past decade with at least $50,000 damage in each, according to the Federal Railroad Administration. No one died in any of the accidents.

The FRA data, which applies only to activity in the United States, shows the company's accident rate per million train miles last year was 34.7, compared with the national rate of 2.27. MMA has said that its rate can be higher because it carries freight fewer miles than other carriers. The 2012 rate reflects two reportable accidents.

"When you look at the total number of cars handled by the MMA, that's pretty small," said Kevin Burkholder, who publishes the online trade periodical *Eastern Railroad News*. "A defective car brake, you're not going to know it fails until it fails. MMA doesn't own most of the cars they're operating. Oil tank cars are owned by private companies."

On 12 June 2012, a MMA worker said he had left a rail car with its brakes on but turned to see it rolling down a 1% grade in a rail yard in Brownville Junction, Maine. The worker tried again to apply the brake but the car kept rolling, eventually colliding with another car at 5 miles per hour. A defective brake rod was determined to be the cause.

On 23 February 2013 of this year, a train bound for Lac-Megantic from Brownville Junction derailed one car and dragged it 2,000 feet at about 5 miles per hour. The incident caused $23,000 in damage, according to the FRA's accident report. {David Hench in Portland *Press Herald* 9.July.13}

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**LAC MEGANTIC: CRIMINAL ACT?***

9 July, Lac Megantic. **CANADIAN AUTHORITIES HAVE FOUND EVIDENCE OF A CRIMINAL ACT,** provincial police Captain Michel Forget said. "I will not speculate on the elements that we have recovered." Officials don't think that the incident was caused by terrorism. He said criminal negligence was one possible avenue that officials are considering as the investigation unfolds. {CBC News 9.July.13}

No evidence of sabotage

Asked during an earlier news conference whether authorities suspected sabotage, Ed Belkaloul, manager of rail operations for Canada's Transportation Safety Board's eastern region, said there was no evidence to that effect.

He also noted: "On the principal lines, as soon as there is an uncontrolled movement, the controllers of rail traffic can see that there is an uncontrolled movement." On short lines like the one between Nantes and Lac-Megantic, "there is no way for the dispatcher or the controller to realize that there is an uncontrolled movement." {Eliott C. McLaughlin, Ben Brumfield, Paula Newton, and Joe Sterling in CNN 9.July.13}

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**LAC MEGANTIC: TSB WORK**

12 July, Lac Megantic. **TRANSPORTATION SAFETY BOARD OF CANADA CHAIR WENDY TADROS ON FRIDAY VISITED THE SITE** of the disaster. The TSB's goal is to find out what happened, why it happened and what needs to be done to prevent it from happening again. She promised a "360-degree, top-to-bottom" search for answers. The TSB now has 20 experts on the scene and another 10 working on the investigation from the agency's home office in Gatineau, Quebec, she said during a news briefing, according to a press release.

"This is an incredibly complex investigation. We're looking not just at the train and its operation, but its weight, the grade and the track, and the regulatory oversight, the number of brakes set, and the company's practices and procedures. We must examine the locomotives and the tank cars," said Tadros. "However, before anything is moved, we need to document it all. We are doing that now through photogrammetry of the site."

With assistance from the US National Transportation Safety Board, the TSB also plans to perform 3-D laser scanning to create a model that will help determine how the tank cars failed and exploded. "We will
interview dozens of witnesses and examine every piece of evidence, applying the full strength of our collective expertise....

"We understand that the community is anxious for answers, but there are many questions we still need to ask. We must not rush to conclusions if we want to make our transportation system safer. We need to gather, validate and analyze a mountain of information. {Progressive Railroading 15.July.13}

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**MAINE**

**2012 MAINE EXPORT, IMPORT STATISTICS***

1 July. THE RAMP-UP IN CRUDE IS REFLECTED IN EXPORT STATISTICS published in the MaineBiz Factbook.

**US exports through Maine ports**

Ranked in dollar value, selected ports, with percent change from 2011:

- **Houlton**: $1453 million  6%  (highest)
- **Eastport**: $257 million  -22%  (ranked #4)
- **Jackman**: $245 million  15%  (#5 – includes rail and road)
- **Vanceboro**: $228 million  723%  (#6 – nearly all rail)
- **Portland**: $77 million  101%  (#7)
- **Searsport**: $37 million  -23%  (#9)

**Maine products by rail**

Another table shows products produced in Maine, exported to Canada. Here #1 is fish and crustaceans at $274 million, wood and articles #2 at $224 million (up 16%), paper and paperboard at $188 million (down 1%), and 'pulp of wood and paperboard' at $46 million (#8 up 1%).

Total exports to Canada by rail (does not apparently include transit): $72 million, up 21%. {MaineBiz Factbook 2013 1.July.13}

Thus of the traditional Maine forest products exported to Canada, totalling $458 million, only at most about 15% move by rail. {editor}

**Maine imports by rail**

A third table shows products Maine imported. Here #1 is mineral fuels, oils, and waxes down 18% at $471 million, #2 pulp of wood and paperboard $268 million down 22%, paper and paperboard #5 at $127 million down 3%, wood and articles at #7 $78 million down 3%.

Total imports from Canada by rail (unclear if includes transit) $496 million down 15%. By truck: $1008 million. {MaineBiz Factbook 2013 1.July.13}

Thus of the traditional Maine forest products, Maine imports from Canada $473 million. But rail accounts for a much higher fraction (probably meaning these figures include transit). *Editor*

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**CRUDE THROUGH MAINE**

Figures from the Maine Department of Environmental Protection show [compare 13#06A]:

**May Pan Am**

The railroad failed to report [see below].

**May MMA**

MMA reports 347,721 barrels through Maine in May. {e-mail from MDEP's Melissa Morrill 8.July.13}
PAN AM: FAILURE TO REPORT with correction*

10 July, Augusta. **THE RAILROAD HAS NOT REPORTED ITS CRUDE OIL COUNT THROUGH MAINE** for April and May, said Maine Department of Environmental Protection spokesperson Jessie Logan. [Apology: Due to a miscommunication, your editor believed Pan Am had told MDEP it moved no crude through Maine (contrary to rail observer reports). See 13#06A.]

The department “if necessary, will take appropriate enforcement actions,” said Logan, promising a "thorough" investigation."We want to find out exactly why" the company missed the deadlines for two months, stressing that some "leeway" is given for one month's missing report. She had no immediate explanation of why Pan Am missed two months. {ANR&P phone discussion}

A call to Cyndi Scarano, Pan Am executive vice-president, on the evening of 10 July was not returned by publication the morning of 11 July.

Possible enforcement

The DEP's website lists enforcement actions as ranging from letters of warning to referral to the attorney general for legal action. The reports are required because a fee is assessed on the oil to pay for state oil-spill cleanup actions. The fee is due with the report, with a penalty if the report is late. {Lance Tapley in Portland Phoenix 10.July.13}

Does NBSR report?

Logan stated later that the **first** transporter of the product into Maine must report. Hence, NBSR which receives the crude oil tank cars from either MMA or Pan Am, neither reports nor pays the fee. {e-mail to ANR&P 16.July.13}

PAN AM: SCRAP FIRE*

13 July, Topsham. **A SINGLE RAILCAR OF RECYCLED MATERIAL CAUGHT FIRE**, requiring firefighters from seven towns three hours to put out. Topsham Fire Chief Brian Stockdale said a security guard
reported smoke billowing from a rail car at Grimmel Industries off River Road around 13H30. When firefighters arrived, flames were reaching heights of 30 feet. {Dennis Hoey in Portland Press Herald 13.July.13}

Grimmel rails out scrap metal [see 09#11B].

MAINE OPERATION LIFESAVER*
1 June, DC. THE FEDERAL RAILROAD ADMINISTRATION AWARDED A GRANT TO MAINE OPERATION LIFESAVER, one of 12 state programs to win funding. {Railway Age 2.July.13}

MASSACHUSETTS

PAN AM: TIGHE CASE*
10 July, DC. WINCHESTER RESPONDED TO THE PAN AM EMERGENCY FILING [see 13#06B]. It argued that Tighe's ownership of the track was key. "To come within the Board's jurisdiction...an activity must constitute “transportation” and must be performed by, or under the auspices of, a “rail carrier.”

'Tighe is not a rail carrier...Tighe's handling of the rail cars on its private track is not performed by, or under the auspices of, a rail carrier."

Only to the Tighe-owned track
The Town argued that its cease and desist order 'does not relate to the entire Montvale Yard or any track other than Tighe's [private] track adjacent to Tighe's warehouse...." {STB website, filings page, Finance Docket #35749}

Pan Am still serving
According to a knowledgable source, on 3 July the Pan Am switcher 'LA-2...dropped 10 cars at Tighe/Montvale, switching from 21H15 to 21H50.' {e-mail to ANR&P 3.July.13}

PAN AM: AMICI SUPPORT*
11 July, DC. 'AMICI ARE SEEING...MORE AND MORE STATES AND LOCALITIES...ATTEMPTING TO SHUT DOWN...RAIL OPERATIONS," stated the brief of the Massachusetts Railroad Association, which along with CSXT, NS, and HRRC filed as amici curiae (friends of the court) in the Pan Am v Winchester et al case at the STB. [See above.]

Not a question of ownership of a spur
Like Pan Am, the amici argued that Winchester cannot pin its case on the fact that Tighe owns the spur adjacent to the warehouse, that Pan Am operations there are 'private operations on private track.'

Instead, the amici maintain: 'Section 10102(9)(A) makes clear that "transportation" includes any "yard, property, facility, instrumentality ... related to the movement of passengers or property, or both, by rail, regardless of ownership or an agreement concerning use." 49 U.S.C. 10102(9)(A). This phrase "regardless of ownership" has never been implicated by any case decided by the Board. But, its meaning is clear. No matter who owns the yard, property, facility, or instrumentality, if it is used by a "rail carrier," then Section 10501(b)(1) preemption applies....

'In this case...the operations are not wholly private. Pan Am's operations — like those of railroads in so

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4 To the contrary, Pan Am, not Tighe, switches the track and spots the cars at the consignee's warehouse. But note that a common carrier performing switching operations on a private track is not pre-empted. See 13#06B. To distinguish between the two, the amici call on the Board [see next article].

5 Does this perhaps mean that if Tighe parked empty cars on “its” track, and Pan Am switched loaded cars onto the adjacent track, Tighe could unload the cars through the empties – a common practice? I doubt Winchester would enjoy that result. Editor

6 The order actually states 'cease and desist all rail traffic to the warehouse.' See 13#06B.
many other situations – are to comply with its common carrier obligation; they are not private operations
performed pursuant to something akin to a switching agreement that a customer might enter into with a private
operator.'

In the middle of the pre-emption spectrum
'Finally, this case falls squarely in the middle of the spectrum of pre-emption cases addressing attempts to
regulate rail operations. On one end of the spectrum are the cases involving regulations that are directed at or
affect a railroad. For example, any form of state or local permitting or preclearance that, by its nature, could be
used to deny a railroad the ability to conduct some part of its operations....

'On the other end of the spectrum are cases that hold that regulation of the activity of non-railroads that
has the effect of regulating rail operations is also pre-empted. For example, the United States Court of Appeals
for the Fourth Circuit held that an ordinance of the City of Alexandria imposing permitting requirements that
restricted the number of trucks leaving a rail transload station was pre-empted.7

This case "splits the uprights." Although it is not a garden-variety pre-emption case involving a
regulation of railroads or rail operations, the Town's regulation is aimed more at rail activity than the truck
permits in City of Alexandria. Indeed, the regulation is aimed at the use of track. It only tries to create a
distinction based on ownership – a distinction not allowed by Section 10102(9)(A).'

First opportunity to rule
'In short, this case represents the first opportunity for the Board to address attempts by states and localities to do
indirectly what they cannot do directly. To protect and preserve a national rail system, regulations such as these
were pre-empted by Section 10502(b), which – after being broadened by Congress in 1995 – makes it "difficult
to imagine a broader statement of Congress's intent to pre-empt state regulatory authority over railroad
the Board should so find.' {STB website, filings page, Finance Docket #35749}

PAN AM: WINCHESTER SNEAKY
16 July, DC. WINCHESTER'S REPLY FAILS TO STATE THE COMPLETE AND ACCURATE FACTS,
argued Pan Am in its rebuttal. In light of the Town's pending motion in state court, the Board should 'issue a
preemption order (if necessary, at first without an opinion) before July 22.' (emphasis in original). Pan Am
notes three points:

An emergency does exist
On 3 July the Town wrote the Board:

'Contrary to the Petitioners' assertion, there is no emergency requiring the Board's immediate action, for no
petition for a temporary restraining order or preliminary injunction as yet has been filed with the Middlesex
Superior Court, and Petitioners remain free to serve the Tighe Logistic Group in Winchester as they have been
doing.'

But on 6 July the Town did file for a 'preliminary injunction' to 'cease rail operations. (Ex. B at 1, 6 (“Motion for
Preliminary Injunction”)).

The Town is not waiting for Board action
The 3 July letter implied that the Town would await Board action:

'Please be advised that the Town of Winchester, Massachusetts, and James A. Johnson chair of the Town of

7 Your editor asks: Isn't the proposed regulation of ethanol transloads in Massachusetts [see other story] also a 'regulation of the
activity of non-railroads that has the effect of regulating rail operations'?
Winchester Board of Selectmen, pursuant to 49 C.F.R. § 1104.13(a), on or before July 22, 2013, by their counsel, Mark Bobrowski, Esq., and myself, will be filing their Reply to the Emergency Petition for Declaratory Order filed by Boston and Maine Corporation and Springfield Terminal Railway Company, filed July 1, 2013.

Pan Am pointed out that 'the Town’s motion for an injunction asks for exactly the opposite—namely, that the state court enter the “injunction ... unless and until a tribunal of competent jurisdiction finds and rules that the private track is preempted.” Ex. B at 6. Thus, while assuring this Board that there is “no emergency” requiring an immediate decision, the Town is pressing forward to “cease rail operations” until this Board rules.'

The Town is abusing STB rules
Pan Am argued this day: 'To justify a state-court injunction, moreover, the Town is relying on informal communications with Board employees. In its [state court] motion, the Town cited a confidential e-mail from the Rail Customer & Public Assistance Program (RCPA), stating that:

“if a track is truly ‘private track’ then neither its construction, nor its operation is subject to STB jurisdiction.” Ex. B. at 3.

'The Town did not mention that the e-mail also stated: “[I]t would be best to reserve judgment until more facts are known,” and the e-mail stated “[n]either RCPA employees nor the parties to an informal matter before the RCPA shall disclose any informal dispute resolution communication.” Id. at Ex. 6 at 2. Nor did the Town attempt to justify quoting these communications in violation of Board rules.' {STB website, filings page, Finance Docket No. 35749}

PAN AM: MORE PARTIES
16 July, DC. SEVERAL SHORT LINES WISH TO JOIN TIGHE ACTION AS AMICI CURIAE, wrote their attorney John Heffner. They will file their comments 'later this week', as they are concerned about the pre-emption issue. {STB website, filings page, Finance Docket No. 35749}

NS-PAN AM-BOSTON: VETO OF ETHANOL LIMIT**
12 July, Boston. GOVERNOR DEVAL PATRICK RETURNED THE ETHANOL-LIMIT LANGUAGE to the General Court. He said of House Bill No. 3538 [see language in 13#05B]:

'Section 81 would prohibit the Department of Environmental Protection from issuing a Chapter 91 license to ethanol storage or blending facilities in densely populated areas of the state, which would have the effect of significantly constraining the transport of ethanol in Massachusetts.

'It is critical we ensure that ethanol and other hazardous materials are transported safely throughout the Commonwealth and that mitigation measures are in place in the event of an incident.

'However, as currently drafted section 81 would interfere with marine terminal operations and potentially impact existing licenses throughout the state.

'Consequently I propose to amend the section to ensure it is more precisely tailored to effectuate its underlying purpose.

Two-year moratorium on rail routes
'My amendment would prohibit for two years the addition of new routes of ethanol transport by rail in certain port areas, allowing time for the related safety issues to be more fully considered.' {text from governor's website}

Licenses already issued would not be affected. He also called for the Massachusetts Emergency Management Agency to consult with other state agencies and 'develop a comprehensive ethanol transport [disaster] response plan for all municipalities that accommodate the transport of ethanol by rail.'
Fear of explosion
Ethanol is vulnerable to bursting into flame from a single spark at only 63 degrees Fahrenheit, said Cambridge Councillor Minka vanBeuzekom, who sat on a two-months study group after the rail plan was announced. She saw merit in Patrick’s revisions, including the order to develop a comprehensive disaster plan and its allowance of some licenses. “It might even be better than the original, which would have prohibited all licenses.” {Marc Levy in Cambridge Day 12.July.13}

Lac Megantic note
The opponents’ organization, Chelsea Creek Collaborative, met with Patrick on 9 July to deliver 1,000 postcards asking him to sign the language.

“Saturday night’s tragic catastrophe in Lac Mégantic, Quebec provides a horrifying glimpse of what is possible when millions of gallons of highly flammable products are railed through the middle of densely populated areas,” said Roseann Bongiovanni, associate director of the Collaborative. {Chelsea Record 11.July.13}
13 July, Boston. **RAIL IS STILL SAFER THAN ETHANOL BY TRUCK**, argued George Casey, legislative director for the union SMART Transportation Division (formerly UTU). In a letter to Brian MacQuarrie, *Boston Globe* reporter, responding to his article about the Lac Megantic tragedy, Casey stated:

**Two-person crews**

'I am concerned over your banner that "the (rail) industry is poorly regulated." While your assertion may have some relevance to Canada, I can assure you American rail carriers are regulated, as are their train and engine employees. It is my opinion that an accident of this magnitude is highly unlikely in Massachusetts, or New England, because all rail carriers, with the obvious exception for Montreal, Maine and Atlantic (MMA), employ two (2) person crews, particularly on hazardous material trains. Furthermore, unlike in Canada, Conductors and Engineers in the United States are Licensed and Certified by Federal Law, and the oversight provided by the Federal Railroad Administration.'

**Ethanol 'danger'**

Your comparison, as well as the "NIMBY" reaction to the "Global Petroleum" plan, doesn't pass the laugh test because, first of all, ethanol travels through these towns every day without incident, and, secondly, can anyone ignore the massive tank farms, and truck traffic located in, and passing through the streets of, Chelsea today. Simple fact is that the public would be better served and protected if this commodity was shipped by a highly regulated rail carrier with licensed and certified crews.

The self-serving dismissal of the impact of single person operation by MMA is indicative of a cavalier attitude toward safety; there is no substitute for "redundant" safety precautions, whether they are human or mechanical.' {copy via e-mail to ANR&P 14.July.13}

**PW: A PLUS**

12 July. **THE BAD NEWS FOR PAN AM IS GOOD NEWS FOR PW**. PW now rails ethanol to Providence, whence Global barges it to Boston; the rail to Chelsea Creek [see above] would have replaced this. PW has some relief, for a time at least. *Editor*

**HRRC: VETO OF TRANSPORT BILL**

2 July, Boston. **GOVERNOR DEVAL PATRICK RETURNED THE TRANSPORTATION FINANCE BILL IN ITS ENTIRETY** to the General Court with recommended amendments, principally a provision to ensure long-term funding for the Commonwealth’s transportation system.

While the bill passed at the end of June sought to invest an additional $805 million a year by 2017 in roads, bridges and rails across the Commonwealth, it did not deal with the anticipated loss of $135 million in existing revenue that same year. The bill relies on that $135 million in revenue from the western Turnpike tolls, yet under current law the tolls can come down in 2017.

**Increase gas tax**

Patrick's amendment will ensure that the state will actually see the total $805 million in new investment. If the tolls come down in 2017, the state’s Commissioner of Revenue will be directed to increase the gas tax by the amount necessary to replace the lost toll revenue. This will provide certainty for transportation planning and the public that the state is able to make the investments it is promising to make. {governor's press release}

**HRRC impact**

The railroad [see 13#06B] is counting on Massachusetts funding to start passenger service. The amendment appears to ensure at least some funding in later years for HRRC. *Editor*
**RHODE ISLAND**

**PROVIDENCE: CRANE USE**

13-14 July. *WE RECEIVED OUR NEW MOBILE LIEBHERR LHM 550s AND UNLOADED THE FIRST VESSEL WITH THEM* over the weekend.' reported Chris Waterson of Waterson Stevedoring. 'The vessel was carrying both aluminum oxide and aluminum oxide “dregs.”

**Washington Mills customer**

'The oxide customer is Washington Mills. We truck the oxide to Grafton and we rail the dregs to Niagara, Canada [see 06#09A]. This shipment was about 24,000 tons (13,000 oxide, 11,000 dregs) and we typically handle three shipments per year.' {e-mail to ANR&P 17.July.13}

**VERMONT**

**VRS: PROPANE FACILITY ADVANCES***

2 July, Bellows Falls. *VRS NEEDS INFORMATION FROM THE VILLAGE FOR ITS APPLICATION TO BUILD A PROPANE FACILITY HERE.* [See 13#06B.] Brent Brewer, the general manager of the Vermont Rail System and Green Mountain Railroad, told the Rockingham Selectboard at its meeting this day that the rail system needs to know what kind of equipment the local fire departments have and how many full-time and part-time employees they carry before the application can be filed.

VRS has preliminary plans, but the final plan cannot be unveiled until the fire marshal's office approves it. Rockingham Selectboard Chair Tom MacPhee said the town wants to see the final plan before VRS can expect the town's support.
Pre-emption?
Selectboard voted on this day to task Town Attorney Stephen Ankuda with reviewing the options the Rockingham/Bellows Falls municipality has available to ensure safety and with determining to what extent local governments can regulate such rail facilities.

Stearns mentioned a propane facility first owned by a railroad and built by Dead River Company. Subsequently Dead River bought it. Stearns said this meant Dead River, over time and through exemptions, completely evaded the regulations of Act 250.

Brewer, who was sitting in the audience, assured Stearns that is not the intent with this project and noted a facility in Walpole, New Hampshire, just across the river is still owned and operated by a railroad. [At one time Sprague operated the Walpole facility served by VRS, on behalf of Sprague and Ultramar – see footnote in 05#12B. Unknown if Sprague still does.]

MARITIMES

CN: GYPSUM SHIPMENTS
17 July, Milford. **CARLOADS OF GYPSUM OUT OF THE NATIONAL GYPSUM PLANT IN MILFORD STATION REMAIN LOW.** Any improved housing construction in the United States has not resulted in increased business for the plant, said plant manager Jeff Newton. “A lot of plants on the East coast are either shuttered or down in capacity and a lot of those plants are supplied by synthetic gypsum [for example, Atlantic Wallboard in Saint John – see 12#06B]. They are the low-cost, high speed plants and until they are back online 100% we won’t see an increase in our shipments.”

Current outbound traffic
Newton, who took over as plant manager in January from Pat Mills, said the plant ships on average 55 rail carloads a day, down from about 110 carloads at the peak several years ago. “We are doing just under 2 million tonnes a year and we may get to 2.5 million in three or four years but I don’t think we will ever get back to the just under 4 million tonnes the plant was doing at its peak.”

About 88% is railed to Dartmouth [see 13#05B] for shipment by sea to the United States. The balance moves via rail to McAdam and Saint John plants; Newton declined to specify how much to each. {Jeff Newton in discussions with ANR&P Correspondent Tom Peters 17.July 13}

CBNS/CANSO: UPDATE
16 July. **THE PROPOSED CONTAINER TERMINAL WILL NOT FEATURE FULL AUTOMATION INITIALLY** and will handle containers in a similar fashion as Prince Rupert, said Richie Mann, spokesperson for Maher Melford which is creating the terminal. [See 12#01B.] Lloyd’s List on 5 July stated that major automation advances (robotics and computer-guided equipment) permit many new terminals to use full automation.

“We could do [full automation] if it was advantageous to do it. It is a function of how much volume you have and intend to put through. To justify full automation you would have to have a pretty robust operation that would go around the clock. Like anything it has to make sense.”

Maher Melford envisions an “operation similar to what is being used at Prince Rupert which is not highly automated but they have optimized the vessel to rail transfer. They have significantly reduced dwell times and are building trains right off the vessels. It has made for an extremely efficient operation with a lot of moves per hour so we would envision that to start.

“We have invested in getting designs done by international consultants like Hamburg Port Consulting that include fully-automated robotic type operations and we would likely move to that type of operation when it is advantageous to do so.”

The terminal will be constructed to include the required infrastructure for full automation “to ensure we could make that transition in as efficient a matter as we could without running into all the problems that existing
terminals have that never had foresight to do that or were built at a time when full automation was not envisioned as an option.”

Moving forward
Mann said “things are looking pretty good....We are at the due diligence stage on the carrier side and carrying out negotiations and discussions with all people we have to talk to. We continue to be pretty confident that we are close to having this thing happen.” {Discussion with ANR&P correspondent Tom Peters 16.July13}

NBSR: DISASTER EFFECT*
8 July, McAdam. AN EASTBOUND MANIFEST HAD ONLY 23 CARS, Three locomotives brought only 11 cars out of Maine; after picking up 1 empty sugar car and 11 empty gypsum gons the count came to 23 cars. {RailsNB}

A sign traffic is stalled west of Megantic. Editor

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<thead>
<tr>
<th></th>
<th>SAINT JOHN JANUARY-JUNE 2013</th>
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<tbody>
<tr>
<td><strong>Liquid Bulk</strong></td>
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<tr>
<td>June 2012</td>
<td>14,011,940</td>
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<td>June 2013</td>
<td>13,844,000</td>
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<td><strong>Dry Bulk</strong></td>
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<tr>
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<td>457,429</td>
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<td>June 2013</td>
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<td>June 2013</td>
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<td><strong>Containers – TEUs</strong></td>
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<tr>
<td>June 2012</td>
<td>22,575</td>
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<tr>
<td>June 2013</td>
<td>38,762</td>
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{Port Saint John e-mail}

SAINT JOHN: CONTAINERS WAY UP*
10 July. CONTAINER TRAFFIC TONNAGE AT PORT SAINT JOHN HAS ALREADY DOUBLED LAST YEAR’S NUMBERS for the first half of the year, the Port Authority reported. In May of last year, Mediterranean Shipping Company, the world’s second-largest shipping line began calling Port Saint John [see new pulp traffic in 13#06B]. 'Port Saint John has also been working with Tropical Shipping for the past 11 years. Celebrating 50 years in business this year, Tropical offers weekly container service to Florida and the Caribbean.'

RAIL FREIGHT FACILITIES

Described in this issue.
Buckeye Terminal (CSXT, New York) Now loading ships for Irving.
Global Partners (Pan Am, Massachusetts) Governor vetoes limit language.
Grimmel Industries (Pan Am, Maine) Railcar fire.
Irving Oil (NBSR, New Brunswick) MMA disaster affects traffic.
National Gypsum (CN, Nova Scotia) Traffic down.
Old Town Fuel and Fiber (Pan Am, Maine) MMA disaster affects traffic.
Rensselaer Iron & Steel (Albany Port Railroad) No startup yet.
Sims Metal Management (Albany Port Railroad) Exits port.
Tafisa (MMA, Quebec) MMA disaster halts rail traffic.
Tighe (Pan Am, Massachusetts) Town opposes rail service.
Washington Mills (PW, Rhode Island) Aluminum oxide dregs.

PEOPLE, EVENTS

Canadian Pacific Railway hired veteran railroader Tony Marquis as new vice-president operations Eastern Region handling Eastern Canada and the Northeast U.S. operations. After spending 25 years with Canadian National Railway Company in various operating positions, Marquis became owner and president of Strategic Training Simulators Inc. (STSI) designing, building, and installing locomotive simulators. Most recently he successfully completed a corporate turn-around at Colombia-based coal railroad Fenoco S.A. while serving as president and chief executive officer.

Massachusetts Bay Commuter Railroad Company announced 9 July that Bonnie Murphy has been named general manager to succeed Hugh Kiley Jr., who had served as general manager since 2010. Most recently, Murphy served as deputy associate administrator for safety compliance and program implementation at the Federal Railroad Administration (FRA). She has more than 30 years of experience in the rail industry, including numerous senior management roles in the passenger-rail sector.

Prior to joining the FRA, Murphy served as chief operating officer at Trinity Railway Express. She also oversaw commuter-rail service in San Diego as senior transportation manager at Amtrak. She began her career at Amtrak in Chicago, where she served as assistant transportation manager.

EDITORIAL

HOW DOES A RAIL EXEC HANDLE A DISASTER?*

Ed Burkhardt, chair of the Montreal, Maine, and Atlantic Railway and president of Rail World, Inc, which holds a majority share of MMA, has spoken often to the press about the disaster, including a lengthy news conference on 10 July [see transcript in Quebec].

Criticism has descended on him from Quebec politicians, railfans, and press relation “experts”. However, in addition to your editor, one PR expert and one veteran railroader think he has done well.

PR evaluation

Jana Schilder, managing partner at First Principles Communication in Oakville, Ontario, has practiced public relations for 30 years in senior roles at some of Canada’s business leaders: Canadian National Railway, Hydro One, Nortel, and Digital Equipment Corporation. The firm’s clients include professional services firms in law and finance, as well as green products and technologies.

She wrote in the Huffington Post on 12 July: 'Most importantly, Burkhardt accepted responsibility for the train derailment, saying that it was pretty obvious to him that the MMA Railway was the guilty party; it was their run-away train that caused the disaster. This must have given the MMA's corporate lawyers a conniption."

'I was on staff in the Canadian National Railway PR Department during the Edson disaster, on August 12, 1996. (Interestingly, the final report on Edson concluded that the 20 runaway cars moved from the Edson Yard down a grade and onto the main track because insufficient brake shoe force was achieved to overcome the force of gravity.)

'….The very fact that Ed Burkhardt showed up in person in Lac-Mégantic was exceptional and
extraordinary....Burkhardt himself showed up without PR people. He showed up without corporate lawyers …, walked down the street, looking for the crash site and people who wanted to talk. Reporters recognized him and a makeshift table to hold microphones was set up in the middle of a city street. Burkhardt answered questions from the media for 43 minutes and did not stop until every question was answered.

'There was no "Media Kit" or other handout PR materials to explain (in very carefully worded and lawyer-vetted language) what happened, in what order, according to the MMA Railway's version of the accident. There was an astonishing and complete lack of "PR spin."

'….While corporate cultures all across North America strive for clichéd "win-win" scenarios, with industrial accidents it is frequently "lose-lose." There is no magic bullet, no magic pixie dust, no "swish and flick" of Harry Potter wands. We cannot rewind the clock.'

**Rail exec evaluation**

George Betke, a principal in Farmrail and Finger Lakes Railway, wrote a comment submitted to this newsletter:

I have known Ed since 1964, and he has always been up front and candid. Some unfortunate comments have been made in the heat of the moment, one reason I hope reporters like yourself keep on sorting out the facts. The start of this tragedy had nothing to do with track condition (though politicians must assure their constituents); it’s rather remarkable that five locomotives were able to negotiate the descending grade with curvature at a top speed of 62 miles an hour without derailing themselves.

The incident also had nothing initially to do with crude oil, and most certainly nothing to do with a single engineer. No one remembers the bloated work forces like that of the old Bangor and Aroostook Railroad that reflected carry-over from the age of steam locomotion, and the strength of a labor movement committed to preserving jobs in an old-line industry that subsequently has benefited from advanced technology. (I sit here in my Maine office, able to track the movements of all Farmrail trains in terms of location, direction and speed.)

Train crews comprised of four or five men who mostly rode in the locomotive cab or a caboose have long been outmoded, and shop and roadway maintenance support require far less manpower than in the age of steam and shovels. In many railroad work environments, use of ground-control technology has enabled a qualified engineer to operate a locomotive more safely and cost-effectively without being on board, greatly improving visibility in switching operations. Our industry obviously needs to do a better job of educating a public that too often thinks of the railroad as a nuisance and has no appreciation of technological changes.

No one has pointed out the history of MMA's predecessors (BAR, essentially a potato carrier that seriously founndered financially when truckers captured that business), then Iron Road (an undercapitalized entity that struggled not only with eroding low-value traffic but a seriously deteriorated physical plant with little density). MMA's accomplishments over the past decade have been noteworthy under the circumstances, and its existence nonetheless would still be threatened without the crude-oil movements. Ed is a builder and reviver, not a destroyer and liquidator, and he deserves better treatment by the press.
Atlantic Northeast Rails & Ports

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

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

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

Two asterisks indicate the story is updated with
the blue font showing what is updated.

Readers building a personal archive of the
newsletter should discard the e-bulletins. The
newsletter archive on the web at
www.atlanticnortheast.com is open to all.

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

FORMAL E-ISSUE