**Crude pipeline**: Pipeline to Saint John by 2018.*

**Crude oil moves**: CN, NBSR, CP Albany.**

**NECR/VRS**: New customer testing rail to the north.*

**MMA operations and survival**
(1) Some question whether it will survive.*
(2) More layoffs.*
(3) Traffic diversions.*
(4) Maine contingency plans
(5) Quiet in Brownsville Junction.

**QUÉBEC-LAC MEGANTIC**

**Safety rules, new regulations**
- Canadian rules. MMA, CN, CP, NB&M notes.*
- Pan Am in NH. Pan Am in Maine.
- SLR requires handbrake reporting.*
- Maine wants to know about parking trains.*
- BLE argues single-man crews are unsafe.*

**Legal actions**
- Quebec lawsuit.*
- Illinois lawsuit.**
- Province searches MMA offices in Farnham.**
- Quebec lawsuit.*
- BLE seeks order on propane plant in Grafton.*

**Oil flammability**: TSB says unusual product.

[See Franklin rail facilities in Regional.]

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### MAINE

**Pan Am**: Tanker derailment.

**Pan Am & MMA**: Paper company troubles.*

**Pan Am**: Opposes public crude oil data. *Statute.*

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### MASSACHUSETTS

**NS-Pan Am**: Can't force state to issue a license.*

**Ethanol language dies.**

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### NEW HAMPSHIRE

**Pan Am**: Bow coal plant update.

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### RHODE ISLAND

[No report.]

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### VERMONT

**VRS**: Planned Rockingham propane facility.* Map.

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### MARITIMES

**CBNS**: Update by Mario Brault.*

**NBSR**: Irving Oil expanding its butane racks.*

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### PEOPLE, POSITIONS, EVENTS

Mark Bromirski leaves CSO.

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Publisher hopes readers like the record 34 pages.

- Chop Hardenbergh

**Next formal issue 20 Aug**
REGIONAL

CRUDE OIL PIPELINE: A GO-AHEAD*

1 August, Calgary. *TRANSCANADA HAS RECEIVED FIRM LONG-TERM CONTRACTS FOR 900,000 BARRELS PER DAY* for a pipeline from western to eastern Canada. Its announcement stated:

'The project is expected to cost approximately $12 billion, excluding the transfer value of Canadian Mainline natural gas assets. The Energy East Pipeline will have a capacity of approximately 1.1 million bbl/d and is anticipated to be in service by late-2017 for deliveries in Québec and 2018 for deliveries to New Brunswick.

'The Energy East Pipeline project involves converting a portion of natural gas pipeline capacity in approximately 3,000 kilometres (1,864 miles) of TransCanada's existing Canadian Mainline to crude oil service and constructing approximately 1,400 kilometres (870 miles) of new pipeline. The pipeline will transport crude oil from receipt points in Alberta and Saskatchewan to delivery points in Montréal, the Québec City region and Saint John, New Brunswick, greatly enhancing producer access to Eastern Canadian and international markets. The pipeline will terminate at Canaport in Saint John, New Brunswick where TransCanada and Irving Oil have formed a joint venture to build, own and operate a new deep-water terminal.' [text from TransCanada website]

CRUDE OIL: COUNTS

17 July-5 August *(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).*

Note: Irving Oil now plans to receive crude oil from Point Tupper by ship – see Maritimes (CBNS).

CN

20 July Moncton-Saint John W406 with four locos and probably more than 130 cars, rough half oil tanks plus woodchip boxes, gypsum gons and Tropical stacks.

21 July Salisbury-Saint John W406 with three locos, about 94 cars including 41 tank cars, 17 well cars, and one autorack. [RailsNB]

27 July to Saint John: 3 locos; 20 tank cars (unknown how many crude); 26 container wells (25 double, 1 single-stack); 15 low-sided gons, 2 high-sided; 9 covered hoppers (some apparently as spacers); 25 boxcars. Total 95 cars. [RailsNB]

4 August to Saint John: tank cars (unknown how many crude) 54 in strings 21, 14, 10, 9; 28 container wells (7 double, 21 single-stack); 1 centerbeam; 17 low-sided gons, 8 high-sided; 10 autoracks; 4 covered hoppers (all apparently as spacers); 9 boxcars. Total 131 cars. [RailsNB]

NBSR

18 July McAdam eastbound with four locos. Set off 11 cars of logs, chips, and chemicals for Woodland. Picked up 10 cars (including 2 loads of wood pulp), and about 20 empty crude oil tanks here six days (probably MMA traffic which will now go via CN out of Saint John).

18 July McAdam westbound with two locos, total of 46 cars, 19 of which are empty crude oil tanks. Traffic down.

20 July McAdam eastbound with five locos. Set off 18 cars of logs for Woodland and picked up 11 empty gypsum gondolas on the rear of 29 loads of wood chips. Total of 40 cars.
22 July McAdam eastbound with three locos. Total of 109 cars including 26 crude oil. {RailsNB}

*NB – no oil reports after this date. NBSR would be handling only Pan Am-interchanged cars. Locals report very little oil moving on NBSR as of 5 August.*

**CP Albany**
18 July Cohoes to Port of Albany with one loco. Empty gasoline tank cars leading loaded crude oil cars. {D&H list}

**NECR-VRS: NEW CUSTOMER***
24 July, Essex, Connecticut. *A LOGGER IS TESTING RAIL DELIVERY TO THE NORTH.* Andrew Clark, who operates Limb-It-Less Logging, LLC, described his project:

**First moves**
“We loaded the first car and it was delivered successfully” to Whitehall, New York. “There’s no mill in Connecticut that does this.”

The move took about four days. “That’s four tractor-trailer loads in one trip. I couldn’t get four tractor-trailer loads done in a month [by truck],” Clark said.

“What most people don’t realize is, Connecticut is roughly 60% forest. We grow some of the best hardwood in the world, not just in New England.” {Ryan Blessing in *Norwich Bulletin* 23 July.13}

**Log yard in Whitehall**
The yellow poplar cut in Lebanon, Connecticut arrived at the New York log yard off Golf Course Road on VRS operated by Steve Fernett, said Clark on the 24th. Fernett drays it to Commonwealth Plywood a few miles away.

The yard, which has two spurs each holding four cars, receives white pine during the winter and rails it to Lac Megantic and other facilities. The mills don't want the pine during the summer because of staining [see below]; they saw all summer on the pine accumulated during the winter.

Hence moving hardwood during the summer to Fernett is “perfect,” said Clark.

**Log yard in Franklin, former cement transload**
Clark has done the “concept loads” of logs, loading them at a siding off Route 87 in southeast Franklin owned by a friend of his, Seymour Adelman.

Adelman for many years owned Ryan Ready-Mix, which received cement by rail at the Franklin facility. He sold the firm – but not the facility – to Tilcon Connecticut a few years ago, with the proviso that Adelman would continue to supply cement to Tilcon using his spur for a period of years.

That period expired, according to Clark, about nine months ago; the facility did 104 cars in a recent year [see ConnDOT TIGER application in box]. Since then the facility is unused, until Clark began log transloading.

**Other log moves in Connecticut**
“I'm not the first person to think of this,” Clark noted. “But no one seemed to make headway, whether because of timing or approach, they were never able to make it come together.”

[Stephen Chute of Maine did arrange pulpwood moves out of Connecticut for a time about a decade ago. See 03#10B and 03#11A.]

**Drummondville: origin of the idea**
In about two weeks, Clark reported, he will receive from CN two log cars to do “two test loads” to a potential customer in Drummondville, Quebec.

This customer consumes a huge amount of inbound hardwood, about 65 trailer loads a week. “They use the lowest grade of hardwood, which is hardest for us to sell domestically here.
“Their biggest problem is trucking the logs inbound. They rely on backhaul of trucks outbound from Quebec. “Ten years ago, this was not a problem” as Quebec was sending out a high truck traffic volume. “All the hardwood mills in the Northeast had plenty of trucks to choose from.”

But now with the economic decline the truck transport has become “cut-throat, all the mills are battling over a limited number of trucks.” This translates, for the Drummondville mill, “not a good consistent flow of material, very sporadic. Then in the winter, trucking really dropped off. This March the mill had 177 loads lined up in yards between southern Connecticut and Brattleboro Vermont. Some were mine.”
Clark gets an idea; NECR and VRS help
The lack of trucks led Clark to the thought of rail. He realized that the New England Central is “centralized just as the name states.” He could open multiple facilities along the line, and alleviate 40% of the Drummondville customer's problems. “It would definitely make an impact, changing the logistics.” He approached NECR. “I have to give praise to two people: Doug Low and Roger Desrosier. They were the key components to getting this rolling.” Low noted later: 'VRS/Roger’s role is a critical part of this opportunity’s current “proof of concept” stage…VRS has supplied the rolling stock used so far. The freight equipment arrangements may evolve as appropriate over time as this opportunity unfolds.'

Desrosier wrote: 'This new business [to Whitehall] is the result of a true team effort between all parties – Limb-It-Less, NECR, and Vermont Rail.'

Equipment
Clark has used Vermont Rail System 66-foot 100-ton bulkhead-flat side stake log cars. These larger cars and precision transloading allows capacity loading of 23,000 board-feet per load, noted Desrosier on 26 July.

Clark likes these 100-ton capacity cars as the equivalent of four trailer-truck loads.

From logistics provider to owner
“The original concept was just to be a logistics partner to the sawmills” charging a fee to move logs owned by others. But Clark found “the sawmills saying to me, rather than dealing with 30 separate log suppliers, what if we give you special pricing, you supply logs, we buy from you.” That would ease administrative and cash flow problems.

Clark was open to the idea, hesitant because it would create cash flow problems for him. The solution: “They are going to front me the money to finance buy the logs” and obtain a “simplifying of their administrative end.”

Possible major expansion; transload in Quebec
While the Drummondville mill does have a siding on CN, “a lot of mills there do not.” He's been “talking to a friend about developing the friend's concentration facility on the CN side.” He could “funnel everything into a transload” in Quebec and dray the logs to the nearby mills.

“This would be significant. I'm not talking just a couple million board-feet but millions of board-feet if I can put this together.” [Assuming 23,000 board-feet per car, 23 million board feet per year translates into a

Franklin, Connecticut
Andrew Clark loading the second “test of concept” car. {courtesy Clark}
thousand carloads a year. Editor] That lies in the future, Clark emphasized. Now, he is starting small.

**The concept cars and delays**
The concept run to Canada will address a major concern of the mill: how long does the journey take once you release the car? The Drummondville mill had a bad experience buying logs from Buffalo; not only did the wood cost more, but it “took a long time...sometimes over a month...which left a bad taste in their mouth.”

**The spoilage factor**
Surprisingly, hardwood logs can spoil during the summer. Clark described “surface checking” when bark comes off the logs, and interior deterioration. “Especially maple can deteriorate from the inside out in 90-degree heat and humidity. The white wood gets stained on inside in blue, green, or black. Clark now employs a wax product sprayed onto the ends of logs to keep the moisture in. “This is a precautionary measure, not a failsafe one.”

When he explained the need for timely delivery to NECR, “it really opened their eyes” that the cars “cannot sit on sidings, they have to move, especially now. In winter it's not as big an issue.”

If properly prepared, the logs can last “a couple of weeks.” Once they reach the mill, white pine logs are kept moist with sprinklers. Hardwood logs receive special covers laid over them.

**The concept cars**
“Within a couple of weeks we will do the first test loads” to Drummondville. NECR will get equipment from sister railroad Buffalo and Pittsburgh. CN will bring the cars to East Alburgh.

“If we prove it can work from Franklin,” Clark explained, “then we will work north.” Belchertown could become the next site; NECR owns an unused siding there. “They told me, 'If you can develop the traffic, we will let you use property.' Then I could reach Brattleboro.”

Clark described the situation as a perfect fit: “The industry is in place, and can utilize the conveyor belt already operating” [NECR].

**Pricing higher than truck**
At this point, “the trucking companies have a nasty attitude but they will learn, 'You are not the only game in town.'”

Clark acknowledged the rail move was “not cheaper than moving by truck.” When he made his pitch to the Drummondville mill, he acknowledged this. “It will cost you more money, but you'll save” because the mill will always have logs in its yard. “They know I cannot replace all trucks, but if I can take care of this corridor, that's pretty significant.” {ANR&P telephone discussion 24.July.13; e-mail from Low 25.July.13; from Desrosier 26.July.13}

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**MMA: SURVIVAL (1)**
19 July. MANY WONDER WHETHER THE RAILWAY CAN SURVIVE THE LAC MEGANTIC DISASTER.

**Burkhardt comment**
On 19 July chair Ed Burkhardt said in an interview: “Whether we can survive is a complex question. We’re trying to analyze that right now.”

In a 11 July interview he thought the railway would survive and that it was “pressing up against the limits of our insurance but not exceeding it.”

**Outside comment 1**
Chris Damas, an analyst at BCMI Research in Barrie, Ontario, said: “Judging from similar accidents and the

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number of people killed, the number of businesses annihilated and those that are losing business, as well as the 
environmental factors, it will probably cost upwards of $100 million. This kind of small railway likely doesn’t 
have $100 million in its safe.” {Marley DelDuchetto Kayden in Bloomberg.com 19.July.13}

Outside comment 2
Sandra Dearden, principal at Highroad Consulting of Highland Indiana who knows Burkhardt personally, is 
very pessimistic. “For a large railroad, an accident like this is very difficult to absorb. Therefore imagine for the 
MMA.” She believes the only hope for MMA to avoid bankruptcy is to demonstrate that it is not responsible for 
the derailment, or only indirectly. «On ne sait pas bien encore ce qui a causé l'accident», dit-elle.

Outside comment 3
Your editor was quoted as estimating MMA insurance at $10 or $20 million, far too low to cover the damages of 
the disaster.

But Rail World itself, with different shareholders than MMA, would probably not be liable. The MMA 
property could be sold apart from the corporation, which would remain liable for the disaster. I believed 
J.D.Irving, which has operated its new lines in northern Maine successfully, is in the best position to buy 
MMA.2

Outside comment 4
Michel Nadeau, president of the Institute for Governance of Public and Private Organizations, was even more 
direct: “If you think that MMA is going to pay for the decontamination, forget it.” He expects a bankruptcy 
announcement in a few weeks. {Jean-Francois Cloutier in TVA Nouvelles 18.July.13; ANR&P translation}

MMA SURVIVAL (2): MORE LAYOFFS, POSSIBLE END*
MMA laid off at least five more workers in Quebec on 30 July, on top of 19 who were dismissed earlier this 
month because of reduced activity since the accident, according to Radio-Canada. {Louise Egan in Reuters 
30.July.13}

Burkhardt said in a radio interview 31 July: “This may cost us our investment, cost the employees their 
jobs, the customers in Quebec, in Maine, their rail service.” {CBC}

MMA SURVIVAL (3): TRAFFIC DIVERSION*

MMA
Steve Banahan, the sales manager of Moose River Lumber in Jackman, is still using MMA to ship his lumber, 
but because it moves east before going west or south, he can only ship once a week, instead of three times a 
week. Cost has risen $500-$1,500 more per car. {Amanda Hill in WCSH-tv 31.July.13}

VRS
David Wulfson, VRS president, said on 1 August that he knew of no traffic MMA was diverting over his lines. 
“If there is, it's not much.” VRS has discussed with MMA picking up some of the traffic.

The Maine-originated traffic which normally comes to VRS through Newport, Vermont, is now moving 
via Pan Am to Massachusetts, “and coming up to us,” Wulfson noted. {ANR&P discussion}

SLR
Mario Brault, GWI-Canada president, wrote on 1 August that SLR has picked up 'just very few cars, no big 
blocks of traffic'. {e-mail to ANR&P}

2 I have told numerous correspondents that MMA would do better to sell its assets before bankruptcy. The historical experience of 
the Bangor and Aroostook bankruptcy shows that. The B&A was forced into bankruptcy by creditors in 2001 [see 01#09A]; the 
railroad was administered by a trustee, Jim Howard; and the assets were ultimately sold in 2003 to MMA.

Of course, a potential buyer might want to wait until bankruptcy, reasoning it could buy the assets in bankruptcy at a 
lower price. Editor
CN
CN is now delivering the MMA autoracks to Saint John [see Crude in Regional].

MMA SURVIVAL (4): WHAT HAPPENS?
30 July, Augusta. **MDOT IS PREPARING CONTINGENCY PLANS SHOULD MMA FOLD**, said Nate Moulton, department rail administrator. Some shippers – he declined to specify which – called MDOT to enquire.

“We're trying to be a resource, as much as anything, to those businesses and shippers, talking about what the process would be and what the opportunities, for them as shippers, to weigh in to that process are.”

In an e-mail, MMA Chair Ed Burkhardt said the railroad has no current plans to stop operating in Maine.

Diversion
Moulton and his staff were working with MMA, the other freight railroads in Maine, and MMA customers to get around the Lac Megantic blockage, he noted. “Obviously that line is severed at Lac Megantic. And so, there's shipments that usually go that route that have been - had to be rerouted to find their way - whether it be west or south or whatever. They've been working with us on that, as well as the other railroads in the state, to get that traffic moved.” {Jay Field in MPBN radio 30.July.13}

MMA OPERATIONS: DOWN
2 August, Brownville Junction. **THE RAILYARD HERE IS MUCH QUIETER** because of the loss of the through traffic for Montreal. Of the 67 workers MMA laid off in Maine, 47 lived in the Brownville and Milo area.

Many hope they will be called back once the connection is reopened. However, Brownville Town Manager Matthew Pineo believed the railroad financial damage may mean the line won't function for two years.

Laid-off railroad workers have declined to talk in detail about the situation, explaining that railroad officials have ordered them not to talk to the news media. Except for the engineers, most of the workers do not belong to a union. The railroad has approximately 30 workers in Maine still on the job, and four of them are engineers.

With the rail line to Quebec blocked, trucks now move logs to Quebec [see NECR in Regional] said Dan Preble, a log buyer in Brownville. In recent days, however, some log cars have been re-routed to Quebec on other railroads, he said.

What once was
Many people in Lac-Megantic and Brownville Junction know each other, because of their shared railroad heritage and family ties, said Stephen Dean, 61, pastor of the United Methodist Church in Brownville Junction. Dean, who grew up in the village, lives next to the rail yard in a former boardinghouse for rail workers.

As a boy, he knew the town as a "hopping place", with a movie theater, hotel, doctor, barbershop, drugstore and soda fountain, and grocery store. Canadian Pacific Railway, which sold its Maine holdings in 1994 to short-line operators, occupied the two-story train station. From here, passengers could ride a train to Montreal or Saint John.

Today, the station sits empty and the businesses are gone. The last remaining business, a grocery store, closed about three years ago. {Tom Bell in Portland Press Herald 4.Aug.13}

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**QUEBEC – LAC MEGANTIC**

LAC MEGANTIC: CANADIAN SAFETY RULINGS*
20 July, Ottawa. **THE TSB ISSUED TWO SAFETY LETTERS** to Transport Canada.
Rail Safety Advisory letter: unattended trains
In letter 08/13 the Transport Safety Board wrote:

The Lac-Mégantic TSB investigation thus far has determined that MMA’s operating plan was to leave the train on the main track, unattended, with an unlocked locomotive cab, parked alongside a public highway where it was accessible to the general public, with no additional protection. As this accident has demonstrated, accidents involving trains carrying dangerous goods can have tragic consequences.

Given the importance to the safe movement of dangerous goods and the vulnerability of unattended equipment, TC may wish to consider reviewing all railway operating procedures to ensure that trains carrying DGs are not left unattended on the main track.

Previous 2002 instance. The TSB also wrote:

The TSB has investigated other occurrences involving unintended movement of equipment. On 28 April 2002 at 0410 PDT Canadian Pacific Railway (CP) Train 861-009 was proceeding on the Cranbrook Subdivision near Natal, British Columbia when it collided with stationary freight train 604-014 which was foul of the mainline but had previously been left unattended in the siding at Natal. Subsequently, the TSB issued TSB Rail Safety Information Letter 07/02 to Transport Canada (TC) and noted that railway instructions do not always require the locomotive doors or windows to be locked. TC responded that requiring all railways to secure operating locomotive cabs as a result of this occurrence was unwarranted at that time. [emphasis added]

Rail Safety Advisory letter: securement of equipment
In letter 09/13, the TSB wrote:

CROR Rule 112 ensures that hand brakes are applied to prevent unwanted movement of the train while providing flexibility for a railway’s operational needs. However, CROR Rule 112 is not specific enough in that it does not indicate the number of hand brakes necessary to hold a given train tonnage on various grades and it continues to be left up to the operating employee to determine the number of hand brakes to apply. Furthermore, it has been demonstrated that the push–pull test is not always a good indicator of whether an adequate number of hand brakes have been applied and not all handbrakes are effective even when properly applied.

Considering all these risks, Transport Canada may wish to review CROR Rule 112 and all related railway special instructions to ensure that equipment and trains left unattended are properly secured in order to prevent unintended movements. {texts from TSB website}

MMA comment
MMA chair Ed Burkhardt called the TSB’s suggestions “reasonable,” but added that more regulation of the rail industry might not make a difference when the “vast majority” of accidents are caused by violation of an existing rule.

“You can have more and more safety rules, and all of that, but if the compliance doesn’t improve, then it’s not going to make any difference,” Burkhardt said.

CP changed its policies on 12 July. In an internal bulletin the railway stated it believed Transport Canada was about to force the industry to adopt new rules, including a prohibition on parking dangerous goods on a main track and more detailed policies on applying handbrakes. {Kim Mackrael and Daniel Bitoni in Toronto Globe and Mail 21 July. 13}

23 July, Ottawa. **TRANSPORT CANADA ISSUED A LOCOMOTIVE SAFETY RULING**, as an emergency measure in force until 31 December 2013. It stated:

- Pursuant to section 33 of the RSA, all railway companies and local railway companies are hereby ordered to:

  **(cabs secured)**
  
  1. Ensure, within 5 days of the issuance of the emergency directive, that all unattended controlling locomotives on main track and sidings are protected from unauthorized entry into the cab of the locomotives;
2. Ensure that reversers are removed from any unattended locomotive on main track and sidings;

(hand brakes applied)
3. Ensure that their company’s special instructions on hand brakes referred to in Rule 112 of the Canadian Rail Operating Rules are applied when any locomotive coupled with one or more cars is left unattended for more than one hour on main track or sidings;

(automatic and independent brakes applied)
4. Ensure, when any locomotive coupled with one or more cars is left unattended for one hour or less on main track or sidings, that in addition to complying with their company’s special instructions on hand brakes referred to in item 3 above, the locomotives have the automatic brake set in full service position and have the independent brake fully applied;

(no unattended dangerous goods cars + locomotives)
5. Ensure that no locomotive coupled with one or more loaded tank cars transporting “dangerous goods” as this expression is defined in section 2 of the Transportation of Dangerous Goods Act (TDGA) is left unattended on main track; and

(no dangerous goods with one-man crews)
6. Ensure that no locomotive coupled with one or more loaded tank cars transporting “dangerous goods” as this expression is defined in section 2 of the TDGA is operated on main track or sidings with fewer than two persons qualified under their company’s requirements for operating employees.

For the purpose of this emergency directive an “unattended locomotive” or a “locomotive coupled with one or more cars that is left unattended” means that it is not in the immediate physical control or supervision of a qualified person acting for the company operating the locomotive or car(s) in the case of items 3 and 4 above or a person acting for the company operating the locomotive or car(s) in the case of items 1, 2 and 5 above.
For the purpose of this emergency directive, “main track” and “sidings” do not include main track or sidings in yards and terminals.

For greater certainty, nothing in this emergency directive relieves a company of the obligation to comply with Rule 112 of the Canadian Rail Operating Rules. (text from Transport Canada website)

23 July. **CN, CP, AND NB&M RESPONDED TO THE NEW RULES**

**NB&M**

New Brunswick & Maine Railways (the new moniker for the umbrella containing NBSR, EMRY, and NMRY) will abide by the rules. J.D.Irving spokesperson Mary Keith said in a statement this day:

- 'All locomotives that are unattended and safely parked on rail sidings and rail yards will be completely secured and rendered inoperable.'

- Hand brake policies provide train crews with more specific guidance on their application to include the size of the train and the terrain where the train is parked.

- Trains are not left unattended on mainline operations in New Brunswick and Maine. {CBC news 24.July.13}

**NB&M website.** The safety section on the railway's website states:

We're committed to the safe operations of our business and strive to be the best in class in everything we do.

- All of our trains operate with a two-person train crew who complete a detailed inspection before every departure.

- Our trains are not left unattended on our mainline operations in New Brunswick and Maine.

- All locomotives that are unattended and safely parked on rail sidings and rail yards will be completely secured and rendered inoperable.

- Hand brake policies provide train crews with more specific guidance on their application to include the size of the train and the terrain where the train is parked.

- On our high density railway lines, we undertake visual rail inspections three to five times per week, while industry regulations require a weekly inspection.

- Four times a year on our main lines, we use X-Ray and Ultrasonic technology to help identify any rail flaws not visible to the human eye, while industry regulations require that we conduct this assessment yearly.

- As we are part of the J.D. Irving, Limited group of companies, we have timely access to one of the best emergency response teams in North America and top emergency response equipment.

**CN**

Claude Mongeau, president and chief executive officer of CN, said, Transport Canada's Section 33 directive will enhance the effectiveness of train securement procedures and safety across the Canadian rail industry.

Building on its robust train securement policies for unattended trains that are anchored on multiple safety defences, Mongeau says CN will adjust its safety practices to comply with the directive. "The government's new safety rules will help to reduce the risk of unintended train movements that can lead to catastrophic accidents such as the one in Lac-Mégantic....

"Notwithstanding that accidents can always happen, the movement of hazardous material by rail is handled with a very high level of safety. The fact is that 99.99% of dangerous goods moving by rail arrive at their destination without a release caused by an accident." {Julia Kuzeljevich in Canadian Transportation and Logistics 7,July.13}
LAC MEGANTIC SAFETY: UNITED STATES SAFETY RULINGS

2 August, DC. *US FRA ISSUED AN EMERGENCY ORDER AND A SAFETY ADVISORY.* The Emergency Order is a mandatory directive to the rail industry, and failure to comply will result in enforcement actions against violating railroads. US Transportation Secretary Anthony Foxx said, “While we wait for the full investigation to conclude, the Department is taking steps today to help prevent a similar incident from occurring in the United States.”

**Emergency Order**

The Emergency Order outlines measures that all railroads must undertake within the next 30 days:

- No train or vehicles transporting specified hazardous materials can be left unattended on a mainline track or side track outside a yard or terminal, until the railroad provides, and receives authorization for, a plan for doing so.

- In order to receive authorization for the plan, railroads must develop and submit to FRA a process for securing unattended trains transporting hazardous materials, including locking the locomotive or otherwise disabling it, and reporting among employees to ensure the correct number of hand brakes are applied.

- Employees who are responsible for securing trains and vehicles transporting such specified hazardous material must communicate with the train dispatchers the number of hand brakes applied, the tonnage and length of the train or vehicle, the grade and terrain features of the track, any relevant weather conditions, and the type of equipment being secured. *[Note that SLR began doing this before 2 August – see below.]*

- Train dispatchers must record the information provided. The dispatcher or other qualified railroad employee must verify that the securement meets the railroad’s requirements, and they must verify that the securement meets the railroad’s requirements.

- Railroads must implement rules ensuring that any employee involved in securing a train participate in daily job briefings prior to the work being performed.

- Railroads must develop procedures to ensure a qualified railroad employee inspects all equipment that an emergency responder has been on, under or between before the train can be left unattended.

**Safety Advisory (2-man crew not required)**

U. S. DOT believes that railroad safety is enhanced through the use of multiple crew members, and the Safety Advisory recommends railroads review their crew staffing requirements for transporting hazardous material and ensure that they are adequate. Other recommendations in the Safety Advisory include: conducting system-wide evaluations to identify particular hazards that may make it more difficult to secure a train or pose other safety risks and to develop procedures to mitigate those risks. *[FRA press release]*

LAC MEGANTIC SAFETY: US TANK CARS

**SHOULD THE USDOT REQUIRE A REPAIR TO EXISTING TANK CARS?** The department's Pipeline and Hazardous Materials Safety Administration is considering a plan intended to fix a dangerous design flaw in the standard tank car design, known as DOT-111, which is used in two-thirds of the US fleet including the cars in the Lac Megantic disaster.

The rail industry estimates the retrofit would cost at least $1 billion. 'By comparison, derailment costs totalled approximately $64 million over the past five years,' the Association of American Railroads said in a 2011 petition to the federal government.

An AP review of 20 years of federal rail accident data involving DOT-111 cars used to haul ethanol
found that the cars had been breached in at least 40 serious accidents since 2000. In the previous decade, there were just two breaches.

Whether a new design would have prevented the disaster is unclear.

Delay in implementation
The agency began work on a new rule in early 2012, but has delayed publishing it until at least late September 2013. Officials blamed the delay on the time it has taken to seek and review petitions from industry groups and the public. A final rule isn't expected until 2014. {AP in Bismarck Tribune 29.July.13}

LAC MEGANTIC SAFETY: PAN AM IN NEW HAMPSHIRE
2 August, Durham, New Hampshire. THE TOWN HAS ASKED PAN AM ABOUT ITS SAFETY PRECAUTIONS AND ABOUT THE OIL moving through the town enroute to Saint John. Town Administrator Todd Selig, who submitted the letter, saw “good sense” in checking. {AP citing Foster's Daily Democrat 3.Aug.13}

Pan Am's Cyndi Scarano did not respond to a 5 August request for comment. {Editor}

LAC MEGANTIC SAFETY: PAN AM IN MAINE
24 July, South Portland. RESIDENTS IN COMMUNITIES WITH SIDINGS EXPRESSED MORE WORRY about the presence of crude oil and other hazardous material following the Lac Megantic disaster.

Nate Moulton, MDOT rail administrator, has met with Scarborough residents and town officials to discuss concerns about the Pan Am siding near Highland Avenue and to act as a liaison to the railway company. “If cars are left there for storage, that's common on any siding,” Moulton said.

Cyndi Scarano, Pan Am executive vice president, said the rail company avoids storing train cars on the siding for more than a day or two at a time, and that the trains are secured and not left idling. "We've tried to alleviate as much nuisance as we can," she said.

Scarborough Fire Chief Michael Thurlow said his department regularly practices for railroad emergencies so first responders can become more familiar with trains and related equipment. Scarborough also is part of the Presumpscot Valley Haz-Mat Team, along with Gorham, Westbrook, Standish, Windham and Gray.

“We all have hazardous materials in our community and we all have transportation routes we need to deal with...[Lac Megantic has] everybody's awareness piqued” about the potential for a tragic train accident. “These types of incidents are very rare and we hope to never deal with one locally." {Gillian Graham in Portland Press Herald 24.July.13}

LAC MEGANTIC SAFETY: NEW SLR PRACTICE*
The railroad is now requiring engineers parking trains to report to the dispatcher how many hand brakes were set and that they were tested. {e-mail to ANR&P from GWI-Canada President Mario Brault 1.Aug.13}

Earlier, according to a former SLR worker, 'The rulebook spelled out how many handbrakes you had to set based on train size. The expectation was that the crew would set the required number of brakes...then the engineer notches the locomotives up to the lowest setting of the throttle to ensure the handbrakes hold.' No report was required. {e-mail to ANR&P from worker 31.July.13}

LAC MEGANTIC SAFETY: MAINE TIED-DOWN TRAIN PRACTICES*
18 July, August. MDOT RECENTLY ASKED THE FIVE FREIGHT RAILWAYS IN MAINE TO PROVIDE THEIR PARKED TRAIN PRACTICES, in a letter from Commissioner David Bernhardt to SLR, Pan Am, MMA, NBSR, and MERR. The letter recognizes the primacy of federal regulation, yet asks for voluntary submissions. {John Richardson in Portland Press Herald 18.July.13}
LAC MEGANTIC SAFETY: ONE-MAN CREWS*
15 July, Andover, Massachusetts. **THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS IS STILL NEGOTIATING A CONTRACT WITH MMA**, including the use of one-man crews, said Mike Twombly, vice-president. “We have opposed it and tried to negotiate it out [of union contracts] but Mr. Burkhardt was equally vehement.” Another union vice-president, Cole Davis, said a mediator has been assigned help settle the contract negotiations.

Upon MMA formation in 2003, the union contract held by predecessor Bangor and Aroostook Railroad ended, Twombly said. That contract mandated two-man crews.

‘The Boundary' dangerous
Union workers believe the system is unsafe because it leaves trains often carrying volatile materials in the hands of one person who could suffer a medical problem or encounter other issues that could cause problems, Twombly said. For example, track through an area known as “The Boundary,” between Jackman and Lac-Megantic stretches about 30 miles without roadway access, an especially hazardous place to send a one-man train.

“We think sending a man out there, especially in snowy conditions, is extremely dangerous. We just think there are a lot of unsafe things for the employee to encounter there.”

Sandra Dearden, a railroad industry consultant and founder of Highroad Consulting in Indiana, questioned whether the use of remote-controlled trains was by itself hazardous. MMA chair Burkhardt is very safety-conscious, Dearden said. Federal Railroad Administration inspectors would likely have prohibited unsafe practices given the frequency of their inspections of railways. {Nick Sambides in Bangor Daily News 17.July.13}

LAC MEGANTIC LIABILITY: LAWSUIT IN QUEBEC*
15 July. **A CLASS ACTION LAWSUIT BY VICTIMS NAMED MMA, RAIL WORLD, IRVING OIL, AND DAKOTA PLAINS** as defendants. The plaintiffs of the suit, filed this day, on 18 July added Irving and Dakota Plains as well as Dakota Plains parent World Fuel Services Corporation.

The lawsuit alleges that the companies involved failed to ensure the highly flammable contents of the tankers were properly contained and safely transported.

Among the Lac-Mégantic residents represented by the class action are Guy Ouellet, whose partner, Diane Bizier, died in the explosion, and Yannick Gagné, the owner of the popular restaurant, Musi-Café, which was destroyed as a result of the derailment and ensuing explosions. No dollar figure has been publicized. {CBC News 18.July.13}

LAC MEGANTIC LIABILITY: LAWSUIT IN ILLINOIS**
22 July. **A WRONGFUL DEATH LAWSUIT NAMED A NUMBER OF COMPANIES** in seeking damages for the daughter of one of the Lac Megantic residents killed. {Casey Sullivan in Reuters 23.July.13}

Lawyer comment: big $$$!
The lawsuit was filed in Cook County, where Montreal, Maine and Atlantic’s parent company, Rail World, is located.

One of the three lawyers, Connecticut-based Edward Jazlowiecki, noted that in Canada, courts can award plaintiffs a maximum of $326,000 as compensation for non-economic damages like emotional distress. The state of Illinois has no limit on that type of compensation. “The cases are worth so much more in the U.S.” He, Mitchell Toups in Texas, and Gloriane Blais in Lac-Mégantic are handling the case. Blais’s downtown office was destroyed in the blast.

“I very much doubt that these cases will ever get to trial, because I think the juries will crucify these companies,” said Jazlowiecki. But because the lawsuit targets multi-billion dollar oil companies — World Fuel, one of the companies named, has about $232 million in the bank — he is confident plaintiffs could receive
substantial compensation.

“These companies make more money annually than the gross national product of some third world countries. They have more money than they know what to do with,” he noted [already starting his summation to the jury!]. “Not all of them can go bankrupt, so we’re not worried about collecting.” He estimates the case would last two or three years. [Riley Sparks in Montreal Gazette 2.Aug.13]

LAC MEGANTIC LIABILITY: SEARCH OF MMA**

25 July, Farnham. PROVINCIAL POLICE HAULED AWAY DOCUMENTS FROM THE MMA OFFICES HERE. Sergeant Benoit Richard of Surete du Quebec told reporters that about 15 people had entered the MMA building in Farnham, Quebec, about 40 miles east of Montreal, “to gather evidence to support criminal charges.” Richard, who gave no further details, denied reports that police had made arrests.

A company official speaking on condition of anonymity said that the railway’s corporate headquarters in Hermon, Maine, were not visited by police on 25 July. Inspectors from the U.S. Federal Rail Administration had been there several times since the July 6 disaster. {Julie Gordon of Reuters in Bangor Daily News 26.July.13}

More on raid

On 26 July, MMA chair Ed Burkhardt said he did not know why police raided the offices, noting the company is cooperating with police and federal authorities. “If they asked for what they wanted, we would have given it to them.” {Eric Russell in Portland Press Herald 27.July.13}

LAC MEGANTIC LIABILITY: PERSONAL?*

18 July. MIGHT MMA EXECUTIVES HAVE TO PAY OUT OF THEIR OWN POCKET TO COMPENSATE LAC-MEGANTIC RESIDENTS, on top of any insurance claims and federal-provincial programs?

Quebec legislation passed in 2011, the Quebec Law on Environmental Quality, in section 115.50 states that top executives of a company unable to offer compensation after an environmental disaster must do so themselves, unless they can prove they acted with 'prudence and diligence' to avoid the incident. {Canadian Press 18.July.13}

LAC MEGANTIC LIABILITY: PROVINCE OF QUEBEC ORDER*

On 29 July, the provincial government of Quebec signed a legal order obliging MMA and World Fuel Services, whose subsidiary sold the light crude oil carried by the train's tanker cars, to foot the bill.

World Fuel Services

World Fuel Services Corp issued a statement on 30 July noting 'serious objections' to help pay for the cleanup. 'World Fuel Services will continue to meet any and all obligations it may have with respect to the accident; however, we have serious objections to the legality of the order. We intend to promptly discuss these issues with the relevant authorities.'

Although World Fuel Services has sent its own experts to monitor the cleanup of oil from the disaster site, it said that work is being controlled by MMA and local authorities, who have given it limited access.

LAC MEGANTIC: COSTS, INSURANCE, SURVIVAL*

Burkhardt comment

In an interview broadcast on 30 July, Ed Burkhardt, MMA chair told Brian Mann of North Country Public Radio:

Cleanup costs. “There’s around—I’ve heard various figures—but around $4 million of contractor costs there right now for clean-up operations. We’re unable to fund that out of our own cash.”
No cheques cut yet. “The issue is between us and our insurance company about when they are prepared to start to disperse funds for this effort. And they have agreed that they are liable for it, but there is some technical legal reasons that are holding them up on making disbursements. The mayor has been advised what the issues are and the fact that we are seeking to resolve that matter with the insurance company. that the insurer has agreed MMA is liable for the accident, but that technical legal reasons have held up the process.”

Survival? “Well that’s very much under consideration right now. I can’t answer your question directly because there’s a lot of factors and a lot of estimating to be done here. We’re trying to pull all of this together to consider the question that you asked.”

Next steps. “The company would like to get the cash flowing under our insurance policy and continue to address the cleanup following the derailment, the environmental issues, and then to start addressing claims made by local residents, businesses, and so on. This is a catastrophic event for the community and for us. And I’m just completely, very emotional on this subject myself. And so we want to take care of our responsibilities there.”

Re-open rail line, serve Tafisa. “We also would like to get the rail line rebuilt through town so that we can restore operation and continue to serve our customers. And as a rail carrier we are important to local industries, including one major customer right there, Lac-Megantic, which happens to be the largest employer in town. And they are suffering with lack of rail service.” {North Country Radio, Saranac Lake NY, website}

Lac Megantic mayor
The mayor of Lac-Megantic, Colette Roy-Laroche, said 30 July that her municipality has already sent its second request to MM&A, telling the railway the mop-up costs have gone from $4 million to $7.8 million.

The municipality wants a response within 24 hours, which comes after the railway missed a deadline last week to respond to the first legal letter. The town, Roy-Laroche added, is now speaking to lawyers about the possibility of suing the Maine-based railway. {Andy Blatchford of Canadian Press in Toronto Globe and Mail 30.July.13}
when transporting the oil. MMA chair Ed Burkhardt said one of the many questions raised by the Lac-Mégantic tragedy is whether the hazards posed by shipping Bakken crude by rail should be reassessed. “It looks like it was much more dangerous than we were predisposed to believe. Nobody knew what they were carrying. I can assure you CP didn’t know any more than we did.” A spokesman for CP declined to comment.

**World Fuel statement: no dilutives added**

In an e-mail, World Fuel said it acquired the crude oil from North Dakota producers and arranged for the oil to be transported by trucks to its loading terminal in New Town. The oil was then loaded onto rail cars and the train 'departed under the control and supervision' of Canadian Pacific.

'No dilutives or additives were blended with the crude oil while it was in our possession and, to the best of our knowledge, no dilutives or additives were added by the producers. World Fuel Services is committed to a high standard of employee and operational safety performance and, as we have stated previously, we will continue to meet any and all obligations we may have with respect to the accident. Our thoughts and prayers remain with the people of Lac-Megantic.' {Jacquie McNish and Justin Gionnavetti in Toronto Globe & Mail 1.Aug.13}

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**MAINE**

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**PAN AM: TANKER DERAILMENT**

3 July, Veazie. **JUST BEFORE THE LAC MEGANTIC DISASTER.** Pan Am derailed four tank cars here near the Penobscot River. Nothing spilled. Executive Vice President Cynthia Scarano reported three cars of liquid carbon dioxide and an empty tanker off the track, of a 92-car train from Mattawamkeag to Waterville, carrying wallboard, wood products, sand, scrap metal, and other products. {AP in WLBZ tv 3.July.13}

**PAN AM & MMA: PAPER TROUBLES**

19 July, East Millinocket. **GREAT NORTHERN'S PAPER MACHINE #6 WAS SHUT FOR THREE DAYS**, for an unscheduled repair costing about $20,000. Three days without production left the machine about 1,200 tons behind, said CEO Richard Cyr, which the plant will make up over the next two weeks. Shipments likely would be delayed by a couple of days. {Nick McCrea in Bangor Daily News 19.July.13}

No word on how MMA, which serves the plant, is re-routing of paper shipments with Lac Megantic still blocked. Editor

19 July, Bucksport. **VERSO PAPER NEEDS AN EXTENSION ON LICENSING ONE OF ITS BOILERS**. The No. 8 boiler, which was part of a $45-million renewable energy upgrade project, has not consistently burned renewable fuels efficiently. Verso recently requested a third extension, from 15 August to 15 February, from the state Department of Environmental Protection to correct the emissions problem. Maine DEP will hold a public hearing prior to deciding on granting an extension. {Bill Pearson in Ellsworth American 19.July.13}

Pan Am continues to serve the mill. Editor.

**PAN AM: CRUDE REPORTING**

25 July, Augusta, **MAINE DEP ISSUED A VIOLATION NOTICE TO THE RAILROAD**, spokesperson Jessie Logan said. MDEP asked the railroad to report the oil transports and pay the fees as required by law for April and May, or explain why it isn't doing so. The company has until 6 August to respond.

From January through March, the railroad carried 47.9 million gallons across Maine and paid more than $34,000 in fees that go to the state's oil spill cleanup fund. {AP in Portland Press Herald 26.July.13}

Pan Am explains its refusal

On 25 July, Executive Vice-president Cyndi Scarano reported several objections to the requirement to make monthly contributions to the state’s surface oil spill cleanup fund. “We understand [state officials] have to get the
money from somewhere,” Scarano said, but Pan Am pays to clean up its own spills — and its cleanups conform to environmental regulations.
Keep data private?
“We are working with the [Department of Environmental Protection] right now trying to figure out how to pay this without making the shipping data public knowledge,” Scarano said. “It has an economic effect and a safety effect too. [The department is] giving out this information that doesn’t need to be given out.”

MDEP: 15-day notice
The department this week served Pan Am with a notice requiring that within 15 days, the company make its lapsed payments or provide evidence that it is not required to pay into the fund, said MDEP spokesperson Jessie Logan.

Pan Am hasn’t reported its April or May shipment totals. Nor has it given any reasons to MDEP for not paying the $.03 a barrel the state requires, Logan said.

Does the statute apply to crude oil?
Pan Am stopped making payments, Scarano said, when MDEP officials testifying in Augusta [presumably about LD 1340 – see box] said themselves that the cleanup fund law applied to shippers of refined oil, not the crude oil Pan Am ships.

Logan conceded that a new state law will go into effect in October that clarifies that crude-oil carriers must make cleanup fund contributions.

MDEP officials will review Pan Am’s response to their notice of violation. If they find that under the new law the company is not required to make payments on its crude oil shipments until October, it will suspend the payment requirement until then, Logan said.

Logan added that the agency would also be willing to work with the Maine Attorney General’s office to see if sensitive business information can be shielded appropriately. “We comply with [Freedom of Access] laws and try to be as open as possible with the public. Right now, we are committed to being as transparent as possible.”

Fees collected by MDEP
Pan Am has paid about $120,000 in fees to the department since it started collecting the funds in 2011, Scarano said.

The Coastal and Inland Surface Oil Clean-up Fund declined to $1.9 million in December 2012, due in part to a drop through the Portland-Montreal Pipeline. That is well below the $6 million statutory cap, and causes concern about whether Maine could handle a disaster.

According to MDEP figures obtained by Reuters, revenues into the fund dropped from $6.7 million in 2003 to $3.7 million in 2012. On 25 July, the fund balance was $2.69 million, Logan said. Railroad companies paid $150,000 into the fund in 2012.

“Mainers can be assured that in the event of a large scale oil spill, the state would have various funds to withdraw from in the event of a large scale oil spill. First and foremost, [MDEP] would be looking at the responsible party to pay for the entire clean-up costs,” Logan said. “And we would take aggressive measures to recover [MDEP] costs from the responsible party.” {Nick Sambides in Bangor Daily News 25.July.13}

MASSACHUSETTS

NS-Pan Am-BOSTON: EARLIER GLOBAL LEGAL LOSS*
20 June, Boston. THE SUPERIOR COURT DENIED GLOBAL’S PETITION TO FORCE MASSDEP TO ACT on its license application under the Massachusetts Waterways Act, General Laws Chapter 91. Global filed this 16 September 2011. [Global withdrew its application after the General Court enacted a limit – see 13#06B.]

Background
Global's proposed rebuilding of its rail terminal requires modification of tidelands it owns on Boston Harbor.
Because MassDEP had not acted, Global filed this request for a writ of mandamus. The Court decision noted: 'A petition for a writ of mandamus is "a call to a government official to perform a clear cut duty." "Mandamus is, however, an extraordinary remedy, invoked sparingly by the court in its discretion," and cannot be used to compel a public agency to perform a discretionary act.'

**MassDEP is delaying past its own deadlines**

'Global takes the position that MassDEP is dragging its heels because the Legislature is in the process of passing an amendment to the Fiscal Year 2014 budget that, if enacted, would preclude MassDEP from ever issuing a Chapter 91 license for the project.' [The General Court did in fact pass such an amendment, which was vetoed by Governor Patrick. See 13#07A. The language status is in limbo – see next article.]

'Global points out that MassDEP's own regulations impose several deadlines with respect to the issuance of a license, all of which have come and gone. Global does not insist that MassDEP issue the actual license, or for that matter to issue a written determination in its favor.

'It argues that, apart from MassDEP's regulations...fairness and equity require a mandamus action to compel MassDEP to act, which would then start the appeal process.

'Global further argues that the license concerns only the terminal, and not the transportation of ethanol, which is the subject of most of the report.

'Global's application has, it argues, been under review for over a year and a half. Therefore, under the common law, as well as MassDEP's own regulations, the issuance of a written notice is a non-discretionary act that MassDEP is legally obligated to perform.

**MassDEP says it is making progress**

'MassDEP does not deny that it is obligated to issue a written determination, but responds that it has resumed its review of Global's license application.

'It points out that it was prevented from doing so until after the moratorium imposed by Section 24 was lifted - that is when MassDOT issued the report, only ten weeks ago. It notes that the report is lengthy and complex, raising significant concerns regarding public safety hazards that MassDEP must address pursuant its legislative mandate to protect the public health and safety.

'Accordingly, it is entirely within its discretion, MassDEP contends, for it to take some time to review the report and to coordinate with other state agencies to effect the recommendations therein.'

**Sympathy and goodwill**

'The Court is not without sympathy for Global's position. If MassDEP does not issue a written determination before the amendment becomes law, then Global will have lost the chance to appeal MassDEP's decision, if the application is denied. The project, if not completely halted, will certainly be placed in jeopardy. While this might well impose on Global significant financial hardship, other, non-monetary concerns are in play.

'As Global notes, the harm it would suffer, in terms of risking the validity of Global's other permits for the project and its relationship with the railroad carriers on which it must rely, is not quantifiable or compensable by money damages, but rather threatens its good will, a legitimate concern.

'The Court understands that a licensing authority must act promptly and fairly on a pending application.'

**A balancing**

'As MassDEP argued strenuously in the hearing on this motion, it is charged under legislative mandate to "(c) protect the public health, safety, and general welfare as it may be affected by any project in tidelands, great ponds, and non-tidal rivers and streams."

'This legislative mandate is not trumped by MassDEP's obligations under the public trust doctrine, set forth in 310 CMR 9.01(2)(c) (MassDEP obligated to "(a) protect and promote the public's interest in tidelands, Great Ponds, and non-tidal rivers and streams in accordance with the public trust doctrine, as established by common law and codified in the Colonial Ordinances 8 of 1641-47 and subsequent statutes and case law of Massachusetts").
Recommendations of the study: upgrade tracks
The Court reviewed the findings of the MassDOT study [see 13#04B] which included 'the maintenance or upgrade of railroad tracks. This is no small task. While admittedly Global's license application is for the renovation of its terminal only, it of necessity implicates the entire railroad track system by which the ethanol would reach the terminal, as well as those communities through which the rail cars pass.

'MassDEP has stated that it is in the process of reviewing Global's application, in the light of the substance and recommendations of the report. The written determination is MassDEP's final opportunity to deny the license, or condition its allowance before the affected party may appeal.

Conclusion: delay permitted
'The Court concludes that it is entirely within MassDEP's discretion to investigate and educate itself on these concerns, and to delay issuing its written determination until it has done so. A court may not compel performance of a discretionary act.' {text of decision}

NS-Pan Am-BOSTON: NO BAR TO ETHANOL!
1 August, Boston. THE ETHANOL BY RAIL BAN IS NOT LAW. Charlie Ticotsky, government affairs specialist for the Metropolitan Area Planning Council, explained that 'neither [the General Court nor the governor's] language has been adopted. The Governor essentially vetoed the legislature’s language from the budget and filed his alternative language as a separate bill [see 13#07A]. The legislature then can either pass the Governor’s bill, pass the legislature’s language again, or pass a compromise. They may take it up this fall, but did not take it up the topic in July.' {e-mail to ANR&P}

[I appreciate that Ticotsky can understand the arcane and byzantine Massachusetts government. Editor]

PAN AM: NEW CUSTOMER COMING*
18 July, Boston. MORE ON THE IRAP GRANT FOR A SPUR TO OMNOVA SOLUTIONS came from the application's documents and from Fitchburg Redevelopment Authority (FRA) Executive Director Dan Curley. The approximately $560,000 project [see 13#05A for announcement] will include matching funding of about $152,000 from Omnova Solutions, $38,000 from the FRA and $60,000 from MART through federal Transportation Investment Generating Economic Recovery (TIGER) Grant funds being used to extend the commuter rail line and create Wachusett Station in West Fitchburg [see 12#02A]. The consortium applied for about $310,000.

“I think it's been a long time since the state has invested in industrial rail, and I think that's why they looked at and initiated this program,” Curley said. “It's great to have that resource to be able to reach out and get help in these types of projects.”

Need for the spur
Omnova Solutions, which primarily sought the freight rail spur, was at one point considering closing its Fitchburg facility and moving south, where it could find better rail access, according to an 18 December 2012 letter from then-U.S. Representative John Olver³ to MassDOT Secretary Richard Davey that was included in the grant application. The emulsion polymer and specialty chemical company has only this one location in the Northeast and this is its only facility one lacking rail, according to Mayor Lisa Wong.

In the grant application, Omnova estimated rail would reduce truck traffic through the city by up to 700 trips per year, as well as provide a net reduction of diesel fuel usage by 15,000 to 18,000 gallons per year and eliminate the accompanying air pollution.

“It will make them more competitive, it will keep them in Fitchburg, and in the long term, although no one else has identified themselves as needing that spur, there are several other companies that could possibly take advantage of it, or for the next user that requires rail, it would be in place,” Curley said.

³ Olver announced that he would not seek re-election in 2012, and retired at the end of his eleventh term in Congress. He was succeeded by fellow Representative Richard Neal, who was redistricted from Massachusetts's 2nd congressional district. {Wikipedia}
Scraping existing spur
Curley said the Redevelopment Authority's contribution will come from scrapping the existing rail siding at 231 Industrial Park on Authority Drive, which was put in place in the 1970s when FRA developed the park. He said the siding was never used and never connected to the rail line, and that it is no longer adequate to meet today's railway standards, so it will be replaced.

New spur could serve others
Curley added that the rail option may attract other businesses to the park, though they would have to make an agreement with Omnova Solutions to use the spur or invest in building off the line. Four or five of the dozen businesses in the park would easily be able to access the spur.

Bruno Fisher, deputy administrator for MART, said: “The beauty of it is the station track will come quite a bit closer to Omnova Solutions than if they had to put the spur out to the main line.” Fisher credited Pan Am as instrumental in putting together the grant application. It will work on the spur as the track is extended to the new commuter-rail station.

Construction started
Fisher said S&R Construction Enterprises, the company awarded the $22.9 million MBTA contract in May, is “ready to start construction any day now” on the rail and station projects, which include a layover facility in Westminster where trains will be stored overnight. He expects the station to be completed by the end of 2014. {Alana Melanson in Fitchburg Sentinel and Enterprise 18.July.13}

On 1 August, the project manager at S&R said ground-breaking had begun “in the past week.”
Subcontractor
The official reported that it used track subcontractors for the track portions of contracts. In this case, S&R is using VIAS USA of Florida, with which it has done joint ventures. {ANR&P discussion} VIAS USA is a subsidiary of VIAS of Spain. {company website}

More about S&R: MBTA work
The firm, located in Plaistow, New Hampshire, began with utility contracts and has expanded to larger-scale projects with the MBTA, Mass Highway, Department of Conservation & Recreation and NHDOT.

'S&R Construction has recently focused on the construction of train stations designed for the Massachusetts Bay Transit Authority with projects ranging from new layover facilities and modernization of existing facilities to working in unison with MBTA engineers to design/build flagship stations such as the Assembly Square station that will provide access to the new IKEA shopping center in 2014.

'Budgeted at $29 million and tentatively scheduled to start construction in late December 2011, the Assembly Square project will continue to build over the next three years and will be the crowning jewel of the MBTA Orange Line....

'Similar projects were completed in various Massachusetts locations' including stations in Ashland, Haverhill, Westborough, Southborough, as well as the Fairmont, Uphams, and Morton Street stations. 'Our current projects include the MBTA Four Corners Dorchester station budgeted at $19 million, and the Newmarket station....' {S&R website}

GU: PROPANE*
23 July, DC. THE RAILROAD FILED FOR THE DECLARATORY ORDER VERSUS GRAFTON, as requested by the Massachusetts Superior Court [see 13#06A], attorneys Jim Howard and Linda Morgan.

GU requested expedited action, noting that GU has tried for several years to create the facility but Grafton and other state agencies have raised hurdles 'thereby delaying and even preventing, in some cases, the realization of opportunities to develop new customers.'

Status of facility
Much of the facility is already constructed [see photo]. The Petition stated that pending completion, 'G&U intends to use portable equipment to transload propane.' The operation 'will be conducted on property owned by G&U and solely by employees of the railroad.'

The facility will cost in toto $5 million. GU has expended $1.8 million already for site acquisition and preparation. Realizing it needed further funds, it reached a Letter of Intent with NGL Supply Terminals and Spicer Gas. These propane companies would acquire the tanks, complete the facility, and then lease it to GU.

Propane companies no longer involved
In June, GU and the propane companies dissolved the letter of intent, after the four-day hearing looking at whether their involvement eliminated the pre-emption. Now GU alone will finish and operate the terminal.

Request
The STB should decide that Grafton's regulation is pre-empted, which means the state court should terminate the litigation. {STB website, filings page, Financial Docket No. 35752}

GU: TRACK EXTENSION*
18 July, Hopedale. DEANGE LIS RAILROAD CONTRACTORS COMPLETED REHABBING NINE GRADE CROSSINGS, using a state grant of $1 million and a local match, paid by the railroad, of $250,000. The railroad can now operate to Milford. "The Grafton & Upton Railroad has always been a legally active railroad," said Doug Pizzi, GU spokesperson, later. The towns paved over the crossings when GU retreated to
only serving Washington Mills in Grafton, with the understand that if line usage increased, those crossing would have to be restored.

G&U Logistix
The transload here appreciates the GU 2866,000-pound capacity, said Shaun Keefe, G&U Logistix president, which received the IRAP award [see 13#05A]. He plans to install an additional 1,200 feet of new track alongside his building for additional capacity, using 5,000 railroad ties stacked on the property.

G&U Logistix averages about 14 truckloads a day from the site. {Donna Boynton in Worcester Telegram & Gazette 19.July.13}

Update on pellets
The STB has the Upton residents' petition to regulate the transload there before it [see 13#05A]. Nothing is filed at the STB since 7 May, despite the STB's deadline of 20 May. {STB website, filings page, Finance Docket No. 35652}

HRRC: MORE ON PASSENGER*
29 July, Sheffield-Pittsfield. MASSDOT IS CONSIDERING THE PURCHASE OF THIS 37-MILE TRACK SEGMENT, according to comments during a goodwill trip by Governor Duval Patrick on the line this day. That plus track upgrades would assist the effort to restart passenger rail from here to New York City.

“I think the opportunity of job creation and quality of life is considerable. There is some work we have to do with the state of Connecticut to assure that they are ready to step forward like we are,” Patrick said. Connecticut would be responsible for nine miles of track.
MassDOT created a plan of capital investment that included the track improvements among an array of capital investments and expansion projects [see 13#07A]. The General Court passed and the governor signed an $800 million bill to begin to pay for the projects.

According to MassDOT Secretary Richard Davey, rail infrastructure costs come to $113 million. MassDOT not only needs to reach agreements with Connecticut but also decide on stations and develop an operation plan. “Rail projects are usually on a longer-term track. But that we are here today and we've got equipment out here, it just shows the state's commitment.”

HRRC owner John Hanlon accompanied the officials, and applauded the governor's effort.

**Revisions to plan needed**

The state is reassessing its capital plans; the transportation bill as passed will not cover the entire scope. “It is not the size bill we asked for but it is a big step forward,” Patrick said. Davey said the passenger rail expansion project “ranks very high” in the plans. “We're reviewing the entire state capital plan to see what priorities are going to make the cut over the next few years. But, what the legislature gave us is a good step forward.”

If the project does fall through, Patrick doesn't see the General Court approving new revenue. “My sense is that the legislature has done all they are going to do for a while in raising new revenue, which is why I pushed as hard as I did to make the most of this moment. This is about very targeted, high-impact investments.” {Andy McKeever in iBerkshires 29.July.13}

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**PAN AM: TIGHE VICTORY**

19 July, DC. **THE STB RULED WINCHESTER'S EFFORT TO SHUT DOWN THE TIGHE WAREHOUSE RAIL SERVICE IS PRE-EMPTED BY FEDERAL STATUTE.**

**Statutory framework**

The Board noted that the 'ICC Termination Act of 1995...expressly provides that the jurisdiction of the Board over “transportation by rail carriers” is “exclusive.” 49 U.S.C. § 10501(b). The statute defines “transportation” expansively to encompass any property, facility, structure or equipment “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).

Moreover, “railroad” is defined broadly to include a switch, spur, track, terminal, terminal facility, freight depot, yard, and ground, used or necessary for transportation. 49 U.S.C. § 10102(6). Section 10501(b) expressly provides that “the remedies provided under [49 U.S.C. §§ 10101-11908] with respect to regulation of rail transportation are exclusive and preempt the remedies provided under Federal or State law.” Section 10501(b) thus is intended to prevent a patchwork of local regulation from unreasonably interfering with interstate commerce.'

**Application**

'The Interstate Commerce Act provides any person the right to ask for common carrier rail service and carriers the obligation to provide such service upon reasonable request. See 49 U.S.C. § 11101.[10] The Town’s orders prohibiting all rail traffic to the warehouse conflict with the federal right of Tighe to request common carrier service and the federal obligation of Pan Am, a rail common carrier, to provide that service, as well as the Board’s exclusive jurisdiction over that service. 49 U.S.C. § 10501(b)(1).

'As the federal courts and the Board have stated repeatedly, where a local regulation conflicts with the rights and obligations contained in the Interstate Commerce Act, federal law will preempt the local regulation. [Citations omitted include Town of Ayer.]

'The Town’s zoning decision holds that use of the Montvale Yard as a freight yard is not allowed pursuant to municipal zoning laws, and its order requires all rail traffic to the warehouse “to immediately cease and desist.” Such an attempt to prohibit common carrier rail transportation directly conflicts with the most fundamental common carrier rights and obligations provided by federal law and the Board’s exclusive jurisdiction over that service. The Town’s actions are therefore plainly preempted by § 10501(b).'}
'Private track' question not decided
The Board declined to address the question, raised by Winchester, of whether the town could regulate private operation on private track [see 13#07A].

'In any event, the dispute between the parties regarding the nature of the track immediately adjacent to the warehouse is not dispositive. Even if we assume this track is private track (which we need not decide here), this does not permit the Town to deprive Tighe of its federal right to receive common carrier rail service over the track.

'As previously noted, Tighe has rights provided by federal law to ask for and receive common carrier rail service from Pan Am, a rail carrier providing service subject to the Board’s jurisdiction. Thus, even if we construed the Town’s action narrowly as directed solely at Tighe, and solely at a short piece of allegedly private track located adjacent to the warehouse, there remains a fundamental conflict between the Town’s regulation and the rights of Tighe and Pan Am to request and provide, respectively, common carrier rail service under the Interstate Commerce Act. That conflict must be resolved in favor of federal law...

'Otherwise, states and localities could engage in impermissible regulation of the interstate freight rail network under the guise of local regulations directed at the shippers who would use the network, and thereby create the patchwork of conflicting local regulations that Congress sought to avoid in the Interstate Commerce Act.' {STB website, decisions page, Finance Docket #35749}

NEW HAMPSHIRE

PAN AM: COAL PLANT UPDATE**
30 July, Binghamton. THE 21st LOADED COAL TRAIN FOR BOW THIS YEAR left NS rails here with 88 cars and proceeded on CP to Pan Am, about seven hours later, for furtherance to the Public Service of New Hampshire plant in Bow. {D&H e-list}

Under the agreement between PSNH and its parent as filed with the New Hampshire Public Utilities Commission, parent Northeast Utilities handles the procurement of fuel as part of handling the energy supply for PSNH: 'Energy supply and related services including, without limitation, planning, procurement of fuel, electricity and natural gas, contract negotiation and administration, and management of renewable energy programs.' {Filings page of NHPUC Regulatory site}

Customers migrating away

The number of small businesses migrating away from PSNH has steadily increased, from 11,194 in March 2012
to 16,919 this March. Of course, PSNH’s medium and large commercial customers have been taking advantage of competitive suppliers since long before it was a practical option for residents, and they move back and forth from PSNH and the competitors much more frequently; in any given month, between 75% and 90%+ of medium and large businesses purchase their power from PSNH’s competitors. {Caitlin Peale in CLF Scoop 1.May.13}

Rate reduction announced
On 1 July a state-approved residential rate reduction took effect, reducing the Energy Service Charge by nearly 10 percent to 8.62 cents per kilowatt hour from the current 9.54 cents/kWh. The decrease, combined with adjustments to three other rate components, will result in a total reduction of more than 5% in a monthly bill for a residential customer purchasing energy from PSNH and consuming 500 kWh/month. {PSNH news release 30.June.13}

Legislative Committee: leaning toward divest
On 7 August, the Electric Utility Restructuring Legislative Oversight Committee will hold a follow-up to its July meeting about the fate of the PSNH coal-fired plants in Bow and Newington. State regulators in July told the Committee that the cost of maintaining these aging assets far outweighs the benefits they provide. PSNH has rejected that finding and describes its plants as, at the least, a pivotal insurance policy during periods of high demand.

Legislators voiced concerned about PSNH’s loss of customers. “We’re on a path that will definitely leave, maybe in a year or two, where we’ll pretty much have zero customers who are paying for (PSNH) hardware costs,” said Representative Herb Vadney, a Meredith Republican. The Committee is considering telling PSNH to divest the plants. {Jeremy Blackman in Concord Monitor 3.Aug.13}

VERMONT

VRS: PROPOSED PROPANE*
30 July, Bellows Falls. RAILROAD AND TOWN OFFICIALS MET to discuss the propane facility VRS will construct on land it purchased just north of the village of Bellows Falls, in the Town of Rockingham [see 13#07A].

The railroad supplied a set of materials, some prepared by Vanasse Hangen Brustlin, to the Town in advance of the meeting. {ANR&P discussion with Chip Stearns, municipal manager for the Town and for the Bellows Falls Village Corporation 23.July.13}

Improved firefighting
At the special joint meeting of the Rockingham Select Board and the Bellows Falls Village Trustees, Brent Brewer, VRS general manager, said the railroad would move a hydrant on the village’s water system much closer to the facility, and also install a “water cannon” to help local firefighters in the event of an emergency.

VRS staff attorney Eric Benson said the most recent changes would add at least $20,000 in costs to the project, which has a total projected cost of $3 to $4 million.

Bellows Falls Village Fire Chief William Weston said the changes were new to him, that he hadn’t seen them in writing and as a result wasn’t willing to sign off on them.

Restore tourist train?
Village President Roger Riccio urged the railroad to “get more involved in the community,” and to restore the tourist train that the railroad used to run out of Bellows Falls. But Brewer said the railroad had lost money on it and would only consider it with some kind of subsidy. {Susan Smallheer in Rutland Herald 1.Aug.13}
DETAILS IN PRESENTATION
VRS prepared a 30-slide question and answer presentation. It made these points:

Current nearby operations
The slides noted: 'Once the propane intermodal transfer facility is built, it is unlikely that any train to truck transfers of propane will take place in the Bellows Falls yard.' It referred to the Plains LPG facility in Claremont, New Hampshire, for comparison.

The facility
In comparison with the nearby [see map] propane facility of Plains LPG some 400% larger, Rockingham will have:

- three 60,000-gallon tanks instead of eight 90,000-gallon tanks
- five unloading spots versus eight
- maximum capacity at 80%: 144,000 gallons versus 576,000 gallons.

Operation and access
During unloading of cars, 'GMRC-authorized' personnel will be present to do it. Otherwise, the facility is unmanned. Fencing will keep intruders away; only truckers with proper credentials can open the gate and load their tanks.
At peak during the winter, 24 trucks a day will call; at the trough in the summer, about six. The railroad will pay for any necessary improvements to the narrow Bezanson Road which provides access to the facility.
Pre-emption
While GMRC is not required to obtain land-use permits under Vermont’s Act 250 or local zoning because of federal statute [see Tighe case in Massachusetts], [b]y the same token it is not correct to say that there is no state or local oversight of this GMRC project.

In fact, GMRC must construct this facility in compliance with all applicable building codes, fire, and safety laws and environmental regulations. GMRC is working very closely with all state and local officials to insure that this facility is constructed as a state of the art facility in full compliance with all applicable laws and regulations.’

Why this site
In Vermont there are approximately 12,000 miles of state and local highways, while there are only about 600 miles of rail lines. Businesses that truck their products can locate just about anywhere along that 12,000 miles of highway.

In order to serve the railroad transportation needs of Vermont, and take trucks off of our highways, GMRC must use the facilities that are available and adjacent to its rail lines.

There are very few locations available to develop intermodal transfer facilities, and for many reasons, including public access and safety, this Rockingham location is near ideal for the propane facility that GMRC is constructing.’

Safety
The presentation addressed safety in eight slides. {text of presentation}

MARITIMES

CBNS: UPDATE*
23 July, Montreal. BUSINESS ON THE RAILWAY IS SLOW BUT SIGNS OF IMPROVEMENT EXIST, said Mario Brault, president of Genesee&Wyoming Canada and the CBNS. “The business has been pretty slow since we took over. The decline actually started before we officially took over on December 28, 2012.” [See 12#07B].

He noted delays with the Sable Offshore Energy Project and irregular coal traffic [see 13#04A]. “So we are working right now with all of our customers trying to sort out all these issues. We know that there will be more petroleum traffic coming out of Point Tupper [see below] and we know that things are starting to move forward. One piece of good news of course was the reopening of the paper mill in Port Hawkesbury. But business is not exactly at the level we want but it has been creeping up.”

In spite of the slow business GWI has laid off no employees. “We haven’t changed any of the team. We are very pleased with the quality of the team we got from previous owners.”

Petroleum changes?
Brault said the disaster at Lac Megantic could possibly mean more business through Point Tupper.

[Irving has received permission from Transport Canada to use two foreign-flagged carriers to take crude oil from NuStar Energy’s tank farm in Point Tupper to its Saint John refinery. {Geoff Bird. AllNovaScotia.com 16.July.13}]

“With crude oil we still don’t know what traffic flows are going to be since the mishap in Quebec. That may change the game rules. We don’t know that.”

CBNS hauls some butane and propane out of Nustar, along with various other products such as pulp and paper and inbound raw materials for the Michelin plant in Granton.

No closure
Brault said: “We beg to have a chance to work at [building the business]. I’m not saying we are smarter than
RailAmerica but we have different ways to look at things. We are going to try hard. Genesee & Wyoming doesn’t buy lines to shut them down. We buy lines to make them work so hopefully we will do the same with this one.”

**Bridge evaluation underway**

New container traffic might emerge from the proposed terminals in Sydney [see 13#02B] or Melford [see 13#07A]. Does CBNS need to upgrade the track and bridges, as some say [see David Gunn comment in 13#01A]?

“We are now in process of getting bridge ratings. This is one of first priorities we had when we took over from RailAmerica,” said Brault. “And there have been thoughts given at looking at rail infrastructure and making sure this that would be able to support the new loads. We already have a preliminary estimate (cost to upgrade) provided by the former owner and we are confirming it. I have a number in my mind but it is not for the public yet.”

**Subsidy for Cape Breton section**

The Nova Scotia government has spent millions subsidizing a Cape Breton portion of the railway [see 12#07B]. The latest subsidy will expire in October of this year. Brault said he was aware of the subsidy “but I have not had a discussion with the government yet on this topic so I would rather reserve my comments until I have a discussion with representatives of Nova Scotia.”

**Capital investment**

Brault said the company is “looking at is purchasing our own locomotives. There were a lot of leased locomotives on RailAmerica properties in general so our intention is to start buying our own. Typically we like to have our own locomotives because it gives us the opportunity to do a better job in the long term. We have actually already purchased some. I don’t the have the fine detail but Genesee & Wyoming in Canada is operating 94 locomotives so it is a larger portfolio than we used to handle. I used to know every loco by nickname but not anymore. We actually have two locomotives on the CBNS that have been repainted to [GWI] colours, orange, black and yellow so our brand becomes more visible in Nova Scotia.”

**Safety**

The Nova Scotia government, which regulates CBNS as a provincial railway, has not approached the CBNS about safety following the Lac Megantic disaster. “We have visits from Transport Canada inspectors quite regularly. The province contracts Transport Canada for compliance to inspect our facilities,” he said. “The last time I was in Port Hawkesbury I saw some Transport Canada inspectors inspecting our equipment so I know they [the province] are doing their due diligence and talking to Transport Canada to make sure we comply with rules and regulations.

“We are pleased to have them on our properties. We believe in safety, we have a very good safety record and we are proud of our safety record. If we can find ways to improve it we welcome the opportunity.”

{ANR&P correspondent Tom Peters interview 23.July.13}

**NBSR: IRVING OIL EXPANSION***

31 July, Saint John. **IRVING OIL IS EXPANDING ITS BUTANE SPUR** which sits next to the crude oil terminal [see photo in 12#09A, which shows butane spur in upper left corner], from three car spots to eight on on two tracks on the same location. Stacks of track panels are on site. {RailsNB}

**Irving Oil and J.D.Irving***

*Reminder:* While readers know this surely, even many railfans do not know that Irving Oil and JD Irving (owner of New Brunswick & Maine Railways) are completely separate companies led by two brothers.

Irving Oil is a defendant in the Lac Megantic suit – see Quebec – while NB&M is not.
SYDNEY: DONKIN COAL*

18 July, Cape Breton. THE PROPOSED DONKIN MINE HAS ENVIRONMENTAL CLEARANCE FROM THE FEDERAL AND PROVINCIAL GOVERNMENTS. [See 13#03B.] Federal Minister Peter Kent decided in early July {Canadian Environment Assessment Agency website 12.July.13} and Nova Scotia Environment Minister Sterling Belliveau later. Both ministers agreed the project, taking into account the mitigation measures described in a study, would not likely cause significant adverse environmental effects.

The project is subject to approvals required by any other statute or regulation. {Department of Environment release 18.July 13}

Morien ownership

In November 2012 Erdene, which owned 25% of the Donkin resource, created Morien Resources and transferred its ownership to Morien. Erdene subsequently spun off Morien by distributing Morien shares to Erdene shareholders, so that Morien is now independent.

Morien continues to negotiate with Xstrata to buy Donkin [see 13#03B], according to MacDonald. “We have been looking to cover all options, including acting on our own or acquiring the interest” of Xstrata. {Coal Age 5.Apr.13}

Morien Resources Corporation considers the federal decision 'as the passing of a major milestone for the Donkin project and will work diligently with other stakeholders to advance the project in a timely manner.' {Morien release 16.July 13}

Ken MacDonald, vice president of business strategy and chief financial officer for Erdene and a Morien executive, said the decision did not surprise Morien. “It's one of the hurdles out of the way that gets you to that final destination.”

Donkin will produce up to 3.6 million short tons/year of high-quality coking and steam coal and employing about 300 miners. Morien is eyeing the overseas market, most likely Europe and possibly Asia, for at least the coking coal output. {Platts McGraw Hill Financial 12.July.13}

HALIFAX: VARIED 2Q13*

19 July. CONTAINER TRAFFIC ROSE 9.7% IN 2Q13, the Port announced. Export rose 13.8%, much of that destined for China. “We’ve been focusing on Asia over the last little while, and Asia was strong in this quarter,” said port spokesperson Lane Farguson.

<table>
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<tr>
<th>Cargo Type</th>
<th>Q2 2013</th>
<th>Q2 2012</th>
<th>Variance</th>
<th>Y-T-D 2013</th>
<th>Y-T-D 2012</th>
<th>Variance</th>
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<tr>
<td>Bulk</td>
<td>1,115,271</td>
<td>1,260,395</td>
<td>-11.5%</td>
<td>2,370,701</td>
<td>2,450,737</td>
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<td>802,672</td>
<td>+19.5%</td>
<td>1,925,802</td>
<td>1,537,171</td>
<td>+25.3%</td>
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<tr>
<td>General</td>
<td>119,057</td>
<td>118,472</td>
<td>+0.5%</td>
<td>235,223</td>
<td>231,242</td>
<td>+1.7%</td>
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<tr>
<td>Total</td>
<td>2,194,260</td>
<td>2,181,539</td>
<td>+0.6%</td>
<td>4,531,726</td>
<td>4,219,150</td>
<td>+7.4%</td>
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<thead>
<tr>
<th>Cargo Type</th>
<th>Q2 2013</th>
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<th>Y-T-D 2013</th>
<th>Y-T-D 2012</th>
<th>Variance</th>
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<td>Import</td>
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<td>107,422</td>
<td>92,027</td>
<td>+16.7%</td>
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<tr>
<td>Export</td>
<td>58,747</td>
<td>51,604</td>
<td>+13.8%</td>
<td>116,960</td>
<td>99,041</td>
<td>+18.1%</td>
</tr>
<tr>
<td>Total</td>
<td>111,812</td>
<td>101,854</td>
<td>+9.7%</td>
<td>224,382</td>
<td>191,068</td>
<td>+17.4%</td>
</tr>
</tbody>
</table>
Overall, cargo tonnage is up 7.4% year-to-date, a trend Ferguson expects to continue. “Because we are halfway through the year, it looks as though we are seeing positive, gradual growth,” he said.

**Drop in bulk cargo: gypsum**

Bulk's decline of 11.5% could be the gypsum [Halifax does not break out the figures – see 13#07A]. “Most of the bulk cargo that moved through the Port of Halifax is not material that we handle. We track it, but we don’t have a lot of influence over it. Like gypsum, for example, that comes in and out; that’s something that’s not handled by the port or any of the businesses that lease our property. But it does pass through the port, so that’s why it’s tracked in that regard,” said Ferguson.

{Remo Zacagna in Halifax Herald 19.July.13; table from port website}

**HALIFAX-CANSO**

22 July. **HALIFAX BERTH PRODUCTIVITY RANKS WELL BELOW PRINCE RUPERT**, according to a ranking by The Journal of Commerce published this day. {JoC 22.July.13}

**Note**

Maher Melford, the outfit creating a new terminal in the Strait of Canso, has said that it will replicate the Prince Rupert container-handling system [see 13#07A].

If so, that would give it a berth productivity of 68, versus the Halifax rating of 50. Does that difference – assuming Halifax cannot improve its ranking – create enough of an economic incentive to build an entirely new terminal and add a rail line to it?

Note that the major US ports of New York, Los Angeles, and Norfolk are barely higher than the Halifax number, yet continue to do a booming business. *Editor*

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**RAIL FREIGHT FACILITIES**

Described in this issue.

Can Do Warehouse (NECR, Connecticut see Regional)

Global (Pan Am, Massachusetts) Loses in court, statute in limbo.

Great Northern (MMA, Maine) Temporary shutdown.

G&U Logistix (GU, Massachusetts) Track rehabbed.

GU propane (GU, Massachusetts) To STB.

Irving Oil (NBSR, New Brunswick) Expands butane rack.

Kof Koff (NECR, Connecticut see Regional)

Limb-It-Less Logging (NECR, VRS, CN – see Regional) Potential new customer.

Moose River Lumber (MMA, Regional) Has to divert east.

Omnova (Pan Am, Massachusetts) State helps pay for spur.

PSNH (Pan Am, New Hampshire) Should sell coal plants?

Tighe (Pan Am, Massachusetts) Wins at STB.

Verso Paper (MMA, Maine) Boiler problems.
VRS propane (VRS, Vermont) Discusses with host town.

PEOPLE, EVENTS

Mark Bromirski, long-time sales and marketing guy for the GWI's Connecticut Southern Railroad, has left GWI's employ.