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

Formal issue 13#09B 10 October 2013

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

REGIONAL

Crude: Pan Am, CN, NBSR, BNSF continuing to move.** Propane release in Saint John.*

Albany: Second vessel to ship crude to Saint John apparently under discussion.*

MMA bankruptcy:
(1) NBM and other JD Irving companies settle outstanding bills.*
(2) Who will buy? Not GVI.* Would CN?*
(3) Eight parties interested.
(4) Financial situation.
(5) Camden National provides line of credit.

NEW YORK

PAS: New drayage service to Mechanicville.*

QUÉBEC

MMA operations:
(1) Washout highlights plight of line and excursion service. Now repaired.*
(2) Suspension date for Quebec service moved later, to 18 October.*
(3) Unit crude train still in Famham.

CONNECTICUT

Ports: Port Authority bill expected again in 2014.

Ports: Chinese interested in container terminal.

MAINE

Pan Am: Stops service on line to UPM Madison Paper as well as Cousineau in Maine.*

Pan Am/SLR: Overview of NEPW Logistics.*

Portland: Vote to cancel pipeline reversal?*

RHODE ISLAND

[No report.]

VERMONT

NYSDOT/VAOT: An agreement to share costs on the Ethan Allen.*

VRS: Agreement on Rockingham propane terminal.

MARITIMES

CN/Halifax: Who should pay for bridge repairs?**

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Mike Cella

FROM THE PUBLISHER

Aside from MMA
This issue presents a relatively quiet picture. Pray we don't have a federal default.
- Chop Hardenbergh Next formal issue 24 Oct

CRUDE MOVES, PROPANE LEAK**

**Sightings**
As always, this list, complied from rail observer sightings, does not contain every oil train that moved, and may list one train more than once. Some counts come from videos; all counts may well contain errors:

**NBSR**

21 September. Eastbound away from McAdam with three locos and 33 cars: 24 woodchip loads and 9 cars from St.Stephen. No oil.

22 September. Eastbound into McAdam with three locos and about 70 cars: the usual mix of traffic, with 25-30 cars of crude oil.

[Also interesting westbound extra, three locos and 65 empty chip hoppers at Harvey.]

29 September. Westbound toward McAdam with seven locos and 92 cars: 2 covered hopper, 12 loaded centerbeams + 1 empty, 23 boxcars, 5 white tank cars + 15 calcium carbonate tank cars, 24 high-sided gons (chip cars?).

30 September. Eastbound to Saint John with three locos and 48 cars: 2 covered hoppers, 6 gondolas, 20 boxcars, 11 empty centerbeams, 8 boxcars, and 3 tank cars.

1 October. Eastbound out of Mattawamkeag with four locomotives and many tank cars. {RailsNB}

2 October. A DOT-111A tank car containing propane and coupled to a crude oil car was leaking in the East Saint John railyard. Mary Keith, JD Irving spokesperson, said in a statement that NBSR crews noticed 'misting' and the smell of gas around a single propane rail car that had been shunted from the Irving Oil refinery to the east side rail yard. 'The transit of these cars was uneventful and without incident.'

Saint John Fire Chief Kevin Clifford initially thought it was contained, but quickly realized the propane was still being released intermittently; apparently a faulty relief valve on the pressurized tank has frosted up from the leaking gas, making it difficult to close. It was resolved after six hours. {CBC News 2.Oct.13}

**BNSF**

(Some of these empties will surely heading east.)

27 September. Westbound just east of Minot, North Dakota with two BNSF locos and 103 STAX empty tank cars.

Westbound same location, with two NS locos and 95 TILX empty tank cars. Also, at least three other uncounted unit trains in the yard, plus unit grain cars. BNSF is building at least two additional sidings. {ANR&P coverage}

**CN**

25 September. Westbound into Saint John with 3 locos and 78 cars: 12 boxcars, 2 covered hoppers, and 58 tank cars including one string of 42.

26 September. Eastbound from Saint John with three locos and 87 cars: mostly boxcars and tanks, including 35
empty tank cars of crude oil.

3 October. Eastbound from Saint John with four locomotives leading 148 cars: about 76 tank cars, 17 gondolas, 9 covered hoppers, 19 boxcars, 8 autoracks, 19 intermodal wells.

5 October. Westbound from Moncton with four locomotives leading and one in the middle (the first seen on this line), moving about 159 cars: about 85 tank cars (ramped up in the past week) plus 4 covered hoppers, wood chips, 24 intermodal wells, and gypsum gondolas.

6 October. Eastbound from Saint John with three locomotives and 125 cars: mostly tank cars, some intermodal wells.

Pan Am

6 October. The “nearly daily” cut of oil tank cars (at least 14 this trip) moved through Veazie eastbound.

ALBANY: IRVING INCREASE*

20 September. ‘IRVING HAS NOT YET PUT A SECOND SHIP IN SERVICE; it is still being talked about,’ wrote Rich Hendrick, general manager of the Albany-Rensselaer Port District. ‘The one vessel is doing the turn [Afrodite carrying Bakken crude to Saint John – see 13#08B] still at 8 days; it is scheduled to arrive again’ 21 September. {e-mail to ANR&P correspondent Laurel Rafferty}

MMA BANKRUPTCY(1): SETTLEMENT WITH JDI*

1 October, Portland. BANKRUPTCY TRUSTEE ROBERT KEACH FILED A PROPOSED AGREEMENT WITH JD IRVING AND ITS COMPANIES about freight charges prior to 28 August 2013.

MMA and NBM arranged to handle freight of Irving companies such as Irving Paper and Irving Pulp, which moved via MMA haulage, by having MMA bill the shipper for the entire move, and then refund to NBM the amount due for NBM's portion of the move. The Irving companies owed MMA as of 28 August $855,733.

In addition, both MMA and NBM moved traffic for third parties. As of 28 August MMA owed NBSR $2.3 million, and MNR $144,000 for their portion of such shipments.

Under the intricacies of bankruptcy law, the parties queried the validity of setoffs which occurred immediately before the bankruptcy filing in August or might occur afterward, and reached a settlement of amounts due. The Irving companies agreed to pay to the MMA estate $150,000 two days after the Court enters an order accepting this settlement, and $381,000 once the order becomes final. {text of filing}

MMA BANKRUPTCY(2): WHO WILL BUY?**

*25 September, Rochester NY. GWI WILL NOT BUY THE MMA, said Michael Miller, chief commercial officer, at his presentation about the rail holding holding company during the North East Association of Rail Shippers semiannual conference here.

In a response to your editor's question, Miller said:

“We look at everything, and we looking at the [MMA] situation. Clearly there's a need for a rail service provider for those Quebec communities. We are helping, given the assets we now have in Quebec, where we can.

“But] the risk profile of [the MMA] is much higher than what we can accept.”

Who else might buy?
The fate of the rail line was discussed by many of the 160 or so attendees. Two confirmed, though they did not
want to be named, that GWI was definitely not buying the MMA.

Most listed JD Irving (NBM) as the probable buyer of the Maine trackage. Many agreed with your editor that MDOT would need to buy the line, and then lease it to NBM. Many also questioned whether NBM would want the trackage in Quebec. One noted that the relations between JDI and the province, given the Lac Megantic disaster, were not good.

Pan Am? It did consider buying the CP trackage in 1994 [see photo]. But given its connections to the west via Albany, or via SLR at Auburn, plus the fact that the MMA stretch from Brownville Junction to Jackman has no customers, Pan Am would probably not want to operate that stretch even if the state bought it.

RailAmerica might have had an interest, but GWI now owns that company. No one at the conference believed that CP would want to return to operating east of Montreal, and CN with the SLR and NECR connections already has access to eastern Quebec.

That overview, if accurate, points to another new short line operation stepping in, as Ed Burkhardt did in 2003. The periodicity of the failures would certainly put short-line operators on notice, however: 1994, CP withdraws, Iron Roads takes over; 2003 Montreal, Maine, and Atlantic takes over from Iron Roads; 2013 MMA in bankruptcy. Three times and you're out? {editor}

*Rochester NY. **MIGHT CN BUY THE MMA OPERATION?** Some at the NEARS conference here 23-25 September doubted it, but others thought it might choose the former CP route to provide more direct service to Saint John, especially for the Bakken oil. {ANR&P coverage}
One example of CN repurchasing a short line

CN leased a network in southern British Columbia to Kelowna Pacific Railway Limited in 1999, but that firm entered receivership on 5 July 2013.

On 27 September 27 CN said it had reached 'mutually satisfactory' agreements with Kelowna Pacific Railway trustee Boale, Wood & Company Limited, main customer Tolko Industries Limited, and unions representing around 35 train crew and maintenance staff.

CN will resume operations on 115 kilometers, or around 75%, of the network from Campbell Creek to Vernon, Lumby Junction, and Lumby. Operations will be discontinued between Lumby Junction and Kelowna.

“I'm pleased to say that the parties were able to come together to assemble the right business and labour conditions to justify the resumption of rail traffic on the major portion of the KPR as well as a sizeable capital investment required to protect rail service in the region,” said Jim Vena, CN Executive Vice-President and Chief Operating Officer. “We are targeting the resumption of operations as soon as we can ensure the track is brought back to a standard to ensure safe train operations.” {Railway Gazette 1.Oct.13}

MMA BANKRUPTCY(3): EIGHT INTERESTED PARTIES

4 October, Sherbrooke. BANKRUPTCY OFFICIALS HAVE AGREED ON A SALE PROCESS, according to a filing here this day:

'43. The Monitor and the Chapter 11 Trustee, in consultation with the primary secured lender of the Companies [FRA] as well as the Quebec government (the largest unsecured creditor), have determined that the sale of the Companies' assets will be on a going-concern basis only, this to ensure that continued service to clients in Quebec, Maine, and Vermont....

'45. The Monitor and the Chapter 11 Trustees have an agreed on an expedited sale process as follows:

- By October 31, 2013 – deadline to receive expressions of interest from potential bidders;

- By November 15, 2013 – a lead bidder or “stalking horse” will be selected and approval of bid procedures by the Courts will be obtained. The stalking horse bid will serve as the floor price against which other interested parties may bid. Interested parties will be given the opportunity to bid on specific assets, i.e., for the Canadian or US assets without being required to bid on all of the Companies' assets;

- By December 13, 2013 – conduct an auction for all qualified bidders;

- By December 16, 2013 – hearing to obtain court approval of the winning bidder in both the CCAA and Chapter 11 courts. Closing to follow shortly thereafter, subject to any regulatory issues.' {text of Third Report 4.Oct.13 as attached to submission of Bankruptcy Trustee Robert Keach to submission to US Bankruptcy Court docket no 13-10670 7.Oct.13}

Comments by Trustee

On 7 October, Trustee Robert Keach said in a radio interview that eight parties had approached the estate, and seven had signed a non-disclosure agreement, and the officials have agreed to retain the Gordian Group to act as investment banker for the sale of the assets of the Companies. “The Gordian Group is actively talking to each prospect today. The estate is selling the system in its entirety, it's the best way to maximize value.”

He declined to name any party, adding “you would recognize many of them in the financial and railroading world.”

The 31 October deadline “is not absolutely the deadline” as the estate would accept expressions after that. The 15 November date is also not fixed, it could be “Thanksgiving at the latest.” {Tom Porter complete interview on Maine Public Radio website 7.October.13; excepts were broadcast 10.Oct.13}
MMA BANKRUPTCY(4): FINANCIAL ACCOUNTING

4 October, Sherbrooke, Quebec. A FINANCIAL OVERVIEW OF THE QUEBEC AND MAINE OPERATIONS AND PROJECTIONS SHOWS:

Previous report: funding better
The cash position as of late September is better than projected: $0.5 million versus a projected (at the filing) $0.1 million. This resulted from higher than forecast collections ($0.2 million more) and lower than forecast wages ($0.3 million less).

Projection
The two railroads will receive $2.7 million, and disburse $5.8 million, for the four months October-January 2014:

- US$2.7 million of receipts which include the collection of freight, switching, storage and equipment rental revenue. Also included in the receipts is $0.3 million representing contractual settlements with customers regarding outstanding accounts receivable balances. As the majority of billings are issued by MM&AR on behalf of both companies, the MM&A Projections reflect that receipts or funding to cover projected disbursements during the Period will be provided by MM&AR, which is consistent with historical practices;

- US$5.8 million of cash disbursements consisting of the following:

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<td>Total Disbursements</td>
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> Transport revenue offsets: consisting of payments to various railroads for services provided post-petition;

> Payroll and benefits: based on forecasted staffing levels in both Canada and the US as well as overtime required for certain track repairs in Canada during the Period. At present, there are 31 active employees in Canada which is projected to increase to 38 during the
Administrative fees: requested increase in Quebec
Thus far the 'Professionals' working on the case in Quebec have received no payment because of the 'tight liquidity.' As of 20 September unpaid costs came to $1.045 million, 'exceeding the existing Administrative Charge by approximately $545,000.'

On 4 October MMA and the Monitor asked for an increase in the Administrative Charge to $2.5 million [this would apply to the Quebec court proceedings]. {text of Third Report 4.Oct.13 as attached to submission of Bankruptcy Trustee Robert Keach to submission to US Bankruptcy Court docket no 13-10670 7.Oct.13}

Administrative fees in Maine
In the 7 October interview, Keach noted the $5 million charge negotiated with the FRA [see 13#09A] for the US proceedings could be less. “That depends on what other people do. We did not pick $5 million out of the air. We looked at costs of the B&A bankruptcy” ten years ago, which “totalled $9 million. The $5 million is conservative.”

The value of the assets?
After the railroad assets are sold, the proceedings will address the “very complicated claims issues.” He declined to state what the total assets might be. The filing did say $50 million to $100 million, but that was only a “box ticked by the debtor.”

Though he did not have a “a lot of faith in this range,” he was “expecting adequate assets including insurance” to provide “fair distribution to the victims.” {Tom Porter complete interview on Maine Public Radio website 7.October.13; excepts were broadcast 10.Oct.13}

MMA BANKRUPCTY(5): LINE OF CREDIT
8 October, Portland. CAMDEN NATIONAL BANK WILL PROVIDE $3 MILLION, under a loan approved by the U.S. Bankruptcy Court. Estate trustee Robert Keach said that will allow it to continue operating with two-man crews. Without the loan, the railroad would be broke by the end of October [see above]. {Bangor Daily News 10.Oct.13}

NEW YORK

PAN AM: NEW DRAYAGE CONNECTION*
25 September, Rochester NY. WHITACRE LOGISTICS OPENED A NEW INTERMODAL DRAYAGE FACILITY FOR MECHANICVILLE, announced Paul Hutzler, president of Venture13 d/b/a Whitacre Logistics, at a panel during the North East Association of Rail Shippers semi-annual meeting.
According to its website, Whitacre has 11 (adding Albany). By e-mail after the meeting, Hutzler provided further details:

'We have a small office in Watervliet but will be looking for something larger once we are ready to hire another person. We also have a drop-yard at the truck stop at exit 11 off I-87 in exchange for purchasing fuel there.

'99% of our work comes from IMCs (intermodal marketing companies such as Hub Group, CH Robinson, Matson, and JB Hunt). I do have some direct customers but not many in Albany, but that will change soon when we start servicing the ports.'

Hutzler estimated he serves customers within a 200-mile radius of a particular intermodal ramp.

History
Hutzler and a friend, Tony Lossi, met while both worked at a different drayage company 'for many years. When that company was sold to an investment company we were all just numbers on a spreadsheet. We decided to move to independent agents for another company so we could control our own destinies.' Lossi's agency began working on starting an operation for the Ayer and Worcester ramps under the second company, when Lossi died unexpectedly.

In the months following, Hutzler signed his agency company, Venture13, with Whitacre Logistics. Whitacre did not have an operation in the Albany area. Hutzler hired Kevin Lossi, Tony's son, to start the Albany operation, which opened in early September.

Hutzler asked for no government assistance. "The people at the Mechanicville ramp already knew Kevin through his father and they were more than eager to assist where they could.

'I was already sending drivers from Syracuse to assist customers with their Albany needs. Once they all knew we were opening in Albany the work followed due to our relationships with our existing customers.'

The startup is doing well. Hutzler is 'amazed at the outpouring of support from Tony's customers and drivers and especially on how well Kevin is doing.'

Next steps
Hutzler said he would next start an operation serving the lane between the New York/New Jersey ports and Albany, then consider an operation to serve the Ayer/Worcester ramps. {ANR&P coverage and e-mail exchange 25-27.Sept.13}
QUEBEC

MMA OPERATIONS(1): QUEBEC TOURIST TRAIN STILL RUNNING*
21 September, Sherbrooke. _THE ORFORD EXPRESS IS STILL RUNNING_ over the MMA tracks. Normally it runs from here west to Magog and Eastman, but due to floods on 2 September it is now operating to Birchton, east of Sherbrooke. {Maryse Matthieu in _Le Journal de Magog_ 12.Sept.13; MMA-rail e-list}

**No need to operate freight?**
Rail observers believe MMA has no rail customers between Lac Megantic and the washout, on the west side of Little Lake Magog. Since the washout, locomotive MMA 2002 has remained in the yard; no cars sit on the interchange track with SLR.

MMA is switching the EKA-Nobel plant west of the washout [see 01#06B] from Farnham.

**If MMA loses its certification?**
The Orford Express has in the past operated on the SLR south out of Sherbrooke, and could do so again. However the scenery was not satisfactory, according to one observer, nor is it satisfactory on the route to Birchton. {MMA-rail posts 22.Sept.13}

25 September, Lennoxville. _MMA REPAIRED THE WASHOUT AT DEAUVILLE_, and the line between Sherbrooke and Magog reopened. The delay was due to some complex work on a bridge. {e-mail to _ANR&P_ from MMA chair Ed Burkhardt} The Express may resume its western run out of Sherbrooke.

Also, cars in the Lac Megantic yard were moved east to Vachon. {MMA-rail e-list}

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MMA OPERATIONS(2): NEW SUSPENSE DATE**
26 September, Ottawa. _CTA EXTENDED THE SUSPENSION DATE FOR MMA OPERATIONS_, from 1 October to 18 October, in an Interlocutory Decision noting adequate insurance is in effect:

'Pursuant to Order No. 2013-R-266, as varied by Decision No. LET-R-98-2013 (Order), Certificate of Fitness No. 02004-3 of Montreal, Maine & Atlantic Canada Co. and Montreal, Maine & Atlantic Railway, Ltd. (MMAR) was suspended effective October 1, 2013.

'MMAR has now applied to vary the Order to allow it to continue to operate to January 15, 2014. The Canadian Transportation Agency (Agency) has considered the application and finds that MMAR has demonstrated that there are new facts and circumstances warranting a review of the Order.

'The application provides evidence that MMAR continues to hold third party liability insurance coverage
in the short term. The Agency also notes that that the Companies Creditors Arrangement Act (CCAA) Court order secures funds for the self-insured retention amount while the Certificate of Fitness is in force. As a result, the Agency is satisfied that MMAR has adequate third party liability insurance coverage and the financial capacity to cover the self-insured portion of its liability insurance coverage for the continued operation over a short period of time.

'Therefore, the Agency, pursuant to section 32 of the Canada Transportation Act, varies the Order by amending the date of effect of the suspension of Certificate of Fitness No. 02004-3 to October 18, 2013.

'With respect to continued operations after October 18, 2013 to January 15, 2014, this clearly involves operations over a longer period of time and the Agency needs to obtain and consider information prior to making a ruling on the longer period. In this regard, the Agency will be requiring further information from MMAR to allow it to make a final ruling on the request to extend to January 15, 2014.

'Further, the Agency notes that a CCAA [bankruptcy court] hearing is scheduled for October 9, 2013, in Sherbrooke, Quebec to deal with issues that may have an impact on the consideration of the variance request over the longer period.' {Decision LET-R-107-2013}

**Information provided**

In its report on 4 October [see other article], Monitor Richter Advisory Group said MMA did supply the information requested by Transport Canada as of 4 October.

**MMA OPERATIONS(3): THE MISSING OIL TRAIN**

4 October, Sherbrooke. *THE MONITOR OF THE QUEBEC BANKRUPTCY HERE* 1 in its Third Report said MMA will address the 93 crude oil tank cars still in Farnham since the 6 July Lac Megantic disaster. The unit train was not far behind the 'train from hell'.

Transport Canada is requiring that the contents be properly labelled before MMA can move the train. MMA has had 'numerous discussions and communications' with to World Fuel Services, the party shipping the oil, and to Irving Oil, the direct or indirect purchaser.

Despite MMA's efforts, neither has provided the requested documents. MMA will soon send a demand letter, stating that it will seek court permission to declare the cars abandoned, sell the property, and retain the proceeds for the benefit of the estate. {text of Third Report as attached to submission of Bankruptcy Trustee Robert Keach to submission to US Bankruptcy Court docket no 13-10670 7.Oct.13}

**CONNECTICUT**

**PORTS: A PORT AUTHORITY?**

18 September, Newington. *ANOTHER EFFORT TO CREATE THE PORT AUTHORITY* will occur in February 2014, when the General Assembly meets again [such a bill died earlier this year – see 13#06A]. At the monthly meeting of the Connecticut Maritime Commission, Commissioner Bob Ross reported that DECD Commissioner Smith was planning to begin “advanced work” on standing up the Connecticut Port Authority in anticipation of legislation creating a Connecticut Port Authority passing into law in the next legislative session. {Draft minutes of CTMC meeting}

**PORTS: A CONTAINER SERVICE?**

18 September, Newington. *A CHINESE INVESTMENT GROUP HAS AN INTEREST IN CREATING A CONTAINER PORT* in Connecticut. At the monthly meeting of the Connecticut Maritime Commission,

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1 For the purposes of coverage, I characterize the Quebec proceedings as bankruptcy, though the process differs from US bankruptcy: (1) the question falls under the provincial *Commercial Creditors Arrangement Act* rather than, as in the United States, federal law; (2) the provincial Superior Court hears the claims and other matters.

The Superior Court here sits in Sherbrooke, which covers the judicial district of Saint-Francois. The district of Megantic would sit in Lac-Megantic – I am unclear on why the court there is not hearing the matter. {www.tribunaux.qc.ca}
Commissioner Joe Riccio reported he had exchanged emails with a former acquaintance (Mitsos) now representing a Chinese investment group interested in developing a container service at a CT port. Mr. Mitsos was referred to the state agencies (DECD/DOT).

One of the group was a representative from the Development Bank of China. Two others were business development people from Stamford. Commissioner Ross stated that the group had met with DECD who referred them to Gateway Terminals. Commissioner Dubno added that the investment group had met with Gateway. The bottom line assessment is that if the state comes up with a plan the investment group would be interested in financing some of the development in addition to the state. {Draft minutes of CTMC meeting}

Logistec also interested
One source said the interest was apparently directed at New Haven. Why not New London? Frank Vannelli of Logistec USA, located in New London, wrote on 7 October: 'We here at Logistec Corporation have looked at short sea shipping opportunities via Connecticut ports on several different occasions and at present the numbers do not work.

'We will continue to discuss with potential stake-holders this opportunity and hopefully the economics will work sometime in the near future.' {e-mail to ANR&P}

EPA rules may halt short sea?
'In 2012, the EPA created an Emissions Control Area that currently requires vessels operating within 200 nautical miles off the coast to use fuel containing no more than 1% sulfur. This low-sulfur, ECA-compliant fuel is sold at an expensive premium that exceeds previous EPA cost estimates. Regardless, industry members supported and continue to support this measure because of its demonstrated environmental benefits.

'But beginning in 2015, all ships traveling within the ECA will be required to use fuel containing only 0.1% sulfur. This restriction may not greatly burden trans-oceanic vessels, which spend only a small fraction of their total voyage near shore, but it will severely impact short sea ships — such as freight vessels traveling between New Bedford and Mexico — that operate almost exclusively within the ECA. This could cause freight rates to rise 35%, which is unsustainable for an industry in direct competition with truck and rail — an issue that trans-oceanic vessels do not face.' {guest editorial by Rod Jones and Drew Minkiewicz in New Bedford Standard-Times 9.Oct.13} [More in a future issue]
MDOT and IRAP

Nate Moulton, director of MDOT's rail program, wrote on 2 October: 'We were made aware of this last week. I know there are discussions amongst the parties about transloading but have no further details at this point.

'…In the IRAP agreement the applicant agrees that the infrastructure will be used for at least 10 years or there could be a depreciated amount due back to the State. If the line stays embargoed we would need to review the agreement and decide if we were going to pursue any depreciated State share from the applicant.' {e-mail to ANR&P}

Bob Worthley, town administrative assistant for Anson, said on 4 October he had heard from Madison Paper that rail service would stop. He will be talking with Cousineau about the effect on the transload [see below]. As for any clawback of the IRAP grant, “we would certainly support that” if MDOT went ahead. {ANR&P discussion}

Any effect on transloading?

Drew Gilman, principal of NEPW logistics, wrote: 'Most of what we do with Madison presently is inbound woodpulp via truck from our warehouses, and outbound rolls via truck to our warehouses.' Madison uses both the Mechanic Falls and Portland warehouses. [See other article.]

Effect on Cousineau

Randy Cousineau was a beneficiary of the re-opening of the line because Pan Am could serve his facility in North Anson [see 06#06A].

Over the past six years he has transloaded stone [see 11#04B], lumber mats [see 11#04B], paper [see 08#02B], and steel: 'Currently we have steel coming into this location to be re-loaded, and possibly lumber from northern Maine. The steel was long flat beams 8’ wide by 80’ long and 2” thick, [for] ARC Enterprises [located in Kingfield, moving] to Kingfield by truck at about 1 load per week. [T]his will continue if the railroad is available....[T]he stone was trucked from Embden quarry. There were about 30 loads per week...for PanAm through 2012....

'We hope the railroad will continue a route to North Anson. We have worked hard to make this a re-load center.

'I believe the State of Maine has spent a half million dollars to re-build the railroad to North Anson. We have spent $250,000 to re-build our section of the rail located on our property.

'We have heard they may not run the railroad from Waterville to North Anson, but hope this is not true.' {e-mails to ANR&P 2&7.Oct.13}

Track condition

The Pan Am Temporary Speed Restriction Summary for 10 October lists the 'Madison Branch' at 5 miles per hour, between MPA 1 and MPA 20.

The 1998 Pan Am timetable #2 notes the line called then the 'Madison Industrial Track', leaves Oakland at Pleasant Street. The 2009 Pan Am Bulletin Order No. 1-3D listed the 'Madison Branch' as excepted track. {texts of documents}

PAN AM/SLR: NEPW LOGISTICS OVERVIEW**

29 September, Mechanic Falls. 'WE ARE PRETTY BALANCED RIGHT NOW BETWEEN SLR AND PAN AM, IN TERMS OF VOLUME.' wrote NEPW Logistics President Drew Gilman. 'Customers dictate to us where they would like to store product or how they would like to route it outbound. We have about 400,000SF of space on the SLR and about 315,000SF of space on Pan Am [see table], so we feel like we are in good balance. Most of our paper customers ship out rail over both lines, as well as by truck and intermodal.

'Service from both SLR and Pan Am has been very good in 2013, no complaints on our end.'

Expansion to Massachusetts?

'We have looked at a number of facilities in Massachusetts, but nothing to report yet. Warehouse economics are more challenging in Massachusetts, as every line item is more expensive. My rates will always be lower in
Maine. That said, when we get full in Maine we start looking south, so we never say never.' {e-mail to ANR&P}

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<td>SLR</td>
<td>newbuild 04#07B</td>
</tr>
<tr>
<td>North Jay</td>
<td></td>
<td>55000</td>
<td>no rail</td>
<td></td>
</tr>
<tr>
<td>Livermore Falls</td>
<td></td>
<td>65000</td>
<td>no rail</td>
<td></td>
</tr>
<tr>
<td>Fairfield</td>
<td>#39 Route 201</td>
<td>42000</td>
<td>Pan Am</td>
<td>Siding rarely used. {Gilman e-mail to ANR&amp;P 6.Oct.13}</td>
</tr>
<tr>
<td>Waterville</td>
<td></td>
<td>44000</td>
<td>no rail</td>
<td></td>
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<tr>
<td><strong>Total Pan Am</strong></td>
<td></td>
<td>364000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total SLR</strong></td>
<td></td>
<td>429000</td>
<td></td>
<td>{source: NEPW Logistics website}</td>
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**PORTLAND: CLOSING THE PIPELINE?***

23 September, South Portland. A PROPOSED ORDINANCE TO LIMIT PETROLEUM-BASED ACTIVITY IN SOUTH PORTLAND led opponents to organize. The pro-ordinance faction is named Protect South Portland; the anti-ordinance faction is the Working Waterfront Coalition.

The ordinance

Supporters of the South Portland ballot question say the proposed limits on loading ships and expanding petroleum-based businesses are aimed narrowly at preventing any future exportation of Canadian tar-sands oil through the city's waterfront, a terminus of the Portland-Montreal pipeline.

On this day, though, Burt Russell, Sprague Energy vice-president of operations, said Sprague has halted a half-finished $1.5 million pipeline replacement project unrelated to tar sands oil. The ordinance is retroactive to May and, if it is passed, any work completed since then would have to be torn up.

A study of the impact of the ordinance

Working Waterfront Coalition campaign manager Dan Demeritt said his organization paid about $15,000 for a study, released this day, by Charles Lawton of Planning Decisions. Both Lawton and Demeritt are columnists for the Portland Press Herald/Maine Sunday Telegram.

At a press conference at the Sprague Energy terminal, anti-ordinance speakers, backed by waterfront workers, many in hard hats, many holding signs opposing the ordinance, called it "reckless" and accused the opposition of using scare tactics to garner support.

Jamie Py, president of the Maine Energy Marketers Association, said the report served to "separate the emotion from the fact, the fear from the truth." The previous week, backers of the proposed ordinance released a list of 216 South Portland businesses which supported the restrictions.

Role in local economy: major

The wholesale oil products storage and distribution system 'serves as the anchor for the entire Port of Portland, accounting for 84% of the port's cargo vessels and 94% of its total cargo,' according to the study. {text of study (graphics also from study); Leslie Bridgers in Portland Press Herald 23.Sept.13}
MC-MBTA: SOUTH COAST RAIL*

23 September, New Bedford. **GOVERNOR DEVAL PATRICK ANNOUNCED RAIL THROUGH STOUGHTON HAS THE LEAST ENVIRONMENTAL IMPACT**, versus other transit alternatives to reach the South Coast of Massachusetts (New Bedford-Fall River). The rail will run through Canton and Stoughton to Taunton, thence to Cotley Junction where one line will run to Fall River, and one to New Bedford.

MassDOT has adopted the U.S. Army Corps of Engineers' Final Environmental Impact Statement (FEIS) as its Final Environmental Impact Report (FEIR) for the South Coast Rail project.

**Diesel or electric?**

'While the electric mode provides more transportation advantages (a slightly faster trip and higher ridership) and also benefits air quality, it would have greater visual impacts, affect more historic resources and would be substantially more expensive to build, operate and maintain. The Stoughton Electric Alternative represents the worst-case analysis with respect to historic and visual resources (compared to the diesel option), and MassDOT will weigh public comment and these other factors as it advances the project.'

**Next steps**

'The MEPA [Massachusetts Environmental Policy Act] review process will end once the Secretary issues the Final Certificate, which will include any additional requirements for mitigation or avoidance of impacts. The NEPA [National Environmental Policy Act] process will conclude with the issuance of a Record of Decision by the Corps.

'Once the state environmental review process is completed, MassDOT can invest in developing the final design plans for the project and can obtain all of the required permits....MassDOT will seek Coastal Zone Management Consistency Determination approval and apply for the [seven!] required permits: Corps of Engineers Section 404 Permit; MA Wetlands Protection Act Permit (DEP); Water Quality Certificate (DEP); MA DEP Waterways Licenses for Bridges; MA NHSEP Conservation and Management Permit; NPDES Construction Permit (EPA); US Coast Guard Bridge Permits.'
'Information on these steps will be shared with the public in future email updates.' {fact sheet on www.southcoastrail.com}

To date, South Coast Rail investments have included the rebuilding of three New Bedford rail bridges, funded by a $20 million Transportation Investment Generating Economic Recovery grant. The project enhanced freight-rail service and will serve commuter rail, along with the completion of a historic agreement with CSXT to purchase 30 miles of track, from Taunton to Fall River and New Bedford, which will be necessary for South Coast Rail operations, state officials said. {Progressive Railroading e-newsletter 24.Sept.13}

Previous coverage

The Patrick administration announced a re-examination of the South Coast project soon after Patrick took office [07#09B]. MassDOT said the Stoughton route would take no freight [11#04A]. Issue 11#06A has a detailed map of the Taunton area.

NEW HAMPSHIRE

PAN AM: WOODCHIPS?*

19 September, Portsmouth. PAN AM WILL EXPLORE RAILING WOODCHIPS TO SCHILLER, said Executive Vice-president Cyndi Scarano. Public Service of New Hampshire now operates a wood-burning power plant called Northern Wood Power project on the Piscataqua River here, one of three 50-megawatt boilers which make up Schiller station. Northern Wood was converted from a coal-burning boiler in 2006; the other two boilers can burn coal or oil. {PSNH website}

Railing the wood

In 2006, Pan Am's rates to rail biomass to Schiller, located on the Portsmouth Branch [see 05#07A], were too high. Marc Ambrosi at Strafford Regional Planning Commission supported the long-term goal of restoring the rail connection between NHN and the north [see 13#09A] in part because NHN could bring down chips for Pan Am to deliver to Schiller.

While Pan Am could do that now via SLR, Schiller is trucking chips from northern Vermont as well as northern New Hampshire. US Route 4 to Portsmouth has up to 300 trucks a day with chips and other products, creating "wear and tear."

Asked why rail does not step in, Ambrosi noted that some logistics people have inquired about using Pan Am, which could do a one-line haul from White River Junction to Schiller. "There are some challenges with Pan Am,” he said. The railroad “is happy with how it is working now, and it's hard to change.”

Take another look

Scarano said that she spoke 'with the marketing department regarding Mr. Ambrosi’s interest. At this point no one has spoken to Mr. Ambrosi but will be reaching out to him immediately. We are always interested in new business.' {e-mail to ANR&P}

VERMONT

NYSDOT/VAOT: COST-SHARING*

26 September, Montpelier. NEW YORK STATE WILL OFFSET THE SUBSIDIES VERMONT LOST FOR THE ETHAN ALLEN EXPRESS under the federal Passenger Rail Investment and Improvement Act, which dropped the federal contribution to passenger lines less than 750 miles long from 25% to 15%, but allowed for cost-sharing between the two states.

VAOT's Chris Cole, director of policy, planning and intermodal development announced that NYSDOT agreed to pay $800,000; Vermont will pay $1.4 million. The split was determined by the [per one source
passenger-] rail miles on each side of the border.

Still, Vermont taxpayers pay more overall
Vermont's payment dropped from $1.5 million. Cole said those savings were more than offset by Vermonter cost increases of more than $2 million. He anticipated costs should come down as ridership on both lines is increasing, a trend he expects to continue as more high-speed rail goes in, shortening the trip and eventually carrying the Ethan Allen to Burlington [see 13#09A]. {Gordon Dritschilo in Rutland Herald 27.Sept.13; e-mail from source 27.Sept.13}

VRS: PROPANE AGREEMENT
9 October, Rockingham. GREEN MOUNTAIN RAILROAD AGREED THIS WEEK WITH THE TOWN OF ROCKINGHAM AND VILLAGE OF BELLOWS FALLS that GMRC will install three 60,000-gallon propane tanks for a five-spot terminal alongside the tracks here [see 13#07B].
In exchange for issuing the fire permit, the railroad will rebuild Bezanson Road, the host street for the facility, and put $5,000 into replacing a gate near the intersection with Route 5.
GMRC will also install an eight-inch water main down Bezanson Road with a hydrant to allow full access for local fire departments, who have received training along with railroad employees for potential on-site emergencies. {Chris Garofolo in Claremont Eagle Times 9.Oct.13}

MARITIMES

CN: BRIDGE REPAIR/COMMUTER SERVICE**
19 September, Halifax. THE SUPREME COURT OF NOVA SCOTIA ALLOCATED THE RESPONSIBILITY FOR COSTS OF REPAIR OF 12 BRIDGES which carry roads over the CN tracks. Constructed in 1916, several are crumbling.
Lacking an agreement on responsibility for the repair, CN applied to the Canadian Transportation Agency for terms. Under the eyes of a mediator, the railway and Halifax hammered out terms in 2009.
'At the time of execution,' wrote Justice Arthur Leblanc, 'the agreement provided that CN would bear 100% responsibility for the maintenance of the superstructure and substructure of the bridges, which comprised the foundation, supports, arch and concrete box that forms the bridge structure. HRM would bear 100% responsibility for the “road and roadworks” of the bridges, which comprised the “asphalt, sidewalks, curbs, lighting, as well as the subsurface layers to the surface of the arch.”'
In 2010, CN prepared a cost estimate to repair three bridges. Halifax disagreed with the estimate. CN asked the Court to determine the extent to which each of the parties is obligated under the agreement to provide subsurface layers of fill, to coordinate the relocation of utility lines, and to pay for the construction of temporary traffic control structures.
Justice Arthur Leblanc agreed with CN's interpretation on responsibility for fill. On the second point, which the justice agreed was not specifically addressed, he acknowledged that without resolution the parties would remain at loggerheads, so he 'implied' a term requiring Halifax to do the coordination. Finally he declined to imply a requirement on the part of either party to build a temporary control structures should both lanes of the bridges be closed. {text of decision 1.Oct.2013}

Bridge before commuter rail talks
Halifax Councillor Tim Outhit earlier said the mayor sought an out-of-court compromise by approaching vice-chair of CN’s board Robert Pace of Halifax to mediate a solution but has failed. The city wants to discuss commuter rail with CN [see 03#01A]. CN is declining until the bridge issue is settled. {Roger Taylor in Chronicle-Herald 20.Sept.13}
**Commuter service?**

On 12 January 2010 the Halifax Regional Council requested another staff report on the feasibility of commuter rail. On 10 January 2011 staff delivered a report examining a potential route from Windsor Junction into the downtown VIA station.

The report stated: 'Staff has had limited discussions with CN representatives in preparing this study. CN indicated that in order to prepare a complete analysis of feasibility with their participation, HRM would be required to engage a consultant with CN’s approval. Based on their past experience, they expected the cost for such a study to be approximately $250,000.'

The staff estimated capital costs at $31 million, and annual operating costs at $6.6 million. {text at http://www.halifax.ca/metrotransit/CommuterRail2.html}

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**RAIL FREIGHT FACILITIES**

Described in this issue.

* Cousineau Warehouse (Pan Am, Maine) Lost rail service.
* GMRC Propane (VRS, Vermont) Okay to build propane terminal.
* Madison Paper (Pan Am, Maine) Branch line service suspended.
* NEPW Logistics (Pan Am & SLR, Maine) Good service from both.
* PSNH (Pan Am, New Hampshire) Could receive chips.
PEOPLE, EVENTS

Mike Cella, who in 2011 left Fore River Distribution when it was sold to NEPW Logistics, has re-entered the field with a third-party logistics offering, KLJ Logistics. Working with several major transportation providers, he can help shippers decide the best routing for their goods.