Formal issue 14#05A 27 May 2014

EASTLANTIC NORTHEAST
R A I L S  &  P O R T S

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*Article unchanged from e-bulletin.
**Blue type in article: changes from e-bulletin.

CMQ start: 16 May in US: Sale of MMA assets in US occurs. Giles very positive.***
CMQ: Railway reporting marks and logo.*
SLR – Pan Am: More on possible hotel train.*
PW: Annual meeting and Annual Report 2013.*

NEW YORK

CP & CSXT: Fined by NYSDOT for failure to report derailments.*
NYA: Town of Brookhaven objects to BRT arguments and activity.*

MASSACHUSETTS

MMA: Three officials arrested in Quebec for criminal negligence causing death.*

CONNECTICUT

NAUG: Locomotive to NS celebration; C&D work.*

MAINE

MDOT: Passenger advisory committee met again, but attendance down.*
MDOT: Nate Moulton's view on freight.*
MDOT: Eight facilities get IRAP grants, including three located on CMQ. **
SLR: Update on rail transloading services provided by Savage Safe Handling in Auburn.*

RHODE ISLAND

Panel Am: Newington okays Sea-3 expansion to receive propane for export.*

VERMONT

[No report.]

MARITIMES

CN: Continuity of line through northeast New Brunswick preserved.*
CN-Saint John: Oil deliveries continue.
Sydney: PEV coal transload not likely soon.

PEOPLE, POSITIONS, EVENTS

[No report]

EDITORIAL

CMQ management team and plans impressive.
FROM THE PUBLISHER

22 companies
Thanks in part to the Maine IRAP awards, a record 22 companies discussed here.

Chop Hardenbergh Next formal issue 10 June

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CMQ: STARTUP*

15 May, Northern Maine Junction. **CMQ STOOD DOWN OPERATIONS FOR TWO DAYS TO PREPARE FOR STARTUP**, said John Giles, president of the new railroad. The closing – specifically CMQ's acquisition of the US assets except Vermont – occurred this day when the purchase price was wired to the trustee. Giles explained many of the details:

**The two-day meeting**

CMQ will begin operating with 69 people on the US side. Giles called them all to a meeting 15-16 May in Bangor, and invited the FRA (Don McKay came), the general chair of the union in Canada (who came), and Canadian regulators (who declined: Luciano Martin, Transport Canada regional director, Surface - Quebec Region wrote to Ratledge: 'it may already be a little late for us to send someone cross-border to attend').

On the first day, the 15th, he introduced the management team, and then asked each employee to introduce himself or herself and “tell what she or he liked about railroading.”

The meeting will continue on Friday the 16th. Giles viewed the “time communicating with employees as well worth it, to get everyone aligned, get safety and service” objectives clear.

“These are revenue-starved railroads” so the need still exists to keep costs down.
The plan
Giles has “a good plan of where to spend capital, of which rail I can repurpose.” He intends to operate a 25 miles an hour railroad. He is completing a contract to buy “a significant number of ties” and he will use contractors to install them. “We have no machinery, and we're not trained” on tie insertion. He estimates he has “only six months before the earth hardens.”

Canada is in worse shape. “The Farnham yard needs work. The Brookport subdivision [see map in 14#01A] is only ten miles an hour. There are still elevated curves and turnouts” needing flattening [Iron Roads did remove some – see 99#23]. He wants the east-west section in place.

Giles acknowledged that his knowledge of the Northeast was limited, that at RailAmerica he was covering from the Pacific Northwest to Alabama to Cape Breton. “I'm coopering up my knowledge deficiency.”

Some background
Giles took over RailAmerica when Fortress bought it in 2007. In 2006 RailAmerica had EBITA of $67 million on 1.2 million carloads over 44 railroads and a 90 operating ratio. In 2013, when GWI bought it, RailAmerica had $190 million in EBITA on 860,000 carloads and an operating ratio of 73.

Fortress bought it for $1 billion, and sold it for $2.2 billion, after suffering through the Great Recession. Derailments were down 60%, injuries 52%, and accidents due to human factors reduced 50%.

A few years ago, Giles studied the MMA, and tried to buy it. “It made money only three out of the last 11 years” so capital investment was negligible. “You need healthy earnings to invest capital.”

The management team
Chief operating officer Ryan Ratledge. Ratledge began his career on the Burlington Northern in 1994. Giles recruited him to Rail America in 2007, when he started at Puget Sound. Doing well there, Giles moved him to “my biggest tar baby,” the Indiana and Ohio Railroad, a 550-mile line losing $5 million per year. [Similar to the MMA in some ways – editor.]

“Two-and-a-half years later, it was making $10 million per year,” Giles said, and he promoted Ratledge to regional vice-president for the entire midwestern region where he “continued to do very well. He understands the business from the bottom up, is very curious.”

Since January 2013, when GWI acquired RailAmerica, Ratledge served as senior vice-president of operations. Giles characterized him as “not having fun there,” and wooed him to CMQ.

Chief financial officer Sachi Mishra. Mishra has worked with Giles for 15 years, starting as junior finance manager at Great Lakes Transportation, moving to RailAmerica and then Florida East Coast. Mishra has an MBA from Carnegie Mellon and an engineering degree from the National Institute of Technology in Warangal, India. He was able to serve a turn as chief engineer at RailAmerica also. His expertise lies in “problem-solving and analytics,” Giles said.

At RailAmerica, Giles believed in rotating people into different slots “after three-and-a-half years.”

Chief commercial officer Jay Lander. Lander started at Chessie System, and began working with Giles in 1981 when he handled the commercial side at CSXT. Lander ran the chemicals group sales and marketing there, and became vice-president of pricing at RailAmerica. “He has a good background in industrial marketing.”

Three other commercial people. Bob Thomas (returning), Chris Caldwell (staying), and Deb Woodbury (staying) are from the MMA staff. Giles would like to hire one more person on the Quebec side.

Chief engineer Ron Marshall. Marshall handled the Canadian railways for Giles at RailAmerica such as CBNS and GEXR. “He understands the Canadian side,” in fact he worked on the Canadian Atlantic Railway, the CP spin-off which was sold to Iron Road Railways. “He knows how I operate” in terms of capital expenditures, “not in bushels but in rifle shots.”
Gaynor Ryan, administration. She remains from the MMA staff.

Canadian closing
Giles wants to close on the Canadian property “as soon as possible,” but understands he must await the Canadian regulators.

MMA US did transfer the Quebec loop to MMA Canada. “I'm going to operate the Newport sub out of Farnham.”

The price
Asked why the agreement divided the price as $11.635 million for the US side, and only $3.365 million for the Canadian side (each has roughly 200 miles of track), Giles said he did not know. Perhaps it was “an artifact of the trustee.”

Traffic
The railroad (both parts) has a total of 50 to 60 customers already. Many have said that “if you provide consistent service, they will give the railroad a lot more market share.” Giles will use the “key-account growth” concept, which he has done “for a couple of decades.”

Would he attract Tropical intermodal, which uses FEC? “You're reading too much into it.”

Rolling stock
Giles has hired a person to work full-time on equipment. “That's different from the MMA, which had no one worrying about that.” Lander has a list of the top customers and their need for equipment. CMQ is negotiating with leasing companies now.

How does he view the take or pay concept as described by Pan Am? [See 14#04B Regional.] “The concept is not that radical” and could work for customers who have a steady production line. He could “wrap service commitments around that.”

Lac Megantic
Giles is aware that the Asset Purchase Agreement, section 8.2(j) [see 13#123A], provides that before closing CMQ will have 'obtained written assurance, in form and substance satisfactory to Purchaser in its sole judgment, that the temporary rail line in and through the town of Lac Megantic... will, within two (2) years of the Closing Date, become a permanent railroad line or be replaced by a permanent railroad line (or lines) in and through the town of Lac Megantic.'

The meeting in Lac Megantic on 12 May [see 14#04B] did not go well, he said. He has worked out with the Lac Megantic officials an agreement, but they have not yet shared it with the general population. “There's a lot of work to be done. The city and I need to sell it to the people.”

He would like to move traffic through there by autumn.

Small Canadian subdivisions
MMA had in effect placed the Stanbridge sub out of service, and wanted to sell the Saint-Guillaume sub. Giles confessed “I have not seen either one (nor the Newport sub). I'm not sure there's much there” on the two little subs. He will send Jay Lander and Chris Caldwell out to identify “all commercial prospects.”

Interchange agreements
MMA had 10-year agreements which began in 2003 and have expired. Giles is working with both CP and CN on new ones. As for Pan Am, “I have spent a good deal of time, talking about ways to work closer together. They are happy to have a party which can actually entertain those ideas.”

On the Irving side, Giles has spent “a fair amount of (telephone) time with Wayne Power, sharing ideas on the deficiencies in the current agreement, and how they can interact more efficiently.”
Locomotives
While hi-railing the property for a week, Giles remarked that each day one of the GE locomotives used by MMA had a failure. “That scuppers your transportation plan.”

CMQ is going with a General Motors fleet, leased from CIT, of nine SD-40-s, and seven new GP20s. These have “a lot less maintenance, more tractive effort, and more fuel efficiency.” One of them he actually had on the Kiamachi Railroad with RailAmerica. {ANR&P discussion}

Lac Megantic - nonhazardous
Giles said on 16 May he hoped for an agreement with Lac Megantic officials within 10 days that would allow the railroad to ship nonhazardous goods, restoring the vital link between the railroad's operations to the east and west of the community.

Lac Megantic - hazardous
Giles said he intends to move slowly and understands the community's concerns. He hopes to convince the people of Lac Megantic that the rail is safe enough for shipments of "dangerous goods" by autumn, but not crude until later.

Canadian Prime Minister Stephen Harper wants the railroad and Lac Megantic residents to work together on a final plan. “Any plan the company has should take into account the tragedy the people of Lac Megantic have gone through and should be done in collaboration with the administration of the city,” said Carl Vallee, a spokesperson for the prime minister.

Lac Megantic - oil
The company plans to spend $10 million on rail improvements in Canada over the next two years with a goal of resuming oil shipments in 18 months. “In the interest of safety, and I think being sensitive toward a social contract with Lac Megantic, we have chosen not to handle crude oil and dangerous goods through the city until we've got the railroad infrastructure improved and made more reliable....

“I want to get the railroad in position that by January 2016 that I can at least begin to compete for potential crude business moving east-west.” What business may be available at that point is unclear. {David Sharp of AP in Worcester Telegram and Sun 16.May.14}

PW ANNUAL MEETING 2014*
30 April, Worcester. *THE 170TH ANNUAL MEETING PROVIDED GOOD DESCRIPTIONS OF THE RAILROAD’S OPERATIONS.* The report below is based on three sources: the 2013 Annual Report {page citations in braces}; the presentation by President Scott Conti at the annual meeting; and statements by Chair Bob Eder and Conti after the meeting.

A – Financials & carloads
B – Particular traffic
C – Infrastructure
D – Voting

A. FINANCIALS & CARLOADS
A.1 Revenues
'Operating Revenues, exclusive of rental revenues, increased $3.3 million, or 11.2%, to $32.7 million in 2013 from $29.4 million in 2012. This increase is the net result of a $2.7 million (10.3%) increase in conventional freight revenues, a $188 thousand (16.0%) increase in container freight revenues, a $390 thousand (58.2%) increase in other operating revenues and a $45 thousand (5.1%) decrease in other freight-related revenues.'
A.2 Conventional carloads up 8.4%
'The increase in conventional freight revenues is attributable to an 8.4% increase in traffic volume and a 1.5% increase in the average revenue received per carload.

In 2013, the Company’s conventional carloads increased by 2,677 to 34,402 from 31,725 in 2012. Shipments of construction aggregates during the year ended December 31, 2013 increased by approximately 5% to 21.9% of conventional carload freight revenue from 16.7% in 2012.

Shipments of coal decreased from the prior year due to changes in the energy consumption patterns in the New England region. Shipments of other commodities remained constant over prior year levels. The increase in the average revenue received per conventional carload is largely attributable to price increases.

A.3 Containers up 18.2%
The increase in container freight revenues is the result of increased traffic volume, offset by a 1.1% decrease in the average revenue received per container. Container volume increased by 2,934 containers to 19,047 in 2013 from 16,113 in 2012. The increase in container traffic is primarily a result of the terminal operator located on the Company’s line obtaining an additional customer.

'The decrease in average revenue per container is a result of the shift in the containers origins which impacts the revenue per container the Company receives.' {4, II-5}

P&W continues to work with the terminal operator to develop relationships with steamship lines involved in international intermodal transportation. The Company and certain Class I railroads have entered into separate Intermodal Haulage Agreements with respect to international intermodal containers to and from certain ports.' {I-3}

At the annual meeting, Conti said 75-80% of intermodal traffic employs the “New York shuttle.” The remaining part moves via landbridge. He expressed concern about the larger ships – and ones still to come – whose large number of boxes at the Port Authority of New York and New Jersey “cause congestion getting to railheads.” That pushes containers to truck.

After the meeting, he told of asking Intransit Container why it was trucking to the Worcester terminal. Intransit explained that trucks “get it here in five hours” versus days for the rail connection.

A.4 Other operating revenues
'Other operating revenues include billings for siding maintenance, signal maintenance, flagging and other services rendered to freight customers and other outside parties. The 2013 increase was mainly due to increased billings for flagging services performed by the Company.' {4, II-5}

A.5 Income and operating ratio
Income from operations, operating revenues minus operating expenses, dropped to $1.8 million in 2013 from $2.48 million in 2012. {II-12}

All-in operating expenses are 113% of total operating revenue. PW backs out 'capitalized costs,' bringing net operating expense to 96.4% of revenues. {II-5} Roy Blanchard notes that this figure, the operating ratio 'is the highest of any publicly-traded railroad operator, and by some 20 points at that.' {Railroad Week in Review 14.Apr.14}

B. PARTICULAR TRAFFIC

B.1 Aggregates
At the meeting, Conti said that “aggregates are still the #1” commodity. Some 8800 carloads went to Long Island, up from 5000 in 2012. PW is “looking to expand” the number of six-axle locomotives because of the better economics of larger trains. Metro-North, over which PW moves aggregates, has lifted all restrictions on

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1On 15 May spokesperson Charlie Remnick explained that PW ’provides haulage for, and has intermodal haulage agreements with, all of the Class I partners with which it interchanges intermodal traffic.’ {e-mail to ANR&P}
2Consistent with this increase, PW's Amtrak track mileage credit used $775,000 in 2013 compared to $577,000 in 2012. {II-25}
six-axles, so PW can do “90-100 carload trains.”

In his Letter to Shareholders 28 March 2014, he wrote: 'The Company’s handling of aggregates, a commodity used largely for construction, increased in 2013. Specifically, the Company handled over 11,000 carloads of aggregates with a significant portion of this traffic headed to metropolitan New York and Long Island. The size of the aggregate market in this region provides a tangible opportunity for the Company to further expand its role in this market. The Company values the strong business relationships it has fostered with its aggregate customers and considers this market to be an integral element to sustained growth. Moreover, through the provision of cost effective service and better asset utilization, including the use of larger trains, the Company believes it can provide more efficient service to its aggregate customers while decreasing its overall operating costs.'

The list of major customers includes two major shippers: Rawson Materials and Tilcon Connecticut. {I-1} Tilcon accounted for more than 10% of PW operating revenues, operating from two active quarries in Connecticut. {I-3} [Tilcon accounted for 10.8% of revenues in 2012 – see 13#04B.]

B.2 Ports
In his letter, Conti reiterated “the importance of our connection” to three ports. At the annual meeting, he reported:

*Providence.* While ProvPort has stopped moving coal, 3 it does move limestone to Bow, New Hampshire via Pan Am, “60-car trains every month and a half.” Providence also handles cement, and ethanol via the nearby Motiva terminal [see B.5].

*Davisville.* PW serves this port daily, spotting cars at the interchange with industrial railway SVTC. Conti noted that the busy activity at the port contrasts with the “current economic landscape” of Rhode Island.

Asked about the work conducted by Rotem [see photo] at the port for the MBTA, he said PW has nothing to do with that; the transport of MBTA coaches to the port for work is treated as freight.

*New Haven.* Conti noted that in 2013 PW moved “a little bit” of traffic: “salt and metals. There's still significant track construction” occurring.

B.3 Tank car manufacturer
[See comments about Dan Bigda in 14#04B Massachusetts.]

B.4 Locomotive servicing
PW has an agreement with Motive Power to do “in service” for MBTA. Some 40 engines will begin arriving in May and at the rate of 3 locomotives per month work will extend past the end of 2014.

B.5 Ethanol
In 2012 ethanol revenues from the Motiva terminal accounted for more than 10% of total operating revenue. {II-3} [Using the revenues table, this works out to more than $2.9 million. Editor] Chemicals, of which ethanol is a part, formed about same percentage in 2013 as in 2012: 39% or $11.4 million. [See table.]

*Origin and routing.* Asked during the Annual Meeting about the origin and routing, Frank Rogers, marketing vice-president, said the ethanol originated “west of Chicago, on the UP, BNSF, CP, Iowa Interstate, and CN.” The routing is “competitive, it moves around every quarter, I'm not going to talk about that or the split.

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3 Coal continues to move to Public Service of New Hampshire's Bow plant. It arrives from the west via NS. On 7 May the 24th coal train to Bow (NHB-24) was reported on the D&H e-list enroute.
“About half goes to Motiva customers – Motiva is half-owned by Shell – for local retail. The other half is for other suppliers.”

After the meeting, Conti said “there is nothing moving via Pan Am, but a lot moved via CSXT. Only one train on the Willi [NECR routing] lately.

“The competition is also barge from Sewaren [Motiva's terminal in New Jersey – see 12#10B] or Albany.”

[Rail observers reported many recent ethanol trains on PW: inbound loads 28 March, 7 April, 22 April, 26 April. Outbound empties 28 March, 8 April, 26 April. {PW e-list}]

B.6 Coal and limestone
[See Ports above.] [Rail observers reported limestone trains on 26 March and 28 April. {PW e-list}]

C. INFRASTRUCTURE

C.1 Getting 286 capability on the main line
Conti noted that the railway has long wanted to increase the weight-bearing of five bridges on the line between Worcester and Providence. Once PW can access the Northeast Corridor with 286 cars, it can run into New York because Amtrak already has 286. He discussed two ways to find the $30 million needed:
Federal TIGER grant. For the fifth time in the five TIGER grant rounds, PW will seek funding [sixth? see 2013 annual meeting in 13#04B]. In reviews of the applications the previous four times, the FRA has helped PW focus the application. However, that still looks like “a longshot,” Conti said.

State funding via passenger rights. The railroad and the state have initiated discussions regarding the sale of PW passenger rights, the money from which could pay for rehabbing the five bridges. Conti acknowledged that passenger service on the PW lines comes “fourth on the list” of MassDOT projects, behind the Knowledge Corridor, New Hampshire, and the South Coast.

C.2 Pan Am/MBTA Worcester yard
MBTA is seeking layover room in Worcester for its new passenger service. Pan Am owns a yard south of Barbers on Garden Street which might work [see 14#02B]. Bob Eder said, “I don’t know how [the discussion] is doing. CSXT can use that track to interchange with Pan Am, but cannot use that yard. Pan Am can come to Bridge Street, but has no passenger rights. It's a problem and all parties are talking.”

C.3 Derailment costs
Asked about the derailment just outside of Gardner yard [see 14#02A Regional], Eder said the incident began on Pan Am Southern property and the cars derailed on PW property. Responsibility “remains to be determined. We are working out liability. We have insurance to cover it.”

C.4 Amtrak fees
PW operates over Amtrak's Northeast Corridor between Pawtucket (Boston Switch) and New Haven on trackage rights, and from New Haven to Queens (Fresh Pond) on overhead rights. [See footnote 2.]

C.5 IRAP Greenwood Yard
In 2013 PW received an IRAP grant to replace two bridges off Greenwood Yard [see 13#05A]. Conti said PW awaited a notice to proceed, and anticipates advertising the project in the coming weeks.

C.6 Track maintenance
'Substantially the entire mainline track owned by the Company meets FRA Class 3 standards, and the Company intends to continue to maintain this track at this level. The Company expended $1.5 million and $2.8 million for additions and improvements to its track structure in 2013 and 2012, respectively.

'The Company expects that on average it will continue to spend between $2 million and $3 million per year for capitalized track improvements adjusted annually for inflation. Improvements to the Company’s track structure are made, for the most part, by the Company’s Maintenance of Way Department personnel.

'….During 2013, the Company entered into an agreement with an unrelated third-party shipping customer. Under the agreement, the customer agreed to pay for certain qualified railroad track maintenance expenditures, including capital additions to the Company’s track structure. In return the Company agreed to assign railroad track miles to the shipping customer which would enable that customer to claim certain track maintenance credits pursuant to Section 45G of the Internal Revenue Code (“45G”). The Company received $1.8 million (net of related commissions and fees) for its assignment of railroad track miles under 45G for its 2013 credits. The Legislation enabling 45G expired on December 31, 2013 and it is uncertain, at this time, if it will be extended.' {II-7}

D. VOTING
Curiously, several holders of common stock withheld their votes for the directors (they are permitted to vote for three). About 70% of the common stock was voted.
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<td>Alfred P. Smith*</td>
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*Al Smith is succeeding Paul Titterton as the GATX director. Smith once served as president of the St.Lawrence & Atlantic Railroad.

**Interestingly, Mario Gabelli's GAMCO Asset Management owns 452,977 shares or 9.3%; Morris Propp 245,996 shares or 5.1%; and Michael Steinberg's Steinberg Asset Management 592,568 shares or 12.2%. Adding Propp and Steinberg gets 838,564 votes. {PW SEC filing 1.May.14; Proxy Statement}

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**NEW YORK**

### CP & CSXT: FAILURE TO REPORT DERAILEMENTS*

5 March, Albany. *NYSDOT ANNOUNCED TWO FINES ON CSXT FOR FAILURE TO REPORT* derailments. Under New York State law, rail accidents involving freight trains carrying hazardous materials must be reported to NYSDOT within one hour of the accident.

On 25 February, CSXT failed to report a derailment in Kingston involving empty rail cars that had recently off-loaded crude oil. On 28 February, nearly two hours after the fact, CSXT notified NYSDOT of a derailment at the Selkirk Yard involving a train fully loaded with crude oil from North Dakota. No oil was spilled in either incident. The causes remain under investigation. {NYSDOT press release}

**CP fine**

On 12 May, NYSDOT announced *the same day as the derailment* its intent to fine CP. The four tank cars carrying Bakken crude oil derailed around 04h30 at CPR’s Kenwood Yard in Albany. The derailed cars remained upright, and no oil was spilled. The derailment was not reported to NYSDOT by CPR until 09h16. {NYSDOT press release – emphasis added}

**Obligation to disclose plans?**

On 11 March at a session in Elizabethtown attended by municipal officials and first responders, CP Director of Government and Public Affairs Randy Marsh said, “Canadian Pacific does have an emergency-response plan. It’s an organic document that’s modified over time. I can’t share that with you, but every municipality should have an emergency-response plan.” {Lohr McKinstry in Plattsburgh Press-Republican 12.Mar.14}

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**NYA: BROOKHAVEN FILINGS ++**

16 & 19 May, DC. *THE TOWN OF BROOKHAVEN RESPONDED TO BRT’S FILING TO DETERMINE THE EXTENT OF FEDERAL PRE-EMPTION*, in a filing on 16 May providing corrections to BRT's filing [see 14#04B], and another on 19 May providing the Town's formal response.

**Town: illegal sand mining**

"As the Board is aware, the principal complaint of the Town against BRT is that it is conducting an illegal sand mining operation on the 93-acre "expansion" lot, is excavating deep into the ground (as much as 50 feet), is illegally "screening" the excavated native soil onsite to prepare it for resale, and is illegally removing the native screened soil by the ton and selling to various third parties, all without environmental review or approval or permits or compliance with law.

"Since March 12, 2014, there has been in place a lawful "Stop Work Order" issued under authorities of

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*Michael Alan Steinberg. One source states he is the same person sentenced to 3 ½ years for insider trading at Steven A. Cohen's SAC. {PBS 16.May.14 & Jewish Business News 18.May.14}
N.Y. Town Law and Brookhaven Town Code § 16-8 (Exhibit A hereto)...BRT has not sought either from this Board or from any Court any preliminary injunction to lift the Stop Work Order.

Temporary restraining order
'On May 12, 2014, United States District Court Judge Leonard D. Wexler granted the Town an interim Temporary Restraining Order enjoining and prohibiting BRT … from undertaking any activities to excavate, screen, grade, or remove any native sands and vegetation from the subject property.'

A hearing for a preliminary injunction finished on 20 May. Post hearing submissions are due 29 May. {Town of Brookhaven v. Sills Road Realty LLC, Brookhaven Rail LLC f/k/a U S Rail New York LLC, Brookhaven Terminal Operations LLC, Oakland Transportation Holdings LLC, Sills Expressway Associates, Watral Brothers, Inc., and Pratt Brothers, Inc., U.S. District Court, E.D.N.Y. Case No. 14-CV-02286 (LDW, AKT)}

Expansion of terminal beyond authorization
(1) 'This Board in 2010 approved a one-way delivery of 500,000 tons of aggregate annually from sources in Upstate New York to a single customer Sills Road Realty LLC (“Sills Road Realty”), into a terminal providing altogether different services to customers from a wider and different geographic area;

(2) The expansion is meant to convert the Terminal into a major transportation “hub” for all of Long Island and cannot by any stretch be deemed a mere “spur” or other exempt extension;

(3) BRT is not conducting, and is not planning to conduct, purely “rail” activities at the site, let alone a spur or other exempt extension because:

   a) It is conducting a sand mining operation at the site, unrelated to any legitimate railroad plan;

   b) It is “screening” the excavated sand on-site, so as to increase the sand’s resale value, which is not railroad activity;

   c) It is constructing “manufacturing” plants and other facilities in its major planned “hub”, which is not railroad activity, much less a spur or limited extension;

   d) It is partly owned by a non-rail operator, Sills Road Realty, which entity also owns at least some of the land....[T]he applicants have not presented their contractual agreements with Sills Road Realty to demonstrate that in fact BRT is controlled by a rail operator, and it is clear that Sills Road Realty and/ or other non-railroad carrier entities are operating the Terminal in full or in part.

   ....

   [A] September 2012 Brochure of BRT, entitled “Transforming Freight Rail Transportation East of the Hudson”. ...reflects...the plan to turn BRT into a “355-acre, modern intermodal rail yard in the middle of Long Island, as the hub for intermodal exchange and distribution”. Just how BRT has the audacity to nevertheless come before this Board and pretend it is constructing a mere “spur” or minor extension, is not apparent.'

Future and present activity
'[W]ith brazen irony, the BRT Defendants simultaneously deny that they are “sand-mining” the site (i.e., removing and selling virgin native sand material for sale to third-parties), while the Declaration of their CFO, Dennis K. Miller, alleges that an injunction will cause financial harm to BRT’s numerous “sand customers” and to its profitable “sand business”....

   'Moreover, with regard to the BRT’s illegal dumping of untested and likely contaminated fill material at the site (following its illegal sand mining and over-excavating), ...May 17, 2014 photographs of Parcels B and C of the site [show] exactly that.

   'In fact, the Town’s expert geologist, Stephanie Davis, testified today in the Federal Court preliminary injunction hearing that she personally observed the fill material on-site firsthand on May 17, 2014, that it is “historic fill” which can include garbage, often ash from burned garbage, and that this sort of fill is generally upon testing found to be “contaminated” and unsuitable for use (Exhibit 1, p. 60-63).
Request

‘Accordingly, the Town respectfully requests that the Board: (1) declare that the planned expansion is not a spur and is at the least subject to review (including desperately needed environmental review) by this Board; (2) declare that all or some of BRT’s activities and planned activities at the site are not railroad activities and are not subject to any federal preemption; and (3) issue necessary orders against BRT to halt its illegal and unpermitted activities at the site.’ {STB filings page, Finance Docket No. 35819 19.May.14}

QUEBEC

MMA: ARRESTS*

12 May, PROVINCIAL POLICE ARRESTED THREE MMA EMPLOYEES IN CONNECTION WITH THE LAC MEGANTIC DISASTER. “Mr. [Tom] Harding [of Farnham] was the driver, Mr. [Richard] Labrie [of Saint-Jean-sur-Richelieu] was an MMA railway traffic controller and Mr. [Jean] Demaitre [of Marieville] was the manager of train operations,” Rene Verret, a spokesman for the Crown said. Against each as well as the MMA, 47 counts of criminal negligence causing death have been filed.

Thomas Walsh, Harding’s lawyer, said the Crown’s case against his client alleges he did not apply enough hand brakes before leaving the train. Harding will plead not guilty. To prove criminal negligence, the Crown must establish the accused displayed reckless disregard for the lives of others.

“You have to prove not just that the person was negligent but that he was negligent to a very high degree, in other words he saw a risk, and seeing the risk he didn’t care and went ahead anyhow. We’ll see if that’s the opinion of the jurors.”

Burkhardt?

As the men walked into the arraignment, the only outburst came from Ghislain Champagne, whose 36-year-old daughter Karine died in the disaster. “It’s not them we want,” he yelled, a common sentiment in this town after people learned on the 12th that no MMA executives [yet] faced charges. Mr. Champagne said it’s “the boss” he wants to see in handcuffs, referring to Ed Burkhardt, former MMA chair. {Gray Hamilton in National Post 13.May.14}

Freed on bail and conditions

Each had to post $15,000 bail after appearing in a makeshift courtroom in Lac-Megantic this afternoon. They next appear on 11 September; they may not change their address and may not work in the rail industry unless they have proper supervision. The Lac Megantic Sports Complex was used as a symbolic event in this tragedy near the site where 47 Canadians lost their lives. {Toronto Examiner 13.May.14; Canadian Press 13.May.14}

A tactical team arrested Harding because police visited him earlier this year; a report of a weapon on site was related to a suicide risk.

In late March, a Crown spokesperson said the province’s director of criminal and penal prosecutions had begun a review of the file. In a statement released this day, the Crown said that it elected to file the charges after an analysis of the evidence gathered at the scene.

Federal Transport Minister Lisa Raitt issued a brief statement on behalf of the federal government in which she thanked Quebec provincial police for their investigation. {Sidhartha Banerjee in canada.com}

CONNECTICUT

NAUG: UPDATE*

13 May, Naugatuck. BUILDING OF THE CONSTRUCTION AND DEMOLITION DEBRIS FACILITY IS UNDERWAY in Watertown, for Frost Bridge Associates. {e-mail to ANR&P}
The Railroad Museum of New England loan
Howard Pincus, NAUG president and chair of the Railroad Museum of New England board of trustees, wrote on 15 May that museum's 'just-restored FL9 locomotive is enroute to an event in Spencer, North Carolina at the North Carolina Transportation Museum.' NS is 'moving all [visiting] locomotives at no cost and Mr. Moorman [NS chair and chief executive officer] is personally quite interested in this gathering of streamlined vintage diesel locomotives. PAR is sending one of their streamlined F-units from the business train to Spencer as well....

'[O]nce PAR #1 arrives, the two will head west to Mechanicville and then south towards Harrisburg.' {e-mail to ANR&P}

PAN AM – PORTLAND: MORE ON NEW TRACK*
20 May, Portland. THE PROPOSED NEW INTERMODAL TERMINAL ON PORTLAND'S WESTERN WATERFRONT was further discussed [see 14#04A] at a meeting of Portland planners and MDOT officials. The meeting was consumed by traffic details.

Next steps
The City will hold a formal hearing on the proposal, possibly preceded by a workshop, at the Planning Board. The City hopes to approve the project in late June.

   MDOT project manager Joel Kittredge said on 19 May that the department will go out to bid possibly on 2 July. {ANR&P coverage}

Expansion to the west
Stephen Bushey of Fay, Spofford & Thorndike's Portland office sent a letter to Rick Knowland, Portland planner, this day on behalf of Phin Sprague whose New Yard will occupy five acres adjacent to the intermodal terminal [see map].

   The letter chiefly addressed concerns about getting utilities and vehicle access to New Yard. It also expressed concern about vehicular and other access to the remaining parcels, now owned by Pan Am, which a company named 'Canal Landing LLC' [according to two sources, associated with Phin Sprague – editor] may purchase. {text of letter}

PAN AM/MMA: NEW CRUDE RULES*
13 May, Augusta. MAINE'S EMERGENCY COORDINATOR SAID THE NEW FEDERAL RULE ON CRUDE DID NOT GO FAR ENOUGH, in a statement earlier this week.
New federal rule 7 May: notice on 35-car Bakken trains

USDOT required all railroads to provide to each State Emergency Response Commission (SERC) an estimate of the number of trains carrying a million gallons of Bakken crude (roughly 35 cars) per week through each county in the state. The railroads shall also update notifications of any material changes (increase or decrease of 25% or more).

Within 30 days of this Order, to abate this imminent hazard [of Bakken crude], each affected railroad carrier shall, within 30 days of the date of this Order,

- notify the SERC in each state in which the railroad carrier operates trains transporting 1,000,000 gallons or more of Bakken crude oil. The contact information for each SERC is on the U.S. EPA’s website related to the ECPRA as discussed above.

If notification is not made to a SERC within 30 days of the date of this Order, a railroad is prohibited from operating any train transporting 1,000,000 gallons or more of Bakken crude oil in that State until such notification is provided. This notification must provide information regarding the estimated volumes and frequencies of train traffic implicated.

Specifically, this notification must:

(a) provide a reasonable estimate of the number of trains implicated by this Order that are expected to travel, per week, through each county within the state;
(b) identify and describe the petroleum crude oil being transported in accordance with 49 CFR part 172, subpart C;
(c) provide all applicable emergency response information required by 49 CFR part 172, subpart G; and,
(d) identify the route over which the material will be transported.

This notification also must identify at least one point of contact at the railroad (including name, title, phone number and
address) responsible for serving as the point of contact for SERCs and local emergency responders related to the railroad’s transportation of Bakken crude oil.

To ensure that the information provided to a SERC remains reliable, railroad carriers shall update notifications prior to making any material changes – defined as any increase or decrease of twenty-five percent or more – in the estimated number of trains per week transporting 1,000,000 gallons or more of Bakken crude oil through local communities.

Railroad carriers must assist the SERCs as necessary in disseminating the information to local emergency responders in affected counties. Copies of railroad notifications to SERCs must be made available to the FRA upon request. {USDOT website}

Maine objection
"It doesn't help us with a mixed train [not sure how he can say that – editor], if it's a train with other hazardous materials on it, or if there's a train that doesn't meet that million gallon threshold of 35 cars," said Maine Emergency Management Agency (MEMA) director Bruce Fitzgerald, who called the order “a start.” He heads Maine's SERC which is co-housed with MEMA.

The order, said Fitzgerald and other officials charged with coordinating emergency response in Maine, fails to answer practical questions about railroad accidents involving hazardous materials, like who will provide the needed equipment and manpower. Though it encourages railroads to invest in training and resources for first responders like firefighters, "there's no requirement there," said Mark Hyland, MEMA's director of operations and response.

By not addressing such issues, this burden remains with state, county and local officials, said Robert Gardner, MEMA technological hazards coordinator. Safety officials’ best guess at what types of, and how much, hazardous materials are coming through Maine is reading the placard on a stopped train that indicates what it's carrying.

“If a facility stores a certain amount of chemicals ... we’d find out on annual reports if it's in Maine,” said Gardner. [But] “[i]f a rail car or tractor trailer is going to Quebec from Massachusetts or from New Brunswick to New York, and they’re not stopping in Maine, we have no idea what those products are. Do they add to the problems that exist already? Or are they different chemicals that we don’t normally see in Maine?”

Request to Pan Am
On 7 February, Fitzgerald sent a letter to Pan Am Railways asking for a list of the top 25 most hazardous materials they shipped through Maine in 2013. In an e-mail this week, Fitzgerald said he spoke with a Pan Am Railways representative last week.

'They are reluctant to share information with us due to Freedom of Access laws in Maine,' wrote Fitzgerald, forwarding an August 2013 letter from the Department of Environmental Protection to Pan Am Railways. The letter addresses the company’s request to keep their oil transport records confidential for “security and competition” concerns.

'Our next step is to meet with the railroad in person to discuss our options for how they will share information with MEMA so that we can inform first responders,' wrote Fitzgerald.

In August, the Association of American Railroads encouraged railroads to provide such information to emergency response agencies upon request, with the condition that officials do not share the list with the public.

Pan Am supplied equipment
Hyland said two emergency drills held in Lincoln this month and in Aroostook County in autumn 2013 where railroads helped supply tank cars and locomotives are examples of “the kind of collaboration we want, training and exercises.” Pan Am Railways helped provide equipment at the drill in Lincoln, and New Brunswick Southern Railway, Eastern Maine Railway and Maine Northern Railway took part in the Aroostook County drill.

“We want to continue to work with the railroad and be collaborative with them, instead of it being another regulation or a requirement that’s put on them,”: said Fitzgerald, adding that if not for the federal government’s order, “we wouldn’t be getting this information.” {Marina Villeneuve in Pine Tree Watchdog
MDOT: PASSENGER ADVISORY*

14 May, Augusta. **THE 3RD MEETING OF THE PASSENGER ADVISORY COUNCIL OCCURRED HERE.** Whereas in the 2nd [see 14#04A] 12 of the 13 members appeared, today only six attended.

They heard a presentation on legal aspects of starting passenger service, a review of the 2011 study of rail from Portland to Lewiston and Montreal, and a report on the Mountain Division prospects.

Former SLR general manager Matt Jacobson, the only member of the committee with experience on a railroad, contributed knowledgeable comments.

The next meeting will occur on 11 June, and then the Council will take the summer off. {ANR&P coverage}

MMA-EASTPORT: ANOTHER DEFAMATION LAWSUIT ++

13 May, Bangor. **CATE STREET CAPITAL SUED A SMALL NEWSLETTER FOR DEFAMATION.** Cate Street is the owner of the East Millinocket and Millinocket paper mills, and seeks to produce wood pellets or torrefied wood pellets for export both in Millinocket and in Eastport.

In the article, 'The Maine Problem,' Reel Time Report writer-owner Verle Sutton wrote:

_Cate Street had no clue_

Cate Street 'messed up everything right from the beginning: it agreed to pay higher local taxes than it should have; it got its sales started by selling newsprint offshore through a pulp company; it made immediate upper management changes; and it generally behaved like a company that had no clue what it was doing.'

Sutton also blasted Maine politicians for giving the company $142 million in tax breaks and loans, according to excerpts of Sutton’s article contained in the complaint. 'One would think that politicians would be disassociating themselves from Cate Street and trying to forget that it ever existed. But, that is not the case. Cate Street not only gets a free pass for its unsurpassed incompetence (and possible fraud-like management fees), but the state of Maine has offered Cate Street another $16 million (of the $25 million requested) to start up the long-awaited wood pellet business. … Would you buy a used car from Cate Street?'

_Cate Street did not restart_

Sutton wrote (falsely, per Cate Street):

'For example, the company shut down in the spring because “all mills do that during the spring thaw,” blamed the restart of the “subsidized” SC machine in Port Hawkesbury for its financial problems in newsprint (a quintessential example of that black kettle thing), and then, after stranding customers with an abrupt mill closure in January 2014, stated publicly that it was shutting down [to] work on its business plan. That was the first time that anyone had ever heard of a company shutting down to develop a business plan.'

'(The East Millinocket mill was never restarted by Cate Street, even though this was part of Cate Street’s initial promise, and the second machine at Millinocket operated only sporadically. Therefore, Cate Street did not – and would not if the mill were restarted – need all of the power Brookfield promised to provide.) This argument is totally illogical, unethical, and illegal, of course.'

As Nick Sambides in the _Bangor Daily_ News pointed out: 'The Millinocket mill has not restarted since its then-

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5 According to the complaint, *The Reel Time Report* is “a 12-page monthly analytical report that provides the best available independent analysis of publication-grade paper markets, i.e. Newsprint, value added groundwood grades and coated grades. Behind *The Reel Time Report* is Verle Sutton, a 25-year veteran of the paper industry. Verle’s strong analytical ability and paper industry experience give *The Reel Time Report* an inside perspective on the issues that shape paper markets worldwide.”
owner, Brookfield Asset Management, shut it down in September 2008. Under Cate Street’s management, the East Millinocket mill halted production twice since October 2011, once, briefly, for what company officials called maintenance and repair operations. It has not restarted since a shutdown on Jan. 23, when company officials said they were restructuring to improve energy efficiencies.

Other legal actions
The article noted, and Cate Street repeated in its complaint:

‘Incidentally, Cate Street is also being sued for nearly $1.0 million in the State of Wyoming in connection with a failed water recycling business. In addition, Cate Street’s CEO, John Hallé, has been convicted of cheating a former partner out of $1.0 million. The $1.0 million (that has not been paid) is, after fourteen years, now up to $2.3 million, according to a New York judge’s ruling.’ {Maine federal court website, case 14-cv-00200}

Cate Street comment
Cate Street spokesperson Alexandra Ritchie wrote: 'For too long, Cate Street and [Great Northern Paper] have sat by while our names and reputations has been tarnished, and while we will not comment in detail on the specifics of the lawsuit, it was in response to nonfactual reporting, escalating to such a slanderous level that it could only be addressed in a court of law. More importantly, Cate Street’s proven track record demonstrates a commitment to economic development, not only in the state of Maine but across the country.' {Nick Sambides in Bangor Daily News 15.May.14}

Update
As of 27 May, the defendants had filed neither appearance nor answer. Court rules require an answer in 20 days, or by 2 June. {Maine federal court website, case 14-cv-00200}

Cate Street tries to sell paper machine
Cate Street has listed #11, the only paper machine remaining at the shuttered Millinocket mill, for auction on 19 June. The Town of Millinocket responded by placing a lien on the machine for $2.24 million in back taxes. {Nick Sambides in Bangor Daily News 27.May.14}

MDOT: EIGHT IRAP GRANTS ++
21 May, Augusta. THE 2014 IRAP GRANTEE NAMES AND PROJECTS WERE RELEASED by Nate Moulton, the department rail administrator [see 14#032A]. He added that the decision was made on 30 April. 6

This newsletter will provide more details on the projects later.

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<tr>
<th>2014 IRAP Project</th>
<th>IRAP Amount</th>
<th>Private Match</th>
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<tbody>
<tr>
<td>Maine Biomass Exports - Prospect</td>
<td>$750,000</td>
<td>$1,404,500</td>
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<tr>
<td>[Served by CMQ.]</td>
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<td>Project will construct 2700 feet of new track with 2 switches at the Prospect biomass processing facility, refurbish siding tracks at remote locations to allow for loading of inbound wood fiber to the processing facility. This project will support an $18M investment in a new production facility and creation of approximately 46 new jobs.</td>
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<td>[A spokesperson for Maine Biomass said the company plans use rail to bring in logs, chip them in Prospect, and export the chips to Europe, beginning 1Q15. {ANR&amp;P discussion 21.May.14}]</td>
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<tr>
<td>Sappi Fine Paper, N.A. - Skowhegan</td>
<td>$500,000</td>
<td>$ 534,020</td>
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6 Why does MDOT not want to publicize these expenditures? Moulton quickly supplied the projects when requested, but MDOT made no public announcement. Editor
Project will include earthwork and construction of 2650 feet of new track and add two switches to the Sappi mill yard. This will allow Sappi to increase its use of rail including additional railing of inbound raw materials. This project supports 760 jobs at the mill as well as recent and ongoing investments by Sappi in the Skowhegan mill making it more efficient and cost competitive.

[Mike Segal of Sappi declined to make further details available.]

### Pine Tree Propane, LLC. - Hermon

**[Served by CMQ – located just adjacent to CMQ headquarters building – see map in 12#02B.]**

Project allows construction of two additional propane unloading towers along with piping, valves and electrical infrastructure at the Hermon rail facility. This will allow three rail cars to be unloaded at the same time upgrading the current facility that only allows a single rail car to be unloaded at the facility. This will allow Pine Tree Propane to be much more efficient and cost effective and to add an additional 120,000 gallons of much needed propane storage for the region.

### Woodland Pulp, LLC. – Baileyville

**[Served by NMB.]**

Project allows rail improvements including rail replacement over 1 mile of track owned by the mill. This improves the reliability of rail to the mill and makes the mill more cost competitive through increased use of rail. In addition a this project will provide partial funding for the relocation of a certified rail scale allowing expanded use of the scale and further development of the Woodland North site owned by Woodland Pulp. This supports 316 jobs at the mill and the announced addition of new tissue machines at the mill site [see 14#03A].

[The Woodland North site has rail, long-unused. Spokesperson Scott Beal said it is 'the former C-N-B/OSB* complex....[W]e plan rail improvements & replacement of various segments of our 11-mile ownership. These improvements, in aggregate, total one mile. The future tissue project will benefit from this infrastructure improvement as our line becomes upgraded to accommodate more deliveries of our raw materials.' {e-mail to ANRP 22.May.14}  *Louisiana-Pacific operated an oriented strand board mill here, closed in 2005 (see 05#04A). Baetal planned to open a waste-to-energy plant there (see 08#08B).]

### Irving Forest Products, Inc. - Ashland

**[Served by NMB.]**

Project allows for site prep and construction of 3000+ feet of additional internal yard track and related switches at new Pinkham sawmill as well as rail car pullers, controls and other infrastructure to facilitate loading and switching of finished lumber cars as well as biomass cars in the facility. This supports the investment in a new state of the art softwood saw mill in Ashland and approximately 56 new jobs at the new sawmill.

[See box.]

### Hancock Lumber Company- Pittsfield

**[Served by Pan Am.]**

Project calls for reactivation of a siding abutting the Hancock Lumber mill in Pittsfield. 312 feet of siding will be rehabilitated as well as the turnout off the main track. The project will allow Hancock Lumber to source pine logs from a much larger area in the State and save significant shipping costs on the logs to the mill making it more cost competitive. This mill supports 59 full time jobs.

### American Iron and Metal Recycling USA, LLC.

**Bangor**

**[Served by CMQ at 2630 Broadway.]**

Project calls for extending an existing rail siding 500 feet and rebuilding a road crossing. This will allow AIM to expand its recycling markets and add two additional jobs at its Bangor facility while providing 250 new
carloads of rail traffic. [Was Industrial Metals Recycling, see 07#01B.]

Oakland
[Served by Pan Am.]
Project calls for rehabilitating and reactivating 610 track feet of rail siding at the Oakland facility of AIM as well as rebuilding one road crossing. This will allow AIM to reactivate rail shipments at this location saving shipping costs and expanding access to recycling markets and add two additional jobs to this location.

SLR-PAN AM: POSSIBLE HOTEL TRAIN*
5 May, Portland. THE NNEPRA BOARD HEARD MORE DETAILS ABOUT A HOTEL TRAIN FROM MONTREAL TO BOSTON. Francois Rebello of the Quebec Hotel Train presented his proposal to run an overnight train (12-13 hours in sleeping cars) from Montreal to Boston via SLR, Pan Am, and MBTA, with stops in Maine, at a roundtrip fare of $300. He aims for seasonal service in summer 2015, pending agreements with the right-of-way owners. The board gave its general support to the concept and encouraged the examination of the many issues facing such a new service. \{TrainRiders Northeast webmaster (not identified on the website) coverage\}

SLR attitude?
GWI, the SLR parent, has a tough attitude toward proposed passenger operations on their freight lines [see 14#04A Maine]. Nevertheless, it was reported at the Passenger Rail Advisory Council 14 May, “no one is saying no, including Pan Am, SLR.” \{ANR&P coverage\}

MDOT: VIEW ON FREIGHT*
14 May, Augusta. NATE MOULTON GAVE A SOBERING ACCOUNT OF THE FUTURE OF FREIGHT RAIL IN THE STATE, during this day's meeting of the Passenger Rail Advisory Council.

No more 'build it and they will come'
Moulton, MDOT's point person on rail, noted that “we built three” intermodal facilities [Bangor, Waterville, and Auburn, not to mention Logistics Management Services' operation in Presque Isle – editor] “and now we have one. We've been that route” of building freight facilities in the hope customers will show up.

Facilities bigger, more productive
Instead of many saw mills in Aroostook County, Irving [see box] is now concentrating on one. “It will saw in one day what 30 mills in a week did in the County.”

The Sappi mill in Hinckley is receiving two million cord of wood a year. Maine remains the second-largest paper-producing state [see 14#02B]. “The distance wood is moving these days is amazing.”

He noted that Woodland Pulp is adding machines for paper [tissue – see 14#03A].

Future
Rather than seek out new freight facilities, Moulton said existing business, which have been there for years, can be helped to expand, for example with an IRAP. MDOT wants to “create an environment for freight to move”
whether by rail, truck, or ship.

That said, he hinted that major developments lie on the horizon: “Stuff should happen in the next two years which should be surprising.” {ANR&P coverage}

Coast future
Before the meeting, Jacobson [see Passenger Rail] recounted how when he served as the head of Maine Inc, he “went to every town on the MERR” to talk to the town manager or development officer. Not one wanted freight rail, or industrial development. {ANR&P interview}

SLR MAINE TRANSLOAD #10:
SAVAGE SERVICES*

Savage Services began as Safe Handling. Savage bought Safe Handling in December 2009 [see 09#11B]. While formally the facility is part of Savage Services Corporation, it does business as Savage Safe Handling. Savage operates several transload facilities for many customers.

The account below is based on accounts by Ed Foley, vice-president sales & business development for the Genesee & Wyoming's Northeast Region East Roads, and Bob Drake, Savage Services vice-president operations & development - Maine Terminals, as well as other sources as noted.

In 2007, the facility handled about 4000 railcars a year. {07#12B}

Plastic pellets: Poland Spring
Savage spots covered hoppers of plastic pellets for immediate truck pickup at two spots. Foley noted that one end user is Poland Springs Bottling, which makes its own bottles; Drake reported that Savage's actual customer is a plastic resin supplier; Savage uses its own trucks to deliver the pellets to Poland Springs as well as other receivers.

Chemicals
Savage operates six spurs with outdoor unloading racks.

Chemicals: toll processing
Inside a large building, Savage offers toll processing [see 04#04A], including the handling of titanium oxide. Foley said, “Imports come in from China....[SLR] ships rail cars as far as Wisconsin and Michigan and locally in Maine” containing the end product.

Drake explained: 'Toll processing is also known as contract manufacturing. We toll for a number of suppliers to the paper mills. Generally we receive dry product and add water and additives to make a liquid or slurry. This saves the cost of transporting water many miles. We follow customer instructions for blending.'
Chemicals: Nalco
Inside that same building, Savage warehouses Nalco products. It transloads for Nalco in the railyard, and delivers the water-treatment product throughout Maine. {ANR&P discussion with Nalco 18.Apr.14}

CMP utility poles
Savage formerly handled these; MB Bark is now. [See future article.]

Ethanol
Drake said Savage is no longer handling ethanol. It 'is now moving by water rather than rail, but that yard [the former Maine Ethanol Terminal] is used for car storage and can be used for ethanol again if the market develops.' {e-mail to ANR&P 18.Apr.14}

Port of Auburn
With much fanfare, the Maine Ethanol Terminal was inaugurated here in 2007 [see 07#12B]. When the ethanol left, what Foley labelled as '147 acres of rail-fed facility where we believe future growth will happen' became a holding yard for arriving loads.

Drake reported that Savage has purchased the portion with the rail storage yard. The majority of the property is owned by Ford Reiche for industrial development.

The loaded cars 'turn relatively fast. If we bring all arrived cars in to Rodman Road it would congest that yard, making the nightly switch of our yard brutal by creating extra moves for the SLR crew.' {e-mails to ANR&P from Drake 4-5.14; Foley in USDOT FHWA Freight Planning, Talking Freight Seminar Series, 'Growth of Inland Intermodal Facilities', 19.June.13}
MASSACHUSETTS

MC: TRACK UPGRADE*  
13 May, Fall River. RAILWORKS UPGRADING WAS HIGHLIGHTED during a visit by Massachusetts Governor Deval Patrick to the state-owned, MC-operated line here. Railworks is replacing about 42,000 ties along the triangle from Berkley to Fall River and New Bedford. “We’re doing 1,000 ties a day,” said David LaFountain, RailWorks’ superintendent during the tour.

RailWorks Track Services of Westfield will complete this $1 million part of the project from Myricks Junction within a day or two in Fall River. It will then head toward New Bedford and then to Berkley.

The work is part of a $10 million investment to upgrade the freight lines and replace several railroad bridges, which will allow speeds of least 25 to 30 miles per hour, versus the current five to 10, said Jean Fox, project manager for South Coast Rail, and Secretary of Transportation Richard Davey.

The significantly faster freight rail, Davey said, will have positive short-term impacts in two ways: It will bring new businesses and customers via quicker service, and motorists stuck waiting for trains will have to wait less.

Commuter rail years away
The project has miles and years to go before new electric trains between Fall River and New Bedford and an envisioned Stoughton line are in place, and Patrick discussed how he feels about never boarding his priority project while in office.

“I’m devastated. I was hoping to be able to drive this train as governor.” He saw “a lot of enthusiasm” for South Coast Rail, but “It’s not unanimous.” {Michael Holzman in Fall River Herald 13.May.14}

During a meeting with the editorial board of the New Bedford Standard-Times this same day, Patrick said: “We will let the construction contract, God willing, before I go....I think the letting of the construction
contract is a big deal," Patrick said, but it wouldn't necessarily guarantee construction. The $2.3 billion project is "in the transportation bond bill. You know how bond bills work. Whether the money is authorized depends on who the governor is.

“It's up to you. When I say it's up to you I mean that the people of SouthCoast have to demand it. And they have to demand it not only of gubernatorial candidates when they come through looking for a vote. They have to demand it of whoever the next governor is. They have to keep pushing."

Even then, the governor predicted, “there's going to be litigation. In Stoughton, at least, there's resistance.” But Patrick said he believes the project as designed can withstand any legal challenge.

“We have a couple of more things to do where I'm hoping we'll be at the point of no return. On the northern end, we have to move the Post Office out of South Station, in order to have enough track to run enough trains. We're close to closing that deal and we hope to close that deal before I leave, as well.” {Steve DeCosta in Standard Times 14.May.14}

MC: SOUTH COAST TRAFFIC

21 May, New Bedford. **MC SPOTTED THE FIRST CAR DIRECTLY TO MARITIME TERMINAL** this evening [IRAP funded – see 13#05A]. Up to this day, wrote MC President Chris Podgurski, 'since the MC assumption of service in 2010, they have used the Sid Wainer Siding. Obviously MT having its own siding now opens up more potential. Temperature sensitivity had been an issue during brief transload time, especially in the summer months. That issue has gone away. MC has worked with MT & CSX to develop competitive pricing for the lanes of traffic in both directions. Westbound products are incrementally increasing, and all involved are working hard to increase, both to the Seattle area as well as Los Angeles.'

[More on the new New Bedford track in a future issue.]

Sid Wainer siding

No receiver other than Maritime Terminal uses the Sid Wainer siding, Podgurski noted.

National Lumber

National Lumber recently constructed a new facility at 120 Welby Road in New Bedford, next to the rail line. It uses CSXT rail in Mansfield but not in New Bedford.

Podgurski wrote: 'Early on, MC discussed NL traffic. Frankly if you look at their site, there is really no room to even consider installing one. There is also a stream to cross.'

More recently, MC has discussed NL's using the Frades Siding (IRAP) when done [see 13#05A]. 'NL's business that runs through their facility seems to be very strong, especially when you combine their dimensional lumber with their truss plant next door.'

Mid-City Scrap

Podgurski echoed Bernie Reagan of BCLR [see 14#02A] about scrap shipments: 'Mid City is shipping up to 50 cars per month. This is driven by the domestic price of scrap being more favorable than exporting.' {e-mail to ANR&P 22.May.14}

**MC: SLUDGE TRAFFIC**++

8 May, New Bedford. **EPA WILL RESUME DEWATERING** of sludge from the bottom of the harbor [see 11#03A, 11#03B] north of Coggeshall Street. Work will continue at least twice as long as in recent years due to increased funding. Train traffic will resume out of the dewatering facility. {EPA announcement in Fairhavenneighborhoodnews.com}

NEW HAMPSHIRE

**PAN AM: PROPANE EXPANSION OKAYED***

19 May, Newington. **THE LOCAL PLANNING BOARD APPROVED THE EXPANSION OF THE SEA-3**
TERMINAL [see 14#04A]. Town Planner Tom Morgan advised the board that a minor revision to the cover sheet of the Sea-3 site plan, submitted earlier this day, clarified that Pan Am Railways is one of the owners of some of the property included in the proposal.

Pan Am promises
Board member Justin Richardson was intent on making it clear that the board based its findings on promises that made the rails safer for the public.

Chair Denis Hebert said (referring to the statement by Pan Am Executive Vice President Cynthia Scarano that the rails will be upgraded to Class 2), he trusted Pan Am's intent to complete the upgrade. Hebert kept reiterating that the board has no jurisdiction over the rails.

“Whether it's one tie or 10,000 ties, if they're meeting the requirements to safely transport ... I'm happy,” said board member Christopher Cross of rail improvements. “It's their job to ensure that it can be safely done and I have every confidence that they will do that.”

The final approval contained no requirement on rail safety. “I thought we could do a lot more,” Hebert said of the board’s scope of authority. “I don't like the fact that we have no jurisdiction over the rail. I don't like that we're being trumped, but that's the way that it is.”

Final conditions
The board's approval was contingent upon the following conditions:

- The facility receive no more than 16 rail tank cars carrying propane per day and any increase shall be brought before the board for review.
- Trucks exiting the Sea-3 facility turn right only and travel north on Shattuck Way toward Exit 4 of the Spaulding Turnpike.
- Any construction by Sea-3 on Pam Am property be removed if their lease is ever terminated.
- That Sea-3 review all safety plans adopted in conjunction with the original site plan approval.
- That the final design and plan meet the requirements of the New Hampshire Fire Code and the National Fire Protection Association Code.
- That Sea-3 notify the town if the condition of the tracks ever deteriorate or the number of deliveries drops below the amount mandated so that officials can notify the proper authorities. {Crystal Weyers in seacoastonline.com 20.May.14}

Portsmouth appeal
The Portsmouth City Council voted this same day to ask City Attorney Bob Sullivan to study whether, and how, the city might appeal the Newington decision. {Jeff McMenemy in seacoastonline.com 20.May.14}

MARITIMES

CN: CONTINGUITY*
12 May, Fredericton. VIA RAIL WILL PROVIDE $10.2 MILLION TO PRESERVE THE 70 KILOMETRES OF RAIL LINE BETWEEN NELSON JUNCTION AND NEPISIGUIT JUNCTION IN NEW BRUNSWICK, per the announcement by Federal Transport Minister Lisa Raitt. With the province's $25 million investment covering the other parts of the route [see 14#01B], the line is preserved for 15 years. {CBC News 12.May.14}
Advocates
A lot of people worked very hard to convince the federal government, and VIA Rail, to step up. Groups like Save Our Trains in Northern NB put a lot of pressure on local MPs, who in turn "stalked" the Transport Minister to convince her to convince VIA Rail to step in. Maybe not so coincidentally, VIA Rail's interim CEO, Steve Del Bosco, was turfed a week ago and replaced by Yves Desjardins-Siciliano.

Cost
VIA Rail's 2013 annual report shows an average of 1,468 passengers/week on the Ocean, the VIA train between Montreal and Halifax, with a cost recovery of only 24%. {Steve Boyko in blog Confessions of a Train Geek}

Negotiating team
Dale Thibodeau, who once ran NBSR for JD Irving, was the lead rail negotiator and transportation expert for the Province of New Brunswick, part of the team that successfully negotiated with CNR and VIA to secure ongoing rail operations over the Newcastle Subdivision for the next 15 years. {e-mail from Thibodeau 12.May.14}

SAINT JOHN - CN: OIL MOVES
18 May, Moncton. **CN W406 HAD 'LOTS OF OIL' TANK CARS, SOME GYPSUM GONS PLUS STACKS ON THE FRONT**, and three locomotives. {RailsNB}

On 3 May four units moved 'lots of oil plus some auto racks, gypsum, and stacks. There were track workers out this way earlier and they may be back out this afternoon. And lots of track equipment laying about over the weekend in Gordon Yard. On 27 April, the same. {RailsNB}

Trackwork
According to the *Kings County Record*, in May CN began to replace 46,000 ties and weld 30 miles of track on the line. CN will install a hotbox detector—the first on the Moncton-Sussex line—to monitor axles. {Daily Business Buzz 14.May.14}

SYDNEY: NO COAL TRANSSHIPMENT YET
15 May. **DECLINING COAL PRICES CONTINUE TO PUT A HOLD ON A $75-MILLION COAL TRANSSHIPMENT FACILITY HERE.** [See 13#05A.] Michael MacLean, vice-president of marketing for Provincial Energy Ventures, told the annual Ports Day conference, PEV “has been biding time waiting for coal prices to change.” [He said the same in May 2013, and coal prices have declined further since then.]

Price decline
MacLean said oversupply and reduced demand lowered prices for both thermal and metallurgical coal: thermal has declined from (all prices rough) $92/ton in May 2013 to $75/ton May 2014; metallurgical over the same period has gone from $175/ton to $125/ton.

Big investment
He said PEV has invested about $30 million in its Atlantic Canada Bulk Terminal over the past 10 years in various upgrades and about $5 million to prepare for terminal expansion which will include coal loading equipment and dredging at the pier. Plans are near complete to dredge and engineering designs are ready for the wharves.

PEV will eventually handle about five million tons of coal a year for export to markets in South America, Europe and Asia, using cape-size boats up to 160,000 tons. China, especially, will be a focus of PEV’s growth plans.

PEV is committed to the Sydney project [which could cost up to $125 million – see 13#05A] “but it has
to be viable and we are working to find solutions and build markets to start the project.” {ANR&P correspondent Tom Peters coverage}

**But Nav aids still needed**
However, before PEV can use larger boats, new navigational aids need to be installed in the harbour entrance. That project is the responsibility of the Canadian Coast Guard. Coast Guard spokesman Stephen Bornais wrote, ‘Coast Guard has conducted extensive consultations with Sydney Harbour stakeholders and has designed a new system that will ensure the safe and effective use of the new system. Coast Guard is [still – see 13#05A] working with stakeholders regarding funding of the new system.’ {Stephen Bornais in an email to ANR&P correspondent Tom Peters, 26 May 2014}

**Iron ore transload?**
One source at Port Days, asked about the possible iron ore treatment facility for which an affiliate of OAO Severstal, a Russian steel and ore-mining company, was seeking a site a year ago, said the Russians had not decided on a location.  [See 13#05A.]{ANR&P correspondent Tom Peters coverage}
Another key piece I see here is the new CFO. He looks to be highly talented (note the MBA) and from my experience, CFOs are some of the real key holders. He should be able to identify problem areas in their financial statements no problem -- something that was never quite clear about the MMA.

I have the fortune of knowing Chris Caldwell, as he was a family friend growing up here in Maine. I'm glad to see he is still on board and no doubt Giles found some value in him. He has been with the railroad since the B&A days, staying through B&A, Iron Roads and MMA.

This outfit so far impresses me. They have an all-star line up and access to resources the MMA did not. I think we have a winning formula here, even though it may take a few years before we see the black.