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

**ATLANTIC NORTHEAST**

**RAILS & PORTS**

operating railroads + ports, intermodal facilities, and government environment

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Formal issue 14#08B 8 September 2014

*Article unchanged from e-bulletin.*

++Blue type in article: changes from e-bulletin.

Blue header & table of contents: new article

**REGIONAL**

CMQ: Giles has no plans to ship crude. Will meet with Indian tribes.++

Crude through Maine: July figures show no rail.

Crude oil: Condensate will be exported, but not through South Portland.

Mountain Division: Schwanke talks in Conway.

**NEW YORK**

CSXT: River Line and Selkirk Yard work.

**QUÉBEC**

[No report.]

**CONNECTICUT**

[No report.]

**MAINE**

CMQ: Great Eastern Paper mill may not reopen.*

NB&M: MDOT will help Loring if Chinese come.

SLR: intermodal facility closes.++

Eastport: Wood chip export delayed yet again.

Pan Am & Portland: Prices for the new terminal.*

**MASSACHUSETTS**

BCLR: Tresca cement resumes rail inbound.++

HRRC: STB initiates abandonment for Coltville.

Pan Am: Very responsive on Lancaster derailment.**

**NEW HAMPSHIRE**

MBRX: Govt+Council approve operating agreement.

Pan Am + Sea-3: - Portsmouth resists request for STB ruling.*

- Three parties nearing a deal on a study.*
- STB acts on Pan Am request – but how? ++
- Propane accident v. refueling tanker crashes.*
- Worry about Great Bay bridge; alternative routing redux. *Map of Great Bay rail lines.*
- 1976 news clippings show history repeating.*

**RHODE ISLAND**

[No report.]

**VERMONT**


**MARITIMES**

CBNS New Glasgow concern about track.

CBNS: Province starts committee for Cape Breton.

CN: Autoport heading for a record?

CP: Seeks CN workers?

Canadian port productivity: How do Halifax and Canso fit in?*

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**FROM THE PUBLISHER**

Repeating history

Thanks to Mike Smith of Finger Lakes for pointing out that Sea-3 underwent a fight with NIMBYs in 1976, remarkably similar to that it is doing in 2014. Mike worked for the B&M back then.

- Chop Hardenbergh Next formal issue 23 Sept
REGIONAL

CMQ: CRUDE AND OTHER MATTERS*
27 August, Northern Maine Junction. JOHN GILES MET WITH THOSE CONCERNED ABOUT CRUDE OIL TRANSPORT: Read Brugger and his spouse Heidi Brugger as representatives of 350Maine, and Maria Girouard representing the Penobscot Tribe. Giles was joined by Gaynor Ryan, chief administrative officer.

According to Brugger's account: 'He was very personable and started by saying he has no plans to ship crude, but did say he couldn't refuse to do so. He said all the headlines that he intended to resume in 2016 were false. He did agree to ship no hazardous cargo until 2016, but said that referred to chlorine and propane. He went over current track work and his plans to grow the business.

'He is currently making the rounds and has met with King, Collins, and Michaud. On September 10 he will have an open event at Hollywood Slots to talk to the public about CMQ. September 14-16 he and his officers will visit "every town on their line" in Maine beginning with Searsport.

'He agreed that insurance is a real concern. CMQ has $50 million. I suggested that $250 million should be the minimum. He wants help if that is what is needed.

'Neither Giles nor Ryan knew that their tracks [west of Brownville Junction] cross four separate Indian territories (2 Penobscot, two Passamaquoddy).  

'We were very clear that we would oppose any crude by rail in Maine, but at the same time we liked what we heard about building a viable rail business in northern Maine.' {e-mail to ANR&P}

CRUDE: MOVEMENT THROUGH MAINE
8 September, Augusta. NO RAILING OF CRUDE WAS REPORTED FOR JULY to the state Department of Environmental Protection:

<table>
<thead>
<tr>
<th>Barrels of Crude by Month through Maine</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Crude</td>
</tr>
<tr>
<td>Port Pipe</td>
</tr>
<tr>
<td>Pan Am</td>
</tr>
<tr>
<td>MMT</td>
</tr>
<tr>
<td>Total Crude (all 2013)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>4,663,561</td>
</tr>
<tr>
<td>441,820</td>
</tr>
<tr>
<td>489,687</td>
</tr>
<tr>
<td>4,244,967</td>
</tr>
</tbody>
</table>

| Total Crude (all 2014)                 |
|                                         |
| Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | Total 2014 |
| 4,213,328 | 2,030,814 | 4,199,484 | 2,426,495 | 680,909 | 2,504,744 | 2,525,136 |
| 0 | 0 | 545 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |

CRUDE OIL: EXPORT CONDENSATES?*
21 August. COULD A NEW ENGLAND PORT EXPORT "CRUDE OIL" WITHIN CURRENT US EXPORT GUIDELINES? The glut of crude oil and natural gas in the North American continent is pushing producers to export not only refined product, but also crude, overseas. The export regimes in Canada and the United States differ, producing four different possibilities:

US production, US export overseas: condensate
Export of US-produced crude oil is forbidden under current US law. However, lightly-processed crude oil

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1 These are not tribal locations, but areas acquired in the land claims settlement for hunting and fishing. The Delorme Gazetteer as of 2009 edition shows two Penobscot territory plots Map 42 E3, northwest of Brownville, and a single marked Passamaquoddy plot Map 38 C5, almost all the land between Holeb Pond and the border. It may be two plots as it is in two counties. {e-mail to ANR&P from Read Brugger 28 Aug 14}
called 'condensate' may be exported. “Lease” condensate, produced at the wellhead, condenses into a liquid from natural gas at surface temperature and pressure.

**US production, US export to Canada**

This is permitted under current US law, For example, Bakken crude has flowed directly by rail to Saint John, and by rail and then ship to Saint John.

**Canadian production, Canadian export**

This is permitted, and occurs from the East coast off-shore fields. No Canadian tar sands oil, nor fracked light crude, nor liquefied natural gas (LNG) is current exported from Canadian East coast ports.

**Canadian production, US export**

This is permitted, but does not occur. Canadian product flows into the United States for refining there.

**WHAT ABOUT EXPORT OF CONDENSATES?**

In late June, news broke that the US Commerce Department’s Bureau of Industry and Security (BIS) had permitted the export of condensates by Enterprise and Pioneer [see 14#07A]. BIS then received many more requests to do so.

More specifically, Enterprise and Pioneer had received an export classification of their product which permitted them to export as much as possible without a license.

**Export classification**

To export condensate, BIS must classify it as EAR99 (these are not subject to export licenses). BIS uses its Common Classification Automatic Tracking System, or CCATS, to show the Export Control Classification Number (ECCN). Crude oil has an ECCN 1C981; product with that number attached may not be exported.

**Definition of condensate**

How did Enterprise and Pioneer characterize their product to receive the EAR99 classification? BIS due to confidentiality rules will not release the processed condensate criteria except via other individual EAR99/CCATS determinations. Pioneer and Enterprise are not talking.

**Definition of condensate**

In a presentation at the US Energy Information Administration 2014 Energy Conference in DC in July, Jacob Dweck, of Sutherland Asbill & Brennan LLP, discussed several guidelines that may be used to argue that a particular condensate is exportable. He assisted Enterprise in its successful application to the BIS.

According to these guidelines, a lease condensate is "processed" if it has been through distillation in which: (1) the distillation process results in two significant output fractions – in other words, the input stream is split into two or more output streams, (2) there is a substantial difference between the input product and the output products, and (3) the finished product is suitable for non-refinery use.

**Possibilities for more exports**

Although the BIS determination process is private, it is likely that after multiple companies have successfully requested classification of a product like processed condensate, the industry will eventually figure out the requirements. At that point everyone will know the process required to satisfy the BIS and more exports can be expected. That means some portion of the condensate currently produced in the US – a number estimated to be at least 1.2 MMB/d today and expects to increase to 1.6 MMB/d by 2018 – may be eligible for export. The United States has over 315 Mb/d of currently operating large-scale condensate stabilizer capacity that could potentially perform the processing necessary to produce an exportable condensate. {Sandy Fielden in RBN Energy daily bulletin 8.Aug.14}
But not from New England

'Exports of condensate from the East coast, including New England, are unlikely. The biggest challenge of the BIS rulings is that they require evidence that approved product is segregated before it gets to the market. Rail cars would work but add considerable transport cost. It is likely more economic to build the stabilizers/processors near to the coast (eg at the Gulf) and then bring lease condensate to them.' {e-mail to ANR&P from Fielden}

MOUNTAIN DIVISION: ANOTHER TALK*

19 August, North Conway. MORE SKEPTICISM ABOUT RUNNING FREIGHT AND PASSENGER WAS VOICED.

Presentation to Conway selectmen

Golden Eagle Railway President David Schwanke of Norridgewock Maine and his associate, Michael Taylor, presented the concept to Conway selectmen this day. They reported a verbal agreement with NHDOT, which owns the tracks in New Hampshire to Groveton. Schwanke said that the first phase, running freight from Portland to Crawford Notch, could happen by late spring 2015 [see 14#05B].

Passenger rail from Mount Washington Valley to Montreal might not happen until 2017. When fully operating, one freight train, one passenger train from Montreal, and one from Portland would operate through North Conway each day.

$60 million needed

Schwanke estimated he needed $27 million to repair NHDOT tracks, and a total of $60 million to repair the entire line from Vermont to Maine. Investors range from individuals to small businesses to Fortune 500 corporations. “This is all private. If you guys deem it necessary to kick some in, I'll tell you I won't turn it away. Right now, we're not asking for a penny from anybody.”

Town manager Earl Sires noted the Downeaster has a higher population density and is far from break-even. Schwanke replied that Golden Eagle is using a different business model and private funding. He predicted each year 200,000 people would ride the train out of Canada, another 75,000 would come from the Boston area through a tie-in with the Downeaster, and a tie-in with the Vermonter would bring in between 30,000 and 50,000 - all “conservative” numbers.

Skepticism from CSRX

Dwight Smith, founder of the Conway Scenic Rail Road, in a short phone discussion called the plans “unrealistic.” Current CSRX President Russ Seybold had no comment. Selectman Mike DiGregorio was impressed with what he heard: “I think they are making some incredible headway which shows they are not involved with government in their planning,” said DiGregorio. {Damon Steer in Conway Daily Sun 22.Aug.14}

NEW YORK

CSXT: MORE TRACK

2 September. THE RAILROAD PLANS TRACK EXPANSION ON THE RIVER LINE AND IN SELKIRK YARD, to help the growing traffic. An intermodal bulletin this day stated: 'CSX Transportation (CSXT) service has improved in key locations and key markets since the last update. Intermodal train velocity and availability have held steady over the last 5-7 weeks at higher levels, although not yet at levels that demonstrate full recovery. Improvements are expected to continue into 2015.'

'Intermodal and overall service is stable, even while CSXT is taking on significant volume increases in several parts of its business, including intermodal. CSXT has invested quickly and substantially in additional resources. Customers should see some benefits from those investments already, and should expect to see more, especially as new crews, locomotives and track capacity projects are put in place.' {text of bulletin}
Selkirk derailment
CSXT had a major derailment in the east end of the Selkirk Yard in July. At the beginning of August, one report stated: 'Along with the trackwork and the oil trains clogging up the works, things are pretty slow moving.'

CSXT was detouring numerous trains up and down the NYS&W between Syracuse and Ridgefield Park, New Jersey.

By the end of August, Massachusetts lines were still trying to catch up after a mishap in Framingham added to problems. Trains were held at the former CP yard in Framingham to the tune of at least two Q436 trains behind. Walpole, Middleboro and Readville are still delivering cars in an attempt to catch up. {5, 6.Aug.14 & 30.Aug.14 posts in CSX-Boston-Line e-list}

More detail
Gary Sease, CSXT spokesperson, wrote:

CSXT River Line: We are adding 8 miles of second track on the northern end of the River Line between Coxsackie and Ravenna, and our current scheduled completion date is June 2015.

We have added 5 miles of second track on the southern end of the River Line between Haverstraw and Tomkins Cove, which went into service last May.

Selkirk: We are building two staging tracks at the east end of Selkirk Yard, and that work should be finished next month.' {e-mail to ANR&P 4.Sept.14}

INSERT MAP!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

NYA: BIDDING ON PLATE F
3 September, Queens. BIDS FOR THE CLEARANCE PROJECT WERE OPENED. Earlier, NYA President Paul Victor said [see 14#08A for project details]: "The objective of the project is to increase the clearance of the height of what railroad cars can be west of the Fresh Pond Rail Yard. We want to lower the tracks enough to accommodate equipment that’s 17 feet tall.”

He said many of the cars that are 17 feet tall are refrigerated, carrying food and other items, and the height restrictions along the Bushwick Branch limits the company’s ability to do business west of the Fresh Pond Rail Yard. {Queens Chronicle 28.Aug.14}

Details on the EFP

BUSHWICK CROSSOVER PROJECT (PLATE F CLEARANCE – PART 1, 2, 3)
NYA wants the track lowered under three overpasses: the MTA subway line #7, the Fresh Pond-Metropolitan Avenues intersection, and the Eliot Avenue-60th Lane intersection.

The new construction will result in a refurbished West Yard, the lowering of existing two-track line running west out of the yard, and the lowering of the existing two-track line east out of the yard.

The southern track running west is labelled 'Bushwick Branch,' the northern 'Montauk Branch No.2'.

4-IRON EXTENSION
The successful bidder will also extend the 4-iron on the Bay Ridge Branch 1,140 feet.

Bid opening
Sealed bids were due at Saratoga Railroad Engineering PC, 25 Cobble Hill Drive, Wilton (near Saratoga Springs), New York 12831 on 3 September. At that time, bids were opened and read. {bid documents from NYA}
Victor wrote that NYA used Saratoga because ‘the engineering firm has an on-call agreement with NYA and ARH. The bid selected was on the mark.’ He declined to state the name of the winning bidder or the amount. {e-mail to ANR&P 7.Sept.14}

MAINE

CMQ: PAPER MILL TROUBLES*

21 August, East Millinocket. GREAT NORTHERN PAPER WON’T RESTART UNLESS ITS OWNER FINDS A FINANCIAL PARTNER, and that likely won’t happen until at least the November election, if ever, Governor Paul LePage told millworkers here. LePage, his forest products adviser, Rosaire Pelletier, and his economic adviser, John Butera, appeared before the union

“We would love to see everybody paid off here,” he remarked after a 1½-hour meeting with members of United Steelworkers Local 137, the mill’s largest bargaining unit, at the town office. “But [Cate Street] took over something that was a lot bigger than they thought it was. We are trying to find them a partner or investor.” LePage noted the state has no program or funding that would allow it to operate or partner with a private investor on a mill.

Where is the pellet mill?
Cate Street and the company it recently formed, Thermogen Industries LLC, has long planned to build plants in Millinocket and Eastport [see 14#02A]. The Millinocket facility is delayed.

LePage and Butera acknowledged they supported Cate Street. Butera reported that the Finance Authority of Maine has approved a loan for Thermogen has been approved, but Thermogen hasn’t yet closed on it.

The loss of top-tier corporations in paper
Part of the problem, LePage said, is that aside from Sappi Fine Paper North America, Maine no longer has any of what he called Tier 1 investors in the paper industry – proven worldwide or major players who know the market and what it takes to survive.

Maine’s Tier 2 investors, such as Lincoln Paper and Tissue LLC, are hardy but able only to hang on as the industry takes one buffeting after another, and Maine’s industrial energy costs render it unable to compete in the larger world economy, he said.

LePage called Cate Street a “third-tier investor” – a less than prime-time player in the paper industry, learning the hard way how difficult the business is. LePage added that he had his doubts about Cate Street right from the beginning. “When they came in and told us how much they wanted to invest, I said, ‘That’s way too

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2Anacostia & Pacific was founded in 1985 as a transportation development and consulting firm. Anacostia Rail Holdings was formed in 1997 by the shareholders of Anacostia & Pacific to own and develop short line railroads and related transportation and logistics firms. {ARH website}
little to make it go.’ But they were the only game in town.”

LePage said Cate Street hasn’t set deadlines for completion of the search for a partner, or for restarting the East Millinocket mill. “There is no question in my mind that [an East Millinocket restart] won’t happen before the election,” LePage said. Investors are unlikely to jump into the state’s paper market without first knowing who will be in the governor’s office.

Alexandra Ritchie, Great Northern Paper spokeswoman, didn’t dispute LePage’s restart timeline when she released a brief statement this day. 'The timing of a potential restart depends fully on when the necessary due diligence can be appropriately completed by potential investors. GNP is very appreciative of the on-going support of the state, the union, and of GNP’s employees, as they collectively continue to work towards future plans for the mill’s success, and understands that this has been a difficult time for all those involved.' {Nick Sambides in Bangor Daily News 22.Aug.14}

**NB&M: MORE ON CHINESE CUSTOMER**

4 September, Limestone. **MDOT MAY REBUILD THE RAIL LINE TO THE LORING COMMERCE CENTER** to help Norinco, the Chinese railcar manufacturer, according to Loring Development Authority President Carl Flora. At a meeting of the board this day, he said “we can’t do rail cars at Loring until we have a rail line that’s in good enough condition to be used, there is a rail line that goes between Caribou and Limestone and then out to Loring but it hasn’t been used in almost 20 years.” {Shawn Cunningham in WAGM tv 4.Sept.14} [See 14#07B.]

Nate Moulton, rail administrator, wrote: 'MaineDOT would rehab the rail line if the Norinco project were to move forward.' {e-mail to ANR&P 8.Sept.14}

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**SLR: AUBURN INTERMODAL DONE ++**

22 August, Montreal. **EFFECTIVE NOVEMBER 15TH, 2014 CN WILL DISCONTINUE OUR INTERMODAL PRODUCT OFFERING TO AUBURN, ME.** To ensure that all traffic destined to Auburn, ME arrives at destination in time to facilitate delivery of loads and subsequent return of empty equipment, we kindly request the following cutoff days for traffic receipt by port / CN Intermodal ramp be adhered to:

Port of Halifax : November 5th 2014
Port of Vancouver / Prince Rupert : November 1st 2014
All CN Intermodal Ramps in USA / Canada : November 1st 2014
We regret any inconvenience caused due to this, for any further questions or assistance kindly contact your respective Account Manager.
Regards, CN Intermodal Team

History
During the 20 years this newsletter has existed, the Auburn terminal became the first in Maine, in 1995. In 1999, when we published the Rail & Marine Transport Review 1999, Maine had four intermodal terminals. The other three:

Presque Isle. Operated by Logistics Management Systems, then a subsidiary of the B&A System.
Bangor. Operated by Logistics Management Systems, then a subsidiary of the B&A System.
Waterville. Operated by Guildford Motor Express, a subsidiary of Pan Am.

These died off one by one, until only Auburn was left.

Auburn traffic. The numbers at Auburn grew rapidly from 3650 in 1995 to 12,000 lifts in FY98, and then began a slow decline. By the time GWI, which bought the SLR from Emons Transportation in 2002 [see 01#12A], stopped reporting the lift numbers, the terminal had declined to about 800 lifts a year [see 09#05A and 09#10B].

In 2013, GWI's Ed Foley, former SLR general manager, noted that at the outset the terminal did all US domestic traffic. Then NS and Pan Am started the Ayer terminal, and drew much of that traffic away. Foley recognized the terminal had a lot of challenges [see 14#05B].

Response and other comments

Nate Moulton, MDOT rail administrator. Obviously we are disappointed, we will discuss with the SLA on available options to keep the facility in use. {e-mail to ANR&P 26.Aug.14}

Dick Trafton, president of the Lewiston-Auburn Railroad Corporation. His board knew that Canadian National's use of the facility had decreased in recent years, but word of the discontinuance was “news to us. We did not receive any previous notice from either Canadian National or St. Lawrence and Atlantic.”

The board of directors plans to meet in September. “We are always concerned about changes that may affect the railroad, but we are still sorting out what the impact will be and whether there may be an opportunity to provide for changes in the use of the track.”

Auburn Mayor Jonathan P. LaBonté. The intermodal facility is a favorite topic for economic development officials in speeches, but many local businesses are unaware of how it could help them.

“This is not just a Lewiston-Auburn asset. There is an ability for a paper mill or manufacturer in Franklin County to be able to move something 40 miles and have international distribution. But you can't just talk about it in a PowerPoint presentation. You need to be out on the street talking to businesses that could benefit.” {Scott Taylor in Lewiston Sun-Journal 26.Aug.14}

Work with Eimskip? Auburn and the state and federal governments have invested millions of dollars on infrastructure improvements in the area, LaBonté said, noting that the center still will be able to offer access to global markets via the port of Portland.

However, Portland is focused on building its own container service with Europe and the North Atlantic, as well as developing shipping service along the Eastern Seaboard, said Patrick Arnold, who manages
Portland’s International Marine Terminal. “They can work with Portland, but it’s a different product. We are not offering (overland) service to the West Coast of the U.S. and Canada.” {Tom Bell in Portland Press Herald 26.Aug.14}

EASTPORT: CHIPS OUT?
5 September. **THE FIRST LOAD OF CHIPS FOR EUROPE HAS NOT SAILED.** Indeed, the long-promised wood chips have not yet arrived at the Estes Head pad for loading.

**Missed predictions**
In January 2012, *Biomass Magazine* wrote that Eastport ‘will be prepared this month to export wood chips to Europe,’ with pellets soon thereafter.

In April 2014, the *Quoddy Tides* said exports could start ‘in June.’ On 19 May the deal was announced at the Eastport Port Authority board meeting; port officials and shippers felt confident that a vessel will be loaded with a trial shipment of wood chips by the end of July.

At the beginning of August, the ship was to sail by the end of August. On 5 September, reports indicated that the chips were not yet at the pad, though suppliers were said to have the ability to deliver them more quickly than earlier thought.

One holdup is apparently the interest on the part of other chip purchasers in Ireland.

**OUTBOUND PORT**
"We're quite excited," said Port Director Chris Gardner on 19 May. “We thought it would happen last year, but there were market concerns on the other side of the pond.”

Ultimately, he said, the port will ship about 200,000 tons of wood chips each year for use as biomass fuel, purchased as much as possible from local sources.

The fiber sources will not compete with the sourcing of wood for the Woodland Pulp mill, as wood considered too inferior for other wood uses will become the biomass chips. “The port feels very comfortable in trusting the expertise of the Carrier family that they will not upset the fiber market for the Woodland mill," said Gardner.

Fiber users do not compete for biomass, but for finding enough people to harvest, he reported.

**DESTINATION**
The move of 16,000 tons of wood chips was planned to go to Killybegs, Ireland. The largest fishing port in Ireland, it will distribute the chips to locations in the British Isles.

Gardner did not return requests for an update on the status of the wood chip shipments.

**PLAYERS**
The following players put the move together:

**E.J. Carrier of Jackman**
Larry Carrier, owner of E. J. Carrier, said Eastport's bulk conveyor system and bulk storage yard made the operation possible.

Costigan Chip of Old Town is leasing the bulk yard [see 11#03A for construction of yard, wood pellets 09#11A, Timber Biofuel (Industries of Middleburg, Virginia) Venture of Maine selected as lessor 12#12B].

**Killybegs Bulk Handling**
Two companies in Ireland, Killybegs Stevedoring Company and the Ronan Group, a renewable energy company, have formed a joint venture called Killybegs Bulk Handling Company, to receive the wood chips.

John Boyle of Killybegs Stevedoring said private money is financing the construction of the wood chip handling facility in Killybegs. He would like the Irish government to finance extending the pier to receive the
ships and not compete with space needed by fishing boats.

**Fednav**
The first vessel will be chartered from Fednav, based in Montreal. According to its website, Fednav ranks as the largest bulk carrier in Canada, with close to 100 owned, long-term chartered and spot chartered vessels.

**Phyto-Charter LLC**
Stephean Chute, managing director of Phyto-Charter, said his company is the exporter of the chips, after heat-treating them as required by the European Union to prevent any possible contamination by the pinewood nematode.

On 4 September, Chute wrote in response to a question about the delay: 'We acknowledge your inquiry. We will inform you of our start-up plans at the appropriate time.'

Biomass heating in Ireland and Britain is a new business. In addition to wood chips for fuel, Phyto-Charter will heat-treat product for medium-density fiberboard mills and the pulp and paper industry.

**European Community chip standards and University system**
Pinewood nematode causes pine wilt disease. The microscopic pest kills the trees by damaging the natural flow of water within the tree.

Phyto-Charter will phytosanitize the chips on board the vessel via a system developed with the University of Maine's Forest Bioproducts Research Institute [see box]. Phyto-Charter recently received certification for its system—the first such certification in the U.S. for the wood chip product, Gardner said.

The European Union requires anyone importing wood fiber to provide a phytosanitary certificate issued by the U.S. Department of Agriculture.

**Advantage of chips over cord wood**
Proponents of wood chips as fuel cite the cost, which they say is less expensive than cord wood because the harvesting is faster and more highly automated. Wood chip biomass does not have waste disposal issues since wood ash can be used directly as a mineral-rich plant fertilizer. {Edward French in *Quoddy Tides* 23.May.14; Jacqueline Weaver in *Working Waterfront* 6.Aug.14; ANR&P discussion with source 5.Sept.14; Chute e-mails to ANR&P}

**PAN AM & PORTLAND: NEW TERMINAL**

**IMT expansion: land**
On April 30, the state acquired, and paid Phin Sprague $7,180,000 for, his land plus $11,045 to reimburse him for property taxes he paid.

*How much profit?* It’s difficult to determine exactly how much Sprague paid for the property in 2012 because the transaction involved multiple parties and parcels:
ATLANTIC NORTHEAST RAILS & PORTS – weekly trade newsletter

14#08B  8 September 2014

Seller in 2012          Buyer
Pan Am                $1.9 million.* New Yard LLC
15 acres
Unitil lease**        $1 million    New Yard LLC
4 acres
Unitil lease          New Yard LLC
4 acres
+Casco Wharf

*real estate transfer tax declaration at City Hall and deed transfer documents at the Cumberland Country Registry of Deeds.

** 50-year lease. See 13#03B and map there. Sprague said he paid Unitil more than $1 million in upfront lease payments. As part of the deal, Sprague said he mitigated pollution at the site caused by tar leaking into Casco Bay. A coal gasification plant was once located there.

How much should MDOT pay? Sprague’s attorney, Peter Plumb, said the price Sprague paid for the property in 2012 is irrelevant; the arrival of the Eimskip steamship line in March 2013 “dramatically” increased its value. “It’s not what you pay for it, it’s what it’s worth the day of the taking. Phin has made a silk purse out of sow’s ears. That is what he did.”

Sprague, 65, reiterated that he is moving his Portland Yacht Services out of the 10-acre Portland Company complex on the eastern waterfront, which he sold. The boatyard must be out of the complex by the end of this year.

Per state officials, paying more to Sprague will leave less money to spend on future expansion of the container terminal. “We want to see this resolved as quickly as possible in a way that hopefully allows us to
continue to realize the potential of terminal operations here,” said John Henshaw, executive director of the Maine Port Authority.

A legal review of the price? To set a value on Phin's property, the state hired Gerard McDonough, an appraiser from Newport, Rhode Island, who specializes in waterfront properties and has worked in Costa Rica, Mexico, Panama and the Caribbean.

Phin, unhappy with the price, has hired an appraiser whose identity he would not disclose, to complete a second appraisal by the end of September, and then he will decide whether to file a petition with the State Claims Commission challenging the amount the state paid. After the commission issues a ruling, either party may appeal to the Maine Superior Court.

Sprague knows the process well. He fought the City of Portland for six years after the city used its eminent domain power to seize easement rights on Sprague’s Portland Company property to pursue several development projects. The city put the value of the easements at a little more than $5,000; Sprague’s appraiser came up with $2 million. After several court rulings, the city ended up paying nearly $1 million, including interest.

**IMT expansion: rail corridor**

In April, Pan Am sold MDOT the rail corridor [see 14#05B]. Pan Am would not give the state permission to disclose the sum it received for its land. However, the Freedom of Information request revealed that the state acquired the total 20 acres for $8.6 million. Backing out the $7.2 million paid to Phin, it would appear that the state bought the corridor of about five acres for $1.4 million to the railway.

**Canal Landing (Pan Am two parcels total 13 acres)**

Phin has an agreement to purchase these two parcels; he would not disclose the price.

**New Yard (five acres remaining)**

Phin retains this acreage from his original purchase. Based on the price [see above] for the entire 15 acres, he paid about $600,000 on a per-acre basis. {Tom Bell in Portland Press Herald 28.Aug.14}

**MASSACHUSETTS**

**BCLR: TRESCA RESUMES ++**

21 August, Millis. **THE LAST RECEIVER ON THE MILLIS LINE IS GETTING CARS FROM DRAGON CEMENT AGAIN.** Rail observers report:

- Tresca Brothers in Millis is receiving the cement, as it did in January 2013 [see 13#01B], and then again in November 2013. BCLR expects about 120 cars in this set of moves.

- The cars move via MERR to Pan Am in Brunswick, thence to CSXT via Rigby Yard and Pan Am/CSXT train POSE/Q427 via Ayer-Worcester to Selkirk, and then back haul to Framingham on CSXT train Q436, and finally set off at Medfield Junction by the CSXT train to the South Coast.

  As the Pan Am/CSXT train does not switch in Worcester, the railroads must move the cars to Selkirk.

- A first move took ten cars; a second, three.

- BCLR has revived its engine 1701 to handle the switching  {BCLR e-list}
Why by rail
Ray DeGrass, Dragon general manager, explained that “our barge is right out straight, so rail is supplementing that. There's a lot of activity in Boston, versus here in Maine. It's a temporary, seasonal measure.

“Given weather or maintenance delays, every day we miss sending the barge, we are getting shorter and shorter inventory in our terminal in Boston.

“Shipping by rail costs more, but less than losing sales. We will sometimes use trucks, if our trucks are sitting idle.

“Turn around time by rail is very long. I don't understand the logistics of rail.” {ANR&P discussion 25.Aug.14}

Turn-around time
A car trace in mid-August showed that CSXT's train B-731 picked up some at Medfield Junction on the 14th. CSXT moved them to Selkirk on 15 August, and got them out on its train Q-426 to Pan Am on the 16th. However, derailments in Selkirk [see Regional] and on Pan Am [see footnote 45 below] have delayed traffic, so the cars did not move to Portland until the 18th. {trace by colleague}

Confusion: Millis and Millis
Reader beware. Millis Industries formerly owned two scrap yards and sold them to Schnitzer [see 13#01B]. The one on the the Millis Branch did not use rail. The one in East Freetown on MC did use rail, but Schnitzer now trucks the scrap to Providence or Everett. {e-mail to ANR&P from rail source, correcting earlier account, 25.Aug.14}

   BCLR serves Tresca on the Millis branch.

Ownership of the Millis branch
The state owns the branch from MP 0.0 at Medfield Junction to MP 2.76. CSXT owns, and BCLR leases, from there to MP 3.14. Northeast Realty Trust owns to the end in the former GAF facility at MP 3.40. [See map in 04#08A].

Millis rezoning the middle of the branch
The Town of Millis this May rezoned the center of town where the former GAF plant sat into 'residential village center'. {http://www.millis.org/Pages/MillisMA_Clerk/Spring2014.pdf} Bernie Reagan, who handles marketing for BCLR, said on 22 August that while the former plant is now off limits for uses which would require rail service, BCLR has retained the lease on the CSXT section and is ready to serve industrial development at the former GAF warehouse site. {ANR&P discussion}

HRRC: ABANDONMENT
4 September, DC. THE STB PUBLISHED THE VERIFIED NOTICE OF EXEMPTION FOR HRRC to discontinue service on the Coltsville track, and for Coltsville Rail Terminal to abandon the track. It will become effective 4 October unless a party acts. The right of way will become a trail. {STB website, decisions page, AB 1121X, 733A}

PAN AM: WORCESTER MAIN DERAILMENT*
19 August, Lancaster. “COMMUNICATIONS WITH PAN AM HAS BEEN GREAT,”, said Lancaster Fire Chief Michael Hanson to the weekly meeting of the Board of Selectmen here. To review the derailment incident on 9 August [see footnote 4], Pan Am Executive Vice-president Cynthia Scarano, Lancaster Police Chief Kevin Lamb, a representative of the Massachusetts Emergency Management Agency, and the executive director of the Nashoba Valley Regional Dispatch Center attended.
The incident
At 01h00 the train went into emergency. “The conductor and engineer will call the (train) dispatcher immediately, who will call the town,” said Scarano. The halt was conveyed to regional dispatch at 01h01. Scarano explained that the conductor and engineer went the length of the train, inspecting each car, to discover that of 89 cars, 20 had derailed, and one was a propane car. The train carried 20 propane cars total. The hour-and-a-half delay between calling the incident an “emergency stop” to changing it to a “derailment” was caused by this inspection.

At 02h38 MEMA had called the dispatch center to explain that train cars had derailed. The cause of the derailment was a broken rail. The Federal Railway Administration is in charge of investigating the derailment.

At 09h30, Hanson, notified by Lamb who was called by a television station for comment, went to the scene, saw the propane car, and noted that all was being handled safely. He called Selectman Susan Smiley to tell her what was going on and sent out a Code Red call to residents about the incident. He also wrote and sent out a press release about the incident.

He said Pan Am kept him informed every step of the way.

Rail condition
Select Chair Jean Syria asked about the condition of the rails in town. Scarano said the rails are inspected twice a year using X-ray technology and also inspected by eye more frequently. Pan Am runs four to six trains through town every day.³ {Lynn Klaft in Item 22.Aug.14}

NEW HAMPSHIRE

MBRX: CONTRACT APPROVED*
3 September, Keene. THE GOVERNOR AND COUNCIL APPROVED THE OPERATING AGREEMENT for the state-owned part of the Hillsboro Branch.

- Finally! More in a future issue.

PAN AM: PORTSMOUTH REPLIES TO SEA-3*
19 August, DC. THE CITY OF PORTSMOUTH RESPONDED TO SEA-3’S REQUEST FOR AN EMERGENCY RULING [see 14#08A]. It argued that it was not conducting any effort to stop rail traffic.

Only pursuing independent inquiries
'Throughout the public hearing process and presently, the City outside the public hearing process on the Sea-3 Application has pursued and continues to pursue independent inquiries regarding rail safety, including but not limited to reaching out to its Congressional and Senate delegations to request rail safety records⁴, investigating the development of "quiet zones" in the City, having Pan Am appear at City Council meeting to answer questions about rail safety, and urging the governor of the State of New Hampshire to assess rail safety statewide.

'None of these activities are subject to the jurisdiction of the Surface Transportation Board or are in any way unlawful or unreasonable. The City not only has the right to pursue this information regarding rail safety from any and all available resources but has a duty and obligation to its citizens to inquire about rail safety in order to protect their health, safety and welfare.

³ Scarano later qualified this, saying she said “up to”, wanting to err on the high side given the vagaries of rail service. {e-mail to ANR&P 27.Aug.14} At this point, only SEPO and POSE regularly traverse those tracks. Editor

⁴ The City is probably aware that on 9 August Pan Am derailed a train in Lancaster, Massachusetts, during which two cars overturned. One contained propane. {WCVB.com 9.Aug.14} The Pan Am track speed in this section of the 'Worcester Main' between Ayer and Worcester (milepost 18 to milepost 19) is mostly 25 miles per hour, but as of the 14 July 'Speed Restriction Summary' the line from MP16 to 19 was set at 10 miles per hour.
'None of these inquiries, moreover, are intended to impede or interfere with railway operations; rather, these inquiries and others are efforts to assess the consequences of increased rail traffic due to the proposed substantial intensification of the use of the Sea 3 facility - in the face of Sea 3's, the Planning Board's, and the railway's apparent unwillingness to provide any such information.

What Sea-3 thinks the City is doing
'The Newington Planning Board granted Sea-3's Application and the City appealed this decision to the Town of Newington Zoning Board of Adjustment and the Rockingham County Superior Court on the grounds that it failed to abide by its own zoning ordinance and site plan review regulations, including but not limited to failing to require or review a safety/hazard study of the site. Sea-3 alleges that these appeals – that is, the totality of the allegations and arguments made in the two appeals – are subject to the jurisdiction of the Surface Transportation Board because Sea-3 alleges that the City is attempting to use state and local law to deny Sea-3 access to common carrier rail service, and as such, the appeals themselves, or certain issues raised in these appeals, are preempted by the Interstate Commerce Commission Termination Act ("ICCTA")....

What the City is actually doing
'The City, in its zoning and Superior Court appeals, is not attempting to deprive Sea-3 of its federal right to
receive common carrier rail service over the rail line. There is no conflict between the City's request for a safety/hazard study of the site and Sea-3 use of Pan Am Railway for common carrier rail service under the ICCTA. The City is not using local site plan review regulations or zoning ordinance provisions to regulate interstate freight rail network in any way. The City is simply asking Newington to comply with its site review regulations and zoning ordinance as they apply to the site itself, not the rails.'

The City action does not fall under Tighe Warehouse or under Riverside
The City argued that: 'The City's appeal is not about the City issuing a cease and desist order prohibiting rail traffic to warehouse because zoning prohibits use of land as freight yard. See [the STB ordering Winchester to stop barring rail traffic to the Tighe warehouse facility in Winchester, which I call Tighe Warehouse – see 13#07B] Boston and Maine Corporation and Springfield Terminal Railroad Company, Finance Docket No. 35749 (S.T.B. July 19, 2013). The City's appeal does not require or seek a pre-construction preclearance environment permit. [See the STB ordering Vermont to stop requiring GMRC to file under Act 250 for a salt facility in Riverside, which I call 'the Riverside case'] Green Mountain Railroad Corporation v. State of Vermont, 404 F.3d 638 (2"d Cir. 2005).' {STB website, filings page Finance Docket No. 35853 – with 130 pages of appendices containing various filings and decisions}

PAN AM + SEA-3: REQUEST TO INTERVENE*
22 August, DC. PAN AM ASKED TO JOIN THE CASE OF SEA-3 VERSUS THE CITY OF PORTSMOUTH, in a filing this day to the STB. Rob Culliford, Pan Am counsel, wrote in his petition:

'The Boston and Maine Corporation and Springfield Terminal Railway Company (collectively "Pan Am") submit this Petition for Leave to Intervene in Support of the Emergency Petition for Declaratory Order filed by Sea-3, Inc. on August 4, 2014 [see 14#08A] and for Leave to File More Substantive Arguments at a Later Date. Though this proceeding has not yet been set for modified procedure, Pan Am believes that this request is appropriate given the substantial interest of Pan Am in its outcome, which could affect the ability of Pan Am to provide rail transportation service to multiple customers on the Portsmouth and Newington Branches.

Joint discussions underway
'Pan Am notes that the Reply to Emergency Petition for Declaratory Order dated August 19, 2014 (the "Reply") by the City of Portsmouth ("Portsmouth") seems to substantially narrow the issues present in this proceeding. In response, Sea-3, Portsmouth, and Pan Am have begun discussions towards a possible resolution of this matter.'

The filing, Culliford wrote, serves to preserve Pan Am's right to intervene. {STB website, filings page, Finance Docket No. 35853}

PAN AM + SEA-3: SAFETY STUDY COMING*
25 August, Newington. PAN AM, SEA-3, AND PORTSMOUTH AGREED TO DO A SAFETY STUDY, according to Portsmouth staff attorney Jane Ferrini. They still have to negotiate the “scope of the safety-hazard study.” If a final agreement can be reached, the city will drop its two appeals of the Sea-3 expansion.

The Newington Zoning Board of Appeals voted unanimously to delay the hearing until 15 September, despite strong opposition from Planning Board Chairman Denis Hebert. He conducted numerous hearings before the Planning Board approved the expansion in May, and argued the ZBA had "just done Newington a huge disservice. They're going to come to an agreement. Portsmouth and Sea-3 are going to come to an agreement and Newington is not at the table. Are you crazy?’

ZBA set the next scheduled hearing on the City's appeal for 15 September, in the event the city of Portsmouth and Sea-3 can't reach a final agreement, so Planning Board members could attend the meeting. {Jeff McMenemy in seacoastonline.com 26.Aug.14}
HISTORY REPEATS ITSELF: THE 1975-1976 SEA-3 CONTROVERSY

In 1975 Sea-3 proposed and built its facility in Newington to import propane. This aroused some of the local citizenry, just as the proposal to export is doing. See some clips below.

25 July 1975. Newspaper supports facility, calls on B&M to show track inspection reports.


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The Portsmouth Herald (N.H.) Saturday, July 25, 1975

Editorial Opinion

B&M’s Railbed Raises Question

Residents of Portsmouth, and any and all others who live or work in the vicinity of the rail lines over which propane gas will be transported, have a fundamental right.

They have the right to demand assurance that the Boston and Maine’s roadbed is safe for the passage of the propane tank cars.

As nearly as we could gather, although considering the B&M’s usual financial plight we should have known better, the railroad did put forth considerable effort in repairing the existing trackage.

With that in mind, it was shocking to learn that a freight car had gone off the tracks at a switching point in the Atlantic Heights area on Thursday.

No matter how the B&M attempts to explain the incident, or to minimize it, the public is being left with a distinct feeling of insecurity. On the whole Portsmouth has taken the advent of liquid propane gas with some equanimity, but it has done so because it believed that every effort was being made to get the B&M’s trackage in good shape.

Most reasonable people have no quarrel with Sea-3, the company that is handling the propane. To date, Sea-3 has given every evidence of complete responsibility and a thorough knowledge of whatever dangers, real or imagined, are involved.

It’s only this bothersome point of the rail shipments that has continued uppermost. Councilman John J. Wholey is angered, and justifiably so, by the fact the city was denied seeing a copy of the federal track inspector’s report.

No one can explain why the communities most affected by the transport of propane should be denied this privilege.

However, after the Thursday incident, it would be our belief that city officials would be remiss if they don’t make every legal effort possible to bar shipments until they are assured that the rail line is, like Caesar’s wife, above any reproof.

Who the city can get to be its official gandy dancer, and walk that line from one boundary to the other to make sure all is well, we don’t know, but it needs to be done.

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The Portsmouth Herald

City bans parking of LPG tank cars

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18 March 1976. USDOT may back ban on parking of loaded LPG cars.

21 May 1976. Firefighters are trained at Sea-3.
PAN AM + SEA-3: STB RECOGNIZES CONTROVERSY ++

29 August, DC. THE STB’S DIRECTOR OF THE OFFICE OF PROCEEDINGS 'GRANTED' SOMETHING in a 'decision' this day which was made known by a stamp applied to the face sheet of Pan Am's request to intervene.

As the reproduction shows, the stamp states 'Granted' and 'Due date to respond extended to 9-5-14.' {STB website, filings page, Finance Docket No. FD 35853}

What was granted?
Pan Am requested [see above] leave to intervene and 'leave to file more substantive comments, if necessary, within two weeks of today.' Since Pan Am filed on 22 August, two weeks hence is 5 September.

Though the decision is unclear (is it granting leave to intervene and leave to file more substantive comments?) general wisdom is that the decision grants both. Editor

Still no 'proceeding'
Historically, the Board has initiated a proceeding before, or simultaneously with, acting on any filings. Here, the director of decisions approved the leave to intervene and granted an extension of time, yet the Board has not initiated a proceeding. General wisdom is that the Board will eventually act, either initiating a proceeding, dismissing the filings for lack of jurisdiction or other procedural issues, or taking some other action. Editor

Additional extension of time
On 5 September Pan Am filed a request to extend the time for more substantive comments:

'On September 4, 2014 Portsmouth presented Sea-3 with a written proposal. Sea-3 is currently reviewing that proposal and is not yet in a position to comment on its terms, though further discussions are likely. Therefore, Pan Am respectfully requests that it be granted an extension of time in which to file more substantive arguments, if necessary, until September 30, 2014. Both Sea-3 and Portsmouth assent to this motion.' {STB website, filings page, Finance Docket No. FD 35853}

PAN AM + SEA-3: NIMBYS AND PROPANE DANGER*

2 September, Portsmouth. A LETTER TO THE EDITOR IN THE PORTSMOUTH HERALD RESPONDED TO AN OP-ED PIECE written by New Hampshire State Senator Martha Clark and published on 24 August. An emergency manager wrote this day:

High risk, low probability situations occur regularly in every community every day. Every passenger airline flight* and individual propane truck on the road is a separate low risk, high impact event. A single Dreamliner passenger aircraft crash with total loss of life represents a much higher loss of life than even some of the worst hazardous materials disasters in the last 100 years. To expand upon this a little bit, there are 1.4 million movements of hazardous materials every day in the United States. If you look at the statistics you begin to recognize that the number of incidents is extremely small. The Hazardous Materials Transportation Regulations (49 CFR, parts 100 to 178), initially enacted in 1974, have done a truly outstanding job of minimizing incidents and negative outcomes from incidents. If the senator wishes to ensure the safe movement of that propane she needs to make sure our senators and representatives in Congress take appropriate action to strengthen 49 CFR rather than put up artificial roadblocks to sorely needed improvements in New England.

- Bob Jaffin (A member of the International Association of Emergency Managers, involved in education and training programs for ASIS, the International Association of Counterterrorism and Security Professionals, the National Sheriffs’ Association, and the National Domestic Preparedness Coalition. He is currently a full-time faculty member at the online American Public University System.)

*Pease will host US Air Force refueling tankers. Bad enough that a Dreamliner would crash. Imagine if a KC-
4A, the airborne refueling tankers which will use Pease [see map], crashed into Portsmouth. Yet both U.S. Senators Jeanne Shaheen and Kelly Ayotte of New Hampshire welcomed news of the Air Force decision to station 12 tankers there beginning in 2018. Both have advocated for the tanker since 2011. {Deborah
The blindness and hypocrisy is overwhelming. **Editor**

**PAN AM + SEA-3: LOCAL OFFICIALS WANT BRIDGE REPORTS**

29 August. **PORTSMOUTH AREA OFFICIALS VOICED CONCERN ABOUT THE PAN AM RAIL BRIDGES.** Great Bay Piscataqua Waterkeeper Jeff Barnum looked at a map showing the line crossing Great Bay between Newfields and Stratham. “It's got 1,500 feet of exposure. If something fell off the tracks, it goes into the water. There are two other water crossings on this 13½-mile stretch of railroad.”

Barnum and numerous Portsmouth officials wonder why Pan Am Railways will not release the annual inspection reports of the bridges.

Portsmouth Assistant Mayor Jim Splaine worries not only about the condition of the trestle over Great Bay, but the condition of all of Pan Am's bridges on the Portsmouth line. “It's clear to me we're putting way too much trust in Pan Am's in-house inspections. They're supposed to be looking at them and inspecting them at least once a year. We should not have to have that kind of blind trust in a corporation.”

**Pan Am response**

Pan Am Executive Vice-president Cynthia Scarano, asked why the company would not give them to city officials as requested, said, “Because the agency that is put in place by the federal government [the FRA], and that has the knowledge and the education necessary to look at those inspection sheets, has them....[It becomes a] safety and security issue when they all of a sudden become a public document.”

Portsmouth Deputy City Manager Dave Allen said an FRA official told city officials the bridges in Portsmouth were inspected in May and were found to be in good condition. Scarano said that in addition to the annual inspections Pan Am does of its bridges, it also inspects its tracks, including the ones on the bridges, every week.

FRA spokesman Mike England said Pan Am has installed 5,000 new cross ties on the Portsmouth branch line and 2,000 relay ties. He said the steel rail has been "entirely resurfaced" for all 13-plus miles on the line. {Jeff McMenemy in seacoastonline.com 31.Aug.14}

**More background on alternate route**

The map also shows in more detail a route to Newington listed as a possibility in the Town's Master Plan 2010-2020. According to various historians, the initial rail line built in 1952 by the federal government to the Pease air base ran south from the Newington Branch to Somersworth Street as shown.

The rebuilding of the 1952 line, for which the right of way still exists, would require crossing the Spaulding Turnpike. Tom Morgan, the Newington town planner, wrote in April 2014:

'The design of the $260 million widening of the Spaulding Turnpike includes provisions to allow a future rail bridge over the turnpike that would re-establish the Newington Branch's connection to Pease. In order to permit an elevated railroad, NHDOT committed to the acquisition of slope easements from several Newington property owners. That process is presently underway.' {e-mail to town residents 2.April.14}

This if extended as shown by the Master Plan could provide an alternate route to Sea-3. **Editor**

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**VERMONT**

**VERMONT ROAD SALT VENDORS: 2014 awards**

20 August, Montpelier. **ONLY AMERICAN ROCK SALT AND CARGILL BID ON ROAD SALT THIS YEAR.** Morton and Eastern 'respectfully' declined to bid. {bid documents from Brian Berini, contract officer, Vermont Purchasing and Contract Administration}

**Rail bonus**

Salt bidders who use state-owned railroads to receive the salt are entitled to a credit on their bids, which lower
the figure [see tables]. This was not applied [it rarely is – editor] as the bids were dollars apart while the maximum credit is only $0.23.

**American Rock Salt**
ARS won five districts. Bid documents stated it would supply the salt from its mine in Hampton Corners, New York, based on a mine price of $55.83.

**Rail terminals.** ARS said it would use these stockpiles, but would not supply salt directly from them. Vermont will deduct a certain amount for rail delivery to terminals on state-owned lines, as listed:

<table>
<thead>
<tr>
<th>American Rock piles</th>
<th>Railroad service</th>
<th>Capacity</th>
<th>Operator</th>
<th>Deduction for RR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Troy NY</td>
<td>CP</td>
<td>120000 tons</td>
<td></td>
<td>No deduction as no movement on state-owned lines</td>
</tr>
<tr>
<td>Claremont NH</td>
<td>CCRR</td>
<td>5500 tons</td>
<td>CCRR</td>
<td></td>
</tr>
<tr>
<td>Middlesex</td>
<td>NECR</td>
<td>10500 tons</td>
<td>Dubois</td>
<td></td>
</tr>
</tbody>
</table>

**Cargill**
Cargill won two districts. Bid documents stated it would supply the salt from its mine in Lansing, New York, based on a mine price of $55.00.

**Rail terminals.** Cargill said it would use these stockpiles, supplying and loading into State of Vermont trucks for $70.00/ton. Vermont will deduct a certain amount for rail delivery to certain terminals, as listed:

<table>
<thead>
<tr>
<th>Location</th>
<th>Railroad serving</th>
<th>Capacity</th>
<th>Price/ton</th>
<th>Operator</th>
<th>Deduction for RR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burlington</td>
<td>VTR</td>
<td>45,000 tons</td>
<td>70</td>
<td>Barrett</td>
<td>$0.23</td>
</tr>
<tr>
<td>Ely</td>
<td>WACR</td>
<td>12,000 tons</td>
<td>70</td>
<td>Barrett</td>
<td>$0.05</td>
</tr>
<tr>
<td>Rockingham</td>
<td>GMRC</td>
<td>35,000 tons</td>
<td>70</td>
<td>Barrett</td>
<td>$0.10</td>
</tr>
<tr>
<td>Rutland</td>
<td>GMRC</td>
<td>10,000 tons</td>
<td>70</td>
<td>Barrett</td>
<td>$0.23</td>
</tr>
<tr>
<td>Stark NH</td>
<td>SLR</td>
<td>30,000 tons</td>
<td>70</td>
<td>Barrett</td>
<td>0</td>
</tr>
<tr>
<td>White River Jct</td>
<td>NECR</td>
<td>12,000 tons</td>
<td>70</td>
<td>Barrett</td>
<td>0.06*</td>
</tr>
</tbody>
</table>

* The bid document said 'This would be salt moved from Burlington to Bellows Falls to the New England Central Railroad.' [Sic – I am checking on this language.]
### Sites of salt mines in the Atlantic Northeast

<table>
<thead>
<tr>
<th>District, headquarters</th>
<th>provider (other bidder)</th>
<th>winning 2014 bid (other bid)</th>
<th>tonnage estimated</th>
<th>Price 2009</th>
<th>Price 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bennington</td>
<td>ARS (Cargill)</td>
<td>73.79 ($90.18)</td>
<td>9706</td>
<td>58.85</td>
<td>45.37</td>
</tr>
<tr>
<td>2 N.Brattleboro</td>
<td>ARS (Cargill)</td>
<td>78.65 ($82.75)</td>
<td>16750</td>
<td>61.48</td>
<td>41.37</td>
</tr>
<tr>
<td>3 Rutland</td>
<td>ARS (Cargill)</td>
<td>76.02 ($79.52)</td>
<td>15000</td>
<td>62.43</td>
<td>41.42</td>
</tr>
<tr>
<td>4 White R.J.</td>
<td>ARS (Cargill)</td>
<td>75.52 ($83.52)</td>
<td>20650</td>
<td>63</td>
<td>36.69</td>
</tr>
<tr>
<td>5 Essex J.</td>
<td>Cargill (ARS)</td>
<td>72.18 ($77.53)</td>
<td>16600</td>
<td>60.96</td>
<td>40.85</td>
</tr>
<tr>
<td>6 Barre Gone</td>
<td>XXXXX</td>
<td></td>
<td></td>
<td>56.65</td>
<td>38.57</td>
</tr>
<tr>
<td>7 St.Johnsbury</td>
<td>ARS (Cargill)</td>
<td>76.76 ($78.16)</td>
<td>21100</td>
<td>64.18</td>
<td>42.42</td>
</tr>
<tr>
<td>8 St.Albans</td>
<td>Cargill (ARS)</td>
<td>78.44 ($85.66)</td>
<td>21000</td>
<td>62.45</td>
<td>38.84</td>
</tr>
<tr>
<td>9 Newport</td>
<td>Cargill (ARS)</td>
<td>82.26 ($86.95)</td>
<td>10800</td>
<td>65.97</td>
<td>43.34</td>
</tr>
</tbody>
</table>
MARITIMES

CBNS: TRACK WORRIES

4 September, New Glasgow. **LOCAL OFFICIALS CONTINUED TO VOICE WORRY ABOUT TRACK CONDITION.** Following an anonymous report about poor track condition in the town, Chief Administrative Officer Lisa MacDonald said, “We also spoke with railway officials and we’re fully briefed. We don’t believe there’s an issue at this point. We’ve done our due diligence and have regional emergency measures organized and prepared for incidents, such as train derailments, within New Glasgow.”

Nova Scotia Minister of Transportation Geoff MacLellan confirmed that his department has pressed Transport Canada, the federal department that conducts inspections on behalf of the province, for updates. ‘Transport Canada was scheduled to inspect the line this week. The railway also completes its own weekly inspection and two weeks ago ran a track geometry car over the tracks. The province continues to ensure the rail lines are inspected and are in compliance with the regulations.’

MacLellan noted that after a Transport Canada inspection on 3 September, several items were identified for the railway to monitor and address during their regular maintenance. 'There were no deficiencies identified requiring immediate attention.' {John Brannen in New Glasgow News 4.Sept.14}

CBNS has had three derailments in Pictou County since the beginning of 2014 with the latest on 10 June requiring an evacuation of residents [see photo]

CBNS: MORE ON ABANDONMENT

22 August, Halifax. **THE NOVA SCOTIA GOVERNMENT HAS FORMED THE MINISTERS RAIL ADVISORY COMMITTEE** (MRAC) to look at saving the line in Cape Breton, as planned in July [see 14#06B]. It will be chaired by Minister of Economic and Rural Development and Tourism, and Cape Breton-Richmond MLA Michel Samson along with Transportation and Infrastructural Renewal Minister Geoff MacLellan. Three local municipal officials will sit on the committee; Inverness County Chief Administrative
Officer Joe O'Connor, Richmond County Chief Administrative Officer Warren Olsen, and Chief Administrative Officer for the Town of Port Hawkesbury Maris Freimanis. The first meeting will be held in September in Sydney.

**Terms of Reference**

1.0 CONTEXT
Genesee & Wyoming Inc. (formerly Rail America) intends to file with the Nova Scotia Utility and Review Board (NSUARB) for abandonment of the rail segment between St. Peters Junction (at Point Tupper) and Sydney (Sydney Subdivision) under Section 42 of the Railways Act. The application can only be filed after the agreement with the Province expires in September 30, 2014 (per section 3.4 Company’s Obligations).

Mayor Cecil Clarke, on behalf of the Cape Breton Regional Municipality has asked the Province to obtain a one-year extension with the operators of the Sydney Subdivision, Genesee & Wyoming Inc....

6.0 TIMELINES & MEETING FREQUENCY
The MRAC will meet on a monthly basis or as required and may hold workshops or information sessions to engage with stakeholders. The MRAC will submit an interim report in December 2014 and following consultations with stakeholders, they will submit their final report in the Spring of 2015.
Other operators may be sought
The government said the advisory committee, which includes representatives from the three levels of government, will work to find ways to increase traffic and improve the business case for a private operator to take over the line. To date, no interest from private operators for this part of the line has emerged.

“At this point it’s been largely focused on Genesee and Wyoming — the current operators — but we do have the mechanism by way of the working group and the expertise that is within the working group members to reach out to operators in this country, in the U.S., and we’ll look far and wide for potential operators and make the case for the Sydney subdivision and then get a feel for what kind of interest is out there,” MacLellan said.

“But again, this is going to come down to the simple fact of rail traffic and that’s going to be the focus for the working group, it’s the focus for all levels of government and with increased economic activity at the Port of Sydney comes increased traffic.”

The government said U.S.-based Genesee and Wyoming, which owns the railway, has indicated about 10,000 railcars would have to run on the line annually to be cost-effective. As it stands, only about 500 cars use the line every year. {Sherri Borden Colley of Canadian Press 22.Aug.14}

CN + Halifax: Banner Year for Autos?
5 September. **CN Spokesperson Mark Hallman said CN is expecting to handle approximately 214,000 automobiles in 2014**, up from 205,000 in 2013. In April, CN’s Jim Feeny reported a busy spring at the facility. [See 14#04A.]

Daily moves
Hallman would not elaborate on the number of trains moving in and out of the facility daily but did say daily rail in and out capacity is 47 multi-levels on a single train.

Vehicle distribution from Eastern Passage is by rail serving all Canadian major destination ramps, by truck to the Maritime region and by ship, Oceanex, to Newfoundland. {e-mail to ANR&P correspondent Tom Peters 5.Sept.2014}

In summer 2014, CN train #509 was seen operating every afternoon, usually twice between Dartmouth yards and Autoport at Eastern Passage, with autocarriers full of both imported and exported cars and trucks. { AtlanticRails e-list 5.Aug.14}

Major carriers
Major carriers calling Autoport are Wallenius Wilhelmsen, NYK, Mitsui and Oceanex. Automobiles arrive by vessel from manufacturers in Europe and by rail from the West Coast and North American manufacturers.

Canadian Ports: Productivity
20 August, Belledune. **The Canadian Ports Industry Discussed Productivity** during the annual general meeting of the Association of Canadian Port Authorities here 17-21 August. During the session, Joseph Bonney, senior editor of The Journal of Commerce, pointed out that berth productivity and terminal performance were not viewed in the same manner. “Carriers want ships worked as quickly as possible. Cargo interests are more concerned with overall terminal performance.”

Halifax and Montreal
According to JOC estimates, ports in Asia are generally more productive than those in the Americas, Europe, and the Middle East, though Jebel Ali and Khor were comparable. The world’s leading ports, situated mostly in China, are handling between 100 and 120 container moves per ship per hour. The top US ports of New York/New Jersey and Long Beach move 80-85 containers per hour. Prince Rupert is estimated at 72, Vancouver at 68, and Montreal and Halifax both at 51. {Leo Ryan in Canadian Shipper 29.Aug.14}
Halifax comment on terminal productivity
Lane Farguson, Halifax Port Authority spokesperson, declined to comment on the JOC figures. He did offer this:

'Halifax Port Authority works closely with our terminal operators and rail provider to constantly improve efficiency by reducing dwell times for cargo containers. When we increase efficiency, we create better conditions for the shipping lines calling on Halifax and for all of the cargo-related businesses moving goods through the Port.

In 2010, HPA worked collaboratively with the container terminal operators, Ceres and Halterm, and with CN, to develop a Level of Service (LOS) Agreement. This LOS Agreement contains Key Performance Indicators (KPI’s) which provide metrics for the parties to benchmark, achieve and evolve. It has produced positive results in terms of reduced import dwell times and improved rail car availability. This is supplemented by the addition of new rail track in recent years. The Port of Halifax currently offers approximately six kilometres of on-dock rail track between the two container terminals.

What we look for are supply chain solutions that work for us and for all of our partners. Commercially, we are very pleased with the model we now have in place and we value the outreach work we are doing with CN to further develop supply chain solutions.

'T’s not our place to comment on the activities of other ports or speculate on the impact those activities might have on the Port of Halifax. What we can say is that we already have excellent facilities here that are ‘big ship’ ready with intermodal connectivity; stable and reliable labour; and room to triple our capacity as [the Canada-Europe Trade Agreement] evolves and megaprojects are developed. Since 2011, over $100 million has been invested in infrastructure at the Port of Halifax.' {e-mail to ANR&P 3.Sept.14}

Will the monster ships lead to a hub and spoke?
At the same session, Peter Ladouceur, assistant vice-president, international sales and marketing of CN, commented on the appearance in recent months of 18,000-TEU containerships. “The size of ships is out of sync with the rest of the transportation chain. There is a lot of impact for all of us.” The worldwide trend of ever-larger ships to further shave unit costs is “a relentless force in globalization. What is counting is the end price to the consumer.”

Outside the session, he reported that several years ago a typical ship calling at Vancouver’s Deltaport container terminal required 3-4 freight trains to discharge all cargo. “Today, it can be up to 7 trains.” {Leo Ryan in Canadian Shipper 29.Aug.14}

Large ships in Canso?
In Nova Scotia, Maher Melford is plumping for a hub and spoke arrangement: landing the ULCVs (ultra-large container vessels) in the Strait of Canso, which can accept even the future 24,000 TEU, 16-metre draw of larger ships now on the drawing boards. The terminal would transload containers to feeder vessels for delivery to final port destination.

However, the lines now using the ULCVs continue to call at least four ports in the Far East-North Europe trade, so that one might expect the same in North America. Drewry Maritime Research reported that the average number of North European port calls per loop has remained broadly unchanged, at four per service string. As in the past, container services follow a traditional multi-port itinerary and call at about four separate North European ports. These are typically a Benelux port (Rotterdam or Antwerp), a German port, a UK port and either Le Havre or one of the second-tier European ports.

This confirms the old shipping adage that the mothership must go as close as possible to the final destination or origin of the cargo – when the local market is a large one. Shippers like this also, because direct calls avoid the risk of missed feeder connections. {Drewry Container Insight Weekly 25.Aug.14}
RAIL FREIGHT FACILITIES

Described in this issue.
American Rock Salt (CP, CCRR, NECR Vermont) Salt contracts.
Cargill (VRS, NECR, Vermont) Salt contracts.
CN Autoport (CN, Nova Scotia) Banner year?
Dragon cement (MECR, Maine) Traffic to Tresca.
Great Northern (CMQ, Maine) May not reopen.

International Marine Terminal (Pan Am, Maine) Contract awarded.
Maine Intermodal Terminal (SLR, Maine) Closed.

Sea-3 (Pan Am, New Hampshire) Negotiating to expand.
Tresca (BCLR, Massachusetts) Traffic resumes.