CN: Efforts to improve off-line car velocity label four short lines 'high-velocity lanes'.
NS-D&H: The new system will permit east-west NS manifest traffic, for New England short lines. Map.
USDOT: Calls a mysterious New York cross-harbor route a marine highway project.
GU: Propane Association support. More on operation. No joint oral argument at First Circuit.
Pan Am: International Marine Terminal track work progress.
Halifax: CN is blamed for yet another quarterly TEU downturn, but others do not fault the railway.

**CN: GETTING OFF-LINE CARS BACK**

24 April, Newport RI. **CN HAS INSTITUTED TWO EFFORTS TO SPEED UP VELOCITY TO HELP GET CARS BACK TO ITS OWN LINE.** Doug MacDonald, vice-president for industrial products, described them to the spring meeting of the North East Association of Rail Shippers.

The new efforts were created out of a CN review of the slow return of cars it owned which went off-line to other railways, and the thoughts of a group of officials on how to change that.

**1. NO MORE CARS UNTIL WE GET OURS BACK**

CN reviews its own cars stuck off-line, meaning not on the CN system. While some were held in the yards of other railways, most were held by consignees at destination. Despite demurrage charges, consignees found using the cars as warehouses was worth the cost. CN decided to address those consignees holding cars 14 days or more.

New rule: no more shipments from CN

CN decided it would not accept cars onto its system destined for the dawdling consignees “until we get our car back,” MacDonald said. “The customer base was not happy.” But after eight to ten months of implementation, “they now embrace it.”

CN recently moved the rule to 13 days, and will “move it progressively down, to around seven days.”

Shipsments are rejected via EDI.
Not an embargo
CN cannot embargo the consignee, because the consignee is not on its railway. [See, e.g., UP notifying customers it would not accept intermodal shipments for Ayer during the winter meltdown there, in 15#02B.]

However, CN does use embargoes on its own lines, noted MacDonald: “We embargo more in one month than other railroads do in a year.” The other railroad “should” embargo the tardy customer.

Notice to customers
MacDonald continued: “All customers are used to this by now. They get a notice of destinations currently under restriction, and a list of upcoming restrictions,” that is, points where consignees have held cars, and are about to fall into the 13-day restriction.

CN does have an exception process, which permits cars to move to the consignees if they can explain that the tardiness is not due to its own slowness in unloading the car. For example, this winter in New England some railways could not even reach consignees for more than two weeks due to the snow.

What about addressing other railways?
Audience members asked why CN did not discuss the problem with the railways which had the offending consignee. He responded: “Other railways do what they want. This is the only tool we have to get our car back. We are going to keep doing it.”

Positive results
When this began, CN had 400 cars held at various off-line consignees for more than 14 days, “primarily boxcars and centerbeams. After 12 months, we got that down to 60 cars.

“When we went to 13 days, we had [somewhat over] 200; that's now down to under 100.”

2. CAR ALLOCATION TO HIGH- AND LOW-VELOCITY OFF-LINE LANES
MacDonald described a second effort to increase velocity: designation of lanes, and allocation cars to those lanes. The railway reviewed its boxcar and centerbeam lanes with an eye to “how quickly equipment turned in that corridor” from the time the car went off-line until it came back online.

CN was responding to customer request for a guaranteed car supply. When CN can tell the customer how many empties it will receive in a particular week, the customer can plan to use other modes to move product.
High-velocity lanes: 15 days, guaranteed cars
Off-line lanes (lanes on other railways) in which cars turned in 15 days or fewer were designated high-velocity (high-v). All other lanes were termed low-velocity. Customers for the high-v lanes were guaranteed 100% of their car supply needs.

Low-velocity lanes: no guaranteed car supply
The balance of cars was made available to customers in the low-v lanes. CN issues an internal report [see chart] to customers which indicates which lanes are high-v, and which low.

The resulting numbers
For lumber shippers, MacDonald reported, customers in either the high-v or the low-v lanes can get 100% of their car supply – in part because CN recently added 1000 new lumber cars.

For boxcars in low-v lanes, CN can supply 96% of customer need for 50-foot cars, and 60% of 60-foot double-door cars.

He noted that the railway has “a large order of 800 boxcars, placed 18 months ago, which should start arriving in the first quarter of 2016.”

Example: Florida
Audience members noted that “there was no way a boxcar moving from Chicago to Florida can turn in 15 days.” MacDonald agreed that Florida is a low-v lane. Some of his shippers are keeping their cars on CN to Alabama, and then draying their products into Florida from there – thus maintaining their eligibility for 100% car supply. {ANR&P coverage}

High-v lanes in the Atlantic Northeast
Four of the short lines in the region qualify, as the chart shows.

Curiously, some do not: NBSR (interchange points in Saint John and Edmundston), SLQ (Richmond), CMQ (via SLQ), and Pan Am (Saint John via NBSR and Danville Junction via SLR). Editor

NS-D&H: UPDATE
23 April, Newport RI. AN UPDATE ON THE NS PURCHASE OF THE D&H SOUTH LINES was presented to the spring session of the North East Association of Rail Shippers by Doug McNeil, director of marketing for NS paper, clay, and forest products.

Date of implementation
Sometime in 3Q15, “probably not before August.”

Dispatching
From Harrisburg.

Hub
Binghamton.

Benefits to New England: manifest connections
McNeil noted that short lines such as VRS, NECR, and PW now have the ability to quote direct rates; PAS provides haulage rates. However, CP has blocked the use of this routing, as David Wulfson, VRS chief, noted in his letter of support to the STB [see 15#01B]. With CP out of the way, the short lines will be free to use the direct connection.

Moreover, noted Chad Grinnell, NS account manager for industrial products (he introduced McNeil), NS will be able to run manifest traffic directly east-west. Now, because the D&H yard in Binghamton has no
room to switch NS manifest trains, all that traffic must run first south to Enola. \{ANR&P coverage\}

**USDOT: THE MYSTERY OF THE SHORT SEA ROUTE**

27 April, DC. **US SECRETARY FOXX DESIGNATED A ROUTE EAST OF NEW YORK AS ONE OF THREE MARINE HIGHWAY PROJECTS.** According to the announcement: 'A marine highway project is a planned service, or expansion of an existing service, on a designated Marine Highway Route, that provides new modal choices to shippers of cargo, reduces transportation costs, and provides public benefits including reduced air emissions, reduced road maintenance costs, and improved safety and resiliency impacts.'

'The [East of Hudson] service is a proposed route that will provide access to origins and destinations east of the Hudson River for freight arriving and departing the Port Newark Container Terminal, further enhancing New York Harbor’s cross harbor freight network.'

A call to USDOT for more information within an hour of the announcement was not returned by publication time. The announcement failed to mention the failed effort for such a service to Bridgeport; the current study of cross-harbor alternatives to a Third Harbor Tunnel; or the TIGER-funded Portland-New York project now underway.

**The two other 'marine highway projects'**

'The Mississippi and Illinois Rivers, previously designated as the M-55 and M-35, connecting Chicago and Minneapolis to New Orleans, will serve as the primary routes for a new container-on-barge service being developed by communities along the rivers. The M-495 Potomac River Commuter Ferry Project will connect work and residential centers located along the Potomac, Occoquan, and Anacostia Rivers, providing a waterborne alternative for moving passengers and freight within the region and increase the resiliency of
existing regional transit system.' {text from USDOT}

GU: MORE ON PROPANE APPEAL

27 April, Boston. THE FIRST CIRCUIT DENIED THE MOTION TO CONSOLIDATE THE UPTON AND GRAFTON ORAL ARGUMENTS [see 15#04A]. Chief Appellate Judge Sandra Lynch wrote that whether oral argument could happen on the same day before the same panel of three judges would be decided later. {court website, case 14-2067} [If the Court so decides, that will delay the decision in the propane appeal quite a few months – the reason GU opposed consolidating oral argument. Editor]

Propane Gas Association of New England amicus brief

Jonathan Springer, counsel to the Association, filed a brief as a 'friend of the court' (amicus curiae) on 10 April. Some excerpts:

'The completion of G&U’s transloading facility at Grafton, which will handle 1,500 to 2,000 cars of propane annually, is an important and significant step in addressing these transportation issues [supplying sufficient propane to New England users]. PGANE’s members will be able to utilize the facility to serve its customers throughout New England. …

'In the winter of 2013-2014, the New England states imported approximately 87 million gallons. The use of propane is growing steadily due to its ecological advantages as stated above and because of its affordability. The facility will be handling mostly domestically produced propane with a small percentage being shipped by rail from Canada. However, should the market change, it can also be used to transload propane imported from foreign countries. Its adaptability to respond to market changes will ensure an uninterrupted supply of propane to the area. …

'The attempts by localities to intrude into matters under the exclusive jurisdiction of the Surface Transportation Board (“STB”), is significantly interfering with the distribution of a clean and affordable source of energy vital to businesses and residents throughout New England. …

[A railroad conducting transportation is not subject to local regulation.]

'It is important to note that the [Interstate Commerce Commission Termination] Act defines “transportation” extremely broadly in order to accomplish the Act’s goals; the term “transportation” includes “a locomotive, car . . . yard, property, facility, instrumentality, or equipment of any kind related to the movement of . . . property . . . by rail” as well as “services relating to that movement.” Further, “intermodal transloading and activities involving loading and unloading materials from railcars and temporary storage or materials are part of rail transportation that would come within the Board’s jurisdiction.” New England Transrail, LLC, d/b/a Wilmington & Woburn Terminal Railway – Construction, Acquisition and Operation Exemption – In Wilmington and Woburn, MA, STB Finance Docket No. 34797 at 10 (July 10, 2007).

'Lastly, the Act defines “railroad” broadly as well, to include a switch, spur, track, terminal, terminal facility, freight depot, yard or ground, used or necessary for transportation. US Environmental Protection Agency – Petition for Declaratory Order, STB Finance Docket No. 35803 (December 30, 2014). …

'It is clear that the evidence submitted by G&U was more than adequate to support the STB’s conclusion that it was G&U, and not the Propane Companies, that would be constructing, operating and financing the transload facility. It should be noted that PGANE has many resources within the propane industry that could potentially be utilized by G&U to help in the operations of the facility. Further, PGANE offers training for employees in operating bulk transfer facilities through its “certified employee training program”. To the extent that G&U wishes to avail itself of membership, expertise and training, PGANE could so assist.' {court website, case 14-
Latest Jon Delli comments
When he took over the GU, Jon Delli Priscoli said, he faced a lot of deferred maintenance, and the railroad was delivering products for just two accounts.\(^1\) By investing "multimillions" into the track infrastructure and purchasing land along the track to build transloading stations in Upton, Hopedale and Grafton, Delli Priscoli has increased rail activity by adding customers in Upton and Hopedale. He is also planning to upgrade track on the line's last leg, from Hopedale to Milford.

Currently a transload business
GU delivers direct to only one customer: Washington Mills. GU owner Jon Delli Priscoli noted it operates a transload and warehouse operation in three locations.

Upton. Liquids for industrial users, as well as wood pellets for heating.

Hopedale. Sheetrock, soil, and forest products.

North Grafton. Here GU is building the propane transload. “Demand is very, very strong for this service so we are building a state-of-the-art facility that is being built to the highest standards.” He underscored it will not store propane: The four tanks hold enough propane to keep pace with the demand from trucks that arrive to load up the fuel.

Propane and other potentially hazardous materials are being loaded and transported at numerous locations across the state. “The fact is, all facilities are near something.” {Emily Micucci in Worcester Business Journal 27.April.15}

HALIFAX: 1Q15 SHOWS ANOTHER DECLINE
23 April. WHO OR WHAT IS CAUSING THE DECLINE IN TRAFFIC? The Halifax Port Authority released its 1Q15 statistics: TEUs are down 8.6% compared to 1Q14 and down 14.4% in container cargo tonnage compared to 1Q14.


Port barely afloat while other ports are growing
Kevin Piper, president and business agent for ILA Local 269 in Halifax, has pointed the finger at CN as the main reason for continued declines in container cargo at the Port of Halifax.

“I have said it a number of times that sooner or later the stakeholders in the Port of Halifax all have to get together and find out why Halifax, right now, is the only major port on the East Coast that is showing declines,” Piper said. “Everyone else is growing. Baltimore last quarter showed double digit gains. New York had one of their biggest months recently. Montreal is growing and even Saint John is seeing a boom. Halifax is treading water with bricks in our pockets. We are afloat but everyday that water is getting a little closer to our mouths to take us under.”

Blame to CN
Piper said it his opinion that CN is much to blame for the cargo decline citing poor service. “CN has made it increasingly hard in Halifax. We used to pride ourselves in cargo movement. Our cargo was on the rail and on the way to its destination even before the ship left Halifax.

“It wasn’t that long ago when I worked at Ceres we would stockpile little or nothing on the pier. CN

\(^1\) Washington Mills in Grafton and, via a crossdock at the interchange, Weetabix in Clinton [see 11#06B].
ATLANTIC NORTHEAST RAILS & PORTS – e-bulletin (q)

would shunt us empty cars all day long. Now CN has what they call a car allocation program. What they try to do is bring only full cars in, hauling export containers. But the problem is Halifax is heavily overweighed with import cargo compared to export. So we are stockpiling.

“Over the past winter at its peak, they had containers on the pier with 25 days dwell time. They had about 60,000 or 70,000 feet of grounded import on the pier at Ceres alone,” he said.

Piper also referred to CN’s problems during the winter moving imported cars from its Autoport in Eastern Passage [see 15#03A]. The winter weather wasn’t the main problem; it was the fact CN didn’t bring in enough cars to move the vehicles out. “So they got buried under the snow.”

One carrier may leave
ACL, a major carrier in Halifax for the past 40 years, “is looking long and hard at whether or not they will stay,” said Piper. “We made major concessions in our pension plan for them but whose to say that will be enough to keep them here.” ACL plans to drop two ports and add a southern port. Halifax, he said, is considered to be one of the two ports to go.

“So there is lots of concern. ACL does about 20 % of the business that goes through the port. We don’t see things getting better. We don’t see a light at the end of the tunnel. We actually think things could get potentially worse. If we drop a major customer then Halifax is going to be in a bad way,” he said. {Discussion with ANR&P correspondent Tom Peters 23.April.2015}

CN had no comment on any of Piper’s views. {Mark Hallman in discussion with Peters, 24.April.2015}

Ceres official backs CN
Ceres senior vice-president in Halifax, Calvin Whidden, said only the shipping lines really know why they are not bringing as many boxes into the port. And he was quick to note that Piper’s criticism of CN not supplying enough cars “is a pretty simple view. CN had cars frozen in their yard for over a month. We had a track of rail frozen here for a month and a half. There was 10 to 12 inches of ice around the wheels of cars, it was just incredible. We had 100 centimetres of snow in four days so just to say let’s forget all that and just blame CN, is a bit one-sided.”

The Ceres spokesperson said his terminal handles more import than export cargo and said CN was supplying enough cars until the harsh winter weather set in. “We both had a hard time from getting out from under it, but we did get it cleared up. They did supply records amounts of cars and in days. We are now back on track so I think it is an unfair comment by Kevin.”

Whidden: other factors
Whidden, however, did point to a couple of factors that cost or are causing Halifax lost business. The congestion at ports on the U.S. West Coast became a Halifax issue. “We lost cargo because some vessels (PA1 service) were tied up in LA so long they got way off schedule and Halifax and other ports down the East Coast were dropped on certain runs. The whole shipping cycle calling LA was all messed up.”

Whidden suggested, as well, that Halifax is losing its competitive edge. “It’s only speculation on my part but other ports, primarily Norfolk and New York, have solved most of the issues that gave Halifax an advantage. They have closed the gap. They have reduced their costs, improved efficiencies, got on-dock rail, deepened their harbours, and now New York is raising the Bayonne Bridge. New York also has a Canadian cargo initiative to get Canadian cargo. This port (Halifax) is in a fight for the business it has and to get new business. New York is very competitive, so is Montreal, and they are growing and we are not.”

On Piper’s fear about ACL, Whidden noted the carrier is a major customer at the Ceres terminal and he is well aware of the ACL situation. “I have heard lots about ACL leaving but we have not heard officially from ACL if they staying or going,” but he does feel they will stay in Halifax. {Discussion with Peters 24.April. 2015}

Port cites weather
Halifax Port Authority’s Lane Farguson said the authority recognizes “these are not good numbers [the Q1
The port community has been struggling because of weather. On the plus side there is now a built in incentive of 20% on US exchange rates and a cost decline in bunker fuel. So we are hopeful (these will help).”

Farguon said the port authority also continues to pursue opportunities in Asia and other regions plus has
sees potential in the upcoming Comprehensive Economic Trade Agreement with the European Union.
{Discussions with Peter 23.Apr.15}

**PAN AM-PORTLAND: IMT UPDATE**

24 April, Portland. **CONSTRUCTION OF THE INTERMODAL TERMINAL CONTINUES**, with an announced completion date of this summer. Shaw Brothers, the general contractor, has graded much of the new roadbed, while Maine Track Maintenance has positioned track materials [see photo].

HNTB’s Craig Morin, who has led the engineering, explained: 'The berms are temporary soil storage for use at a later time when and if additional fill material is needed to level undeveloped areas of the terminal, railroad right of way, or adjacent properties. Mulch is placed atop the berms to prevent erosion during this interim period.' {e-mail to ANR&P 27.April.15}
Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

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

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