**Pan Am-NET:** New England Transrail asks the STB to resume consideration of its ‘freight village’.*

**Massachusetts ports:** Seaport Advisory Council becomes Seaport Economic Council.*

**NEW HAMPSHIRE**

**Pan Am:** Temporary propane terminal in Portsmouth Yard. *Map.++*

**Pan Am:** Sea-3 plans before state committee.*

**NHDOT-NECR-CRR:** NHDOT signs off on sale of Claremont section; will transfer operating rights.*

**Box on history of White River Junction ownership.**

**RHODE ISLAND**

[No report.]

**VERMONT**

**VAOT:** Road salt awards.

**VAOT:** Calls on STB to set reasonable rates.

**MARITIMES**

**CBNS:** Last engines. Committee reports delayed.

**CN-Belledune:** Parti Quebecois opposes crude oil through the province.*

**CN-Saint John:** Irving Oil stops Bakken traffic, will start two-month rebuild. *Box on oil prices.*

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**FROM THE PUBLISHER**

Watching as hope for crude traffic dies, propane encounters resistance, coal disappears, and the classic Maine paper mills shrink.

- Chop Hardenbergh

Next formal issue 15 Sept.
**REGIONAL**

**PAN AM PROPANE TERMINALS**

**PAN AM WILL ADD TWO TERMINALS THIS YEAR TO ITS COUNT OF EIGHT,** to make ten. On 13 February, Pan Am President David Fink told a Portland meeting that Pan Am had “opened six terminals in the last two years. Five years ago we did 800 cars, now we do 10,000.” {15#02B Regional}

According to the count shown in the map in 15#01B of all propane terminals in New England, Pan Am serves six directly, and two indirectly.

In the list below, # shows the four on-line since 1 January 2013. If one counts the two to come on line this year, that would make the six to which Fink referred.

Currently serves directly.
Amerigas Plainville 2003 {03#10B}
#Amerigas South Portland at least in 2014 {15#01B}
#Plains LPG in Claremont, started 2013 {13#12A}
NGL(Energy USA), Portland at least before 2004 {04#12A}
Sea-3 in Newington, opened 1975 {14#08B}
#CHS, Biddeford, constructed 2012 {15#012B}

Currently serves indirectly.
Eastern Propane, Rochester. Returned to rail in 2003, exited Sea-3 {03#01B} NHN-served.
#Dead River, Riverside, 2013 {15#02B} VRS-served.

**Coming on line in 2015**
Inland Fuels, Terryville [see Connecticut]
?, Portsmouth [see New Hampshire]

**Formerly served**
In the Directory of Rail Freight Facilities from 2006, Pan Am served six smaller facilities which now either no longer use rail or are closed.

**Suburban Propane**
- East Augusta
- Portland, Thompson’s Point
- Milford NH
- Portland, Bishop Street Extension (was MainGas, which joined Suburban Propane as of August 2012)
- Fairfield (was MainGas)

**Others**
Columbia Propane, Lewiston
Dead River, Terminal Street Westbrook

**How served**
The Maine, Sea-3, and Eastern terminals are served from Portland, if the propane arrives on CSXT. CSXT creates two blocks for Pan Am Railways traffic: one Ayer block, and one Portland. Anything for east of Ayer is in a Portland block. First, that avoids traveling over PAS, which for revenue accounting is a separate railroad; second, CSXT limits the number of blocks it makes for interchange; and third, it avoids using Lawrence or another intermediate point for classification. The cost to run a switcher from Portland back along the route is less than to operate another classification yard. {GuilfordRailSightings e-list}
PW: 2Q15*

12 August, Worcester. A CARLOAD INCREASE AND OTHER REVENUE INCREASE, LESS A DROP IN CONTAINERS, led to a net increase in operating ratio versus 2Q14, PW announced this day.

Operating revenue in the second quarter of 2015 was $9.3 million, consistent with the second quarter of 2014.

Conventional carloads up, per car revenue down
"The Company’s conventional carloads increased by 952 (9.7%) to 10,780 in the second quarter of 2015 from 9,828 in 2014. The majority of the increase was attributable to shipments of automobiles and metal and construction products. This increase was offset in part by a decrease in the shipments of chemicals (including ethanol). The 7.9% decrease in the average revenue received per conventional carload is due to a shift of the mix of commodities, decrease in fuel surcharge revenue, as well as some rate changes.'

Containers down 18.2%
"The decrease in container freight revenues is mainly the result of an 18.2% decrease in traffic volume. Container traffic volume decreased by 997 containers to 4,475 containers in the second quarter of 2015 from 5,472 containers in 2014. The reason for the decrease is [as a result of more international freight being transloaded at the West coast ports to domestic containers].

Lower 'other'
"The increase in other freight-related revenues results from an increase in miscellaneous operating revenue while the decrease in other operating revenues reflects a decrease in maintenance department billings for services rendered to freight customers and other outside parties.'

Operating Expenses
Operating expenses for the second quarter of 2015 increased by $10 thousand to $8.41 million from $8.40 million in the second quarter of 2014. The increase is attributable mainly to increases in payroll related expense ($97 thousand), casualty related expense ($105 thousand), car hire expense ($299 thousand), and track usage fees ($168 thousand). These increases were offset in part by decreases in purchased services ($388 thousand), repairs and maintenance expense ($173 thousand), and other expenses ($128 thousand) due to less bad debt expense related to the plant closure of a customer. The decrease in purchased services and track and signal materials expense was attributable to less work performed by the Company’s Maintenance of Way department for various state agencies. The decrease in recovered costs relates to the same reason.'

Operating ratio
PW made money in the quarter: $19,000. That compares with losing $164,000 in 2014. The operating ratio was 99.8% a vast improvement over 2012’s 110.9% for 2Q12.

Due to the Amtrak and 'other income' the company had an overall income of $930,000 before taxes. {10-Q report for 2Q15}

CSXT v PAN AM: CASE SETTLED*
14 May, Boston. CSXT DISMISSED ITS CAR REPAIR COSTS SUIT this day [please excuse the late report – editor]. CSXT stated to the US District Court: 'The defendant’s stipulation or assent is not necessary as it has not answered or served a dispositive motion. The parties have resolved substantial aspects of the claims, but not all potential or pending claims therein due to their continuing relationship across various segments.'

The case was filed for $160,000 in December 2014 [see 14#12B]. {court website, docket no. 14-cv-14748}
QUEBEC

CMQ: NO IMPENDING DISASTER

12 August, Hermon, President John Giles wrote an 'Open Letter to the Town of Megantic' about the safety of the railway:

August 12, 2015

To the Citizens of Lac Megantic,

Since early May of this year, well-intended but misguided individuals have issued a continuous stream of urgent warnings predicting imminent disaster on the Central Maine & Quebec Railway (CMQ). Alleged problems with CMQ's rails, bridges, culverts and more have been cited, photographed and circulated again and again. And what do we know about these "cries for help"?

Based on a report from a third-party engineering firm, under observation of Transport Canada and working in collaboration with our professional in-house engineering forces, and witnessed by executives from the town of Lac-Mégantic, we have confirmed that our track is safe.

For this reason, and to dispel other ongoing mistruths, I thought an open letter to the community would be helpful. Without apologies to our vocal detractors, I have begun to call these myths:

Myth No. 1
That CMQ, like many or all businesses (depending on your particular point of view), is a largely selfish organization, unable or unwilling to make the concessions and promises needed to honor the social compact that we entered into with the town of Lac-Mégantic in June of 2014.

The Reality: CMQ has worked to develop a strong, respectful, and caring relationship with the leaders of Lac-Mégantic. We take great pride in this ongoing, cooperative effort, and are committed to that journey. I don't know of a single instance where your leaders have brought an issue to our attention that we haven't addressed immediately. We have lived up to and honored every single element of the social compact put into place with Madame LaRoche, and we have done it to the best of our ability and with the correct spirit and attitude.

We will continue to engage with your elected and appointed leaders. You should be proud of their professionalism and dedication to the citizens of Lac-Mégantic.

Myth No. 2
That CMQ and Fortress, after purchasing the former assets of MMA, made financial promises and commitments to the town of Lac-Mégantic and to Transport Canada that they have failed to live up to, and that the railway is in as bad a shape today as when we purchased it.

The Reality: It has been well-documented that the railway was in poor physical condition in June of 2014, and was in a state of uninterrupted decline. Since June of 2014, as promised, we have invested in excess of $22 million dollars into our railway, arresting this physical decline, and have improved the track and infrastructure immensely. Third-party engineering firms, our own track professionals, and Transport Canada can attest to the noticeable and visible improvements.

We are now the proud owners of a solid and improving railway, capable of moving freight safely and effectively at 25 m.p.h., which was our objective. The days of a broken-down train, lumbering across Quebec at 10 m.p.h. are gone. We will, however, continue to operate through your community at 10 m.p.h as requested and outlined in our social compact.

But it is not just about ties and rails; we have invested time, attention, and resources into retraining, recruiting, and developing capabilities and a correct spirit within all of our employees. Their tasks are critically important to all stakeholders, and they must come to work every day poised to perform their jobs as professionals. Like any responsible railway operator, we will continue to invest in the best training available as well as continue to invest in our infrastructure as needed and where needed.

Myth No. 3
That sometime in early January 2016, the self-imposed embargo of crude oil will be lifted and oil trains will be queued up at Nantes and ready to roll through town.

The Reality: There are no plans to restart movements of crude oil through the town of Lac-Mégantic at this time. As far as I can determine, there is currently not great demand to move crude on CMQ's lines. But, things change all the time, so
here is my commitment to you: if things do change, I will come to the town, as I have done in the past, and meet with you and your leaders to discuss this possibility.

It is my sincere hope that this letter is received in the positive and cooperative spirit in which it is intended – with openness, honesty and continued partnership with the railway and the leadership and citizens of Lac-Mégantic.

Sincerely,
John E. Giles, resident & CEO Central Maine & Quebec Railway {text from CMQ}

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**CONNECTICUT**

**PAN AM: NEW CUSTOMER READY**

26 August, Terryville. THE NEW INLAND FUEL TERMINALS PROPANE FACILITY IS “DONE”, said Hillel Weisel, director of sales and marketing. “We're finishing up the final touches, and getting ready to go.” He participated in safety training earlier this day.

**Volumes**

Weisel, while declining to specify a definite number of cars, said in 2015 he expected more than 100, and in 2016 over a thousand cars. “We've already sold product through the terminal” and cars are enroute.

**Track contractor**

“The federal government inspected the track and found it fine,” he said. John Ogren of Northern Rail Services is “highly recommended and we would use him again. He can work. The man knows how to lay track.” {ANR&P discussion}

**Track**

While Ogren completed the track work in the terminal, Pan Am was installing a new switch at the east (compass north) end to make the spur double-ended. Though the switch is not complete, cars can still be switched into the terminal from the west (south) end. {e-mail to ANR&P from Ogren 27.Aug.15}

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**MAINE**

**MDOT-MERR: ROCKLAND BRANCH ++**

26 August, Augusta. MDOT WILL DECIDE 'LIKELY NEXT WEEK' on which of the two applicants will become the operator of the Rockland Branch in 2016, wrote Nate Moulton, rail chief. {e-mail to ANR&P} [see
CMQ one bidder
President John Giles wrote on 21 August: 'Yes. We did bid on it. Always pleased and excited to try to help the great State of Maine and ideally make a few dollars.' {e-mail to ANR&P}

A clue that MERR is the other bidder
The Railroad Retirement Board operates a jobs page. It lists four positions for MERR in Rockland with a closing date of 13 October: diesel mechanics, track workers, signal maintainers, and locomotive engineers. {website}

But Chuck Jensen, vice-president and chief operating officer of Morristown & Erie, said: 'We cannot comment on what projects we do or do not bid on. That would be up to the state to comment on.' Asked about the job postings, he wrote: 'We are always looking at the labor pool to see who might be out there with the talents that we need to operate our company.' {e-mails to ANR&P 28.Aug.15}

MAINE DOT ROAD SALT 2015*
27 August, Augusta. HARCROS CHEMICALS WON ALL DOT BIDS EXCEPT REGION 1 (where it did not bid) with bids two or even three dollars below the nearest bidder [see box].

<table>
<thead>
<tr>
<th>Vendor</th>
<th>AREA</th>
<th>Bid per ton</th>
<th>Est tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morton Salt, Inc.</td>
<td>(Maine DOT SALT)</td>
<td>$62.91</td>
<td></td>
</tr>
<tr>
<td>Eastern Salt company Inc.</td>
<td>AREAS REGION 1)</td>
<td>$65.35</td>
<td></td>
</tr>
<tr>
<td>CARGILL INC</td>
<td></td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>HARCROS CHEMICALS</td>
<td></td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>New England Salt Co., LLC</td>
<td></td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Estimated use Area 1</strong></td>
<td></td>
<td>13601</td>
<td></td>
</tr>
<tr>
<td>HARCROS CHEMICALS</td>
<td>(Maine DOT SALT)</td>
<td>$61.18</td>
<td></td>
</tr>
<tr>
<td>Morton Salt, Inc.</td>
<td>AREAS REGION 2)</td>
<td>$63.61</td>
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<td>New England Salt Co., LLC</td>
<td></td>
<td>$71.25</td>
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<tr>
<td>Eastern Salt company Inc.</td>
<td></td>
<td>$72.35</td>
<td></td>
</tr>
<tr>
<td>CARGILL INC</td>
<td></td>
<td>$0.00</td>
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</tr>
<tr>
<td><strong>Estimated use Area 2</strong></td>
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<td>17370</td>
<td></td>
</tr>
<tr>
<td>HARCROS CHEMICALS</td>
<td>(Maine DOT SALT)</td>
<td>$71.32</td>
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<td>Morton Salt, Inc.</td>
<td>AREAS REGION 3)</td>
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<td>$77.30</td>
<td></td>
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<td>Eastern Salt company Inc.</td>
<td></td>
<td>$78.50</td>
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<td>CARGILL INC</td>
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<td>$0.00</td>
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<td><strong>Estimated use Area 3</strong></td>
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<td>HARCROS CHEMICALS</td>
<td>(Maine DOT SALT)</td>
<td>$63.70</td>
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<tr>
<td>Morton Salt, Inc.</td>
<td>AREAS REGION 4)</td>
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<td>Eastern Salt company Inc.</td>
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<td>CARGILL INC</td>
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<td>$0.00</td>
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<tr>
<td>New England Salt Co., LLC</td>
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<td>$0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Estimated use Area 4</strong></td>
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<td>24050</td>
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<tr>
<td>HARCROS CHEMICALS</td>
<td>2 Augusta capitol complexes</td>
<td>$64.84</td>
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<td>New England Salt Co., LLC</td>
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<tr>
<td>Eastern Salt company Inc.</td>
<td>(not DOT but Bureau of General Services)</td>
<td>$70.60</td>
<td></td>
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<td>Morton Salt, Inc.</td>
<td></td>
<td>$71.19</td>
<td></td>
</tr>
<tr>
<td>CARGILL INC</td>
<td></td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Estimated use Capitol</strong></td>
<td>500 tons (not in DOT total)</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL ESTIMATED USE MDOT 73071
(add unbid region 5 at) 19240
                                92311

Region 5
This was not put out to bid; the contract was extended from 2014 with Cargill.

Municipalities
New England Salt won a majority of the municipal salt supply bids [subscribers may request a table of bids - editor]. The other four suppliers bid on many municipalities. {tables from Donny Crockett of MDOT 27.Aug.15}
MAINE TURNPIKE ROAD SALT 2015*
1 July, Portland. *EASTERN SALT WON ALL LOCATIONS FOR THE MAINE TURNPIKE SALT PILES.* {e-mail from Nathaniel Carll, purchasing manager 27.Aug.15}

MMA MAINE: OKAY TO ABANDON TIE PILES*
18 August, Portland. *THE US BANKRUPTCY COURT OKAYED THE ESTATE LETTING GO THE 5.5-ACRE PARCEL* in Hermon, containing creosoted ties [see 15#08A].

The bankruptcy estate and the Maine Department of Environmental Protection agreed that MDEP could claim from the estate expenses related to testing or other remediation work up to $15,000.

The motion does not specify who would receive the property, but does state the 5.5-acre parcel may be subject to mortgages from both the Federal Railroad Administration and the Maine Department of Transportation. {Darren Fishell in *Bangor Daily News* 19.Aug.15}

### Maine Turnpike Authority
#### 2015-2016 Road Salt Bid Results

<table>
<thead>
<tr>
<th>Location</th>
<th>Eastern Salt</th>
<th>Morton Salt</th>
<th>Granite State Minerals</th>
<th>Cargill Deicing Technology</th>
<th>Harcros Chemicals, Inc.</th>
<th>2014-2015 Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>York</td>
<td>$60.94</td>
<td>$62.78</td>
<td>$79.32</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$55.86</td>
</tr>
<tr>
<td>Kennebunk</td>
<td>$60.94</td>
<td>$63.70</td>
<td>$77.54</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$57.25</td>
</tr>
<tr>
<td>So. Portland</td>
<td>$60.94</td>
<td>$65.29</td>
<td>No Bid</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$57.56</td>
</tr>
<tr>
<td>Gray</td>
<td>$60.94</td>
<td>$65.34</td>
<td>No Bid</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$59.07</td>
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<tr>
<td>Auburn</td>
<td>$62.66</td>
<td>$67.16</td>
<td>No Bid</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$60.42</td>
</tr>
<tr>
<td>Litchfield</td>
<td>$67.71</td>
<td>$72.47</td>
<td>No Bid</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$64.29</td>
</tr>
<tr>
<td>Gardiner</td>
<td>$65.18</td>
<td>$73.34</td>
<td>No Bid</td>
<td>No Bid</td>
<td>No Bid</td>
<td>$62.95</td>
</tr>
</tbody>
</table>

**Apparent Low Bid**

PAN AM: TWO PAPER MILL REDUCTIONS ++
20 August, Memphis. *VERSO ANNOUNCED IT WOULD CLOSE THE #2 PAPER MACHINE AND THE #1 PULP DRYER IN JAY.* It is also ‘indefinitely idling its mill in Wickliffe, Kentucky. Together, these actions will reduce Verso's [annual] production capacity by 430,000 tons of coated paper and 130,000 tons of dried market pulp. Verso [a publicly-held corporation] intends to implement these capacity reductions beginning in the fourth quarter of 2015. …

Maine actions in 4Q15 and 1Q16. 'The shutdown of the No. 1 pulp dryer and the No. 2 paper machine at the Androscoggin Mill will reduce Verso's [annual] production capacity by 150,000 tons of coated paper and 100,000 tons of dried market pulp. In addition, to help mitigate the high energy and other operating costs in Maine and to make the Androscoggin Mill more competitive in the future, Verso will optimize the mill's pulp, power, and recovery assets. The optimization efforts are expected to take place in the fourth quarter of 2015 and the first quarter of 2016 [cutting 300 workers in Maine].

'The Wickliffe Mill has one machine with the capacity to produce 280,000 tons of coated paper and 30,000 tons of dried market pulp.'

**The machine count in Jay**
When built by International Paper in 1965, the mill had five paper machines.
<table>
<thead>
<tr>
<th>Machine #</th>
<th>changes</th>
<th>product/capacity in tons per year</th>
<th>citations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>converted to pulp dryer 2005</td>
<td>market pulp 130,000</td>
<td>05#09A</td>
</tr>
<tr>
<td>2</td>
<td>shuttered 2015</td>
<td>coated paper 150,000</td>
<td>15#08B</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>coated paper 150,000</td>
<td>Lockwood Post Directory</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>coated paper 200,000</td>
<td>Lockwood Post Directory</td>
</tr>
<tr>
<td>5</td>
<td>12-year Thilmany LLC deal in 2005</td>
<td>popcorn bags 30,000</td>
<td>10Q 3Q07</td>
</tr>
</tbody>
</table>

Kathi Rowzie, Verso spokesperson, wrote that three machines [in red] will remain in operation: No. 3, No. 4 and No. 5.

Reasons
'Verso's decision to reduce its production capacity was driven by several factors. North American coated paper demand is in secular decline, down 4.7% in the first half of 2015, following declines of 3.4% and 4.3% in 2014 and 2013, respectively, according to the Pulp and Paper Products Council. The effects on U.S. producers have been made significantly worse by a change in the net trade balance due to the strengthening of the U.S. dollar relative to foreign currencies, which has resulted in increased foreign imports from Asia, Europe and Canada and decreased U.S. exports.

Maine: cost of energy and taxes. 'In addition, high operating costs in Maine, especially high energy costs and local property taxes, were contributing factors.' {Verso announcement}

Loss to Pan Am?
Rowzie wrote: 'At this time, none of the Androscoggin Mill’s wood supply is transported by rail. All of our rail use is for other raw materials coming into the mill and box cars of products being shipped out. In the coming weeks, we will be coordinating with our vendors and the railroad to determine what the impacts of the announced production capacity reduction will be on Verso’s rail use.' {e-mail to ANR&P 20.Aug.15}

31 August, Lincoln. LINCOLN PAPER AND TISSUE LLC WILL SHUT DOWN ONE OF THREE TISSUE-MAKING MACHINES and lay off 20 to 25 workers laid off indefinitely within the next few days.

Mill co-owner Keith Van Scotter declined to comment Monday on the mill’s plans for the No.6 machine, but state labor department officials said they had notice of the layoffs.

The mill sometimes halts production for maintenance and backlog management. A 10-day shutdown occurred in September 2014; management “sent people home,” Van Scotter said at the time.

In February 2015 Lincoln finished nearly $10 million in internal improvements with the startup of a new $6 million turbine and condenser system. {Nick Sambides in Bangor Daily News 31.Aug.15}

Impact on Pan Am
Except for the occasional chemical car, Pan Am no longer serves the mill, which lies on the Mattawamkeag subdivision which has slow orders to 10 miles per hour. {Pan Am speed restriction summary 2 August 2015}

PORTLAND: COLD-STORAGE COMPETITION
31 August, Augusta. THE MAINE PORT AUTHORITY ANNOUNCED THAT AMERICOLD LOGISTICS LLC WON THE BID TO DEVELOP THE SITE, partnering with Eimskip, over the only other bidder, a consortium headed by Eastern Impact. Americold already has many customers in Maine at its older 150,000SF cold-storage facility on Reade Street in Portland.

State officials said the modern warehouse, also 150,000SF, would use robotics systems, and store food items in segregated areas cooled to a range of preferred temperatures. The Reade Street facility is used...
primarily for frozen food, while the new warehouse will focus on refrigerated food.

The proposal is comprehensive, said John Henshaw, executive director of the Maine Port Authority. “It really covered all the bases. It demonstrated a knowledge of the market.”

Yucaipa Cos., a private equity firm based in Los Angeles, owns Americold. Two Yucaipa investment funds own 25.3% of Eimskip, according to Eimskip’s 2014 annual report [see 15#07A and 13#05B].

**Advantage to Eimskip**

While Eimskip now stores some of its imported seafood at the Americold facility on Reade Street, the company trucks most of its fish to cold storage warehouses in the Boston area. The waterfront facility will keep that fish to stay here, where local fish processors can add value, said Keith Goldsmith, chief commercial officer at Americold.

He noted that from Portland, products can then be shipped directly to customers. The warehouse’s waterfront location means its customers will have the choice to ship products on highways via a truck, across the Atlantic Ocean on a container ship or across the continent on a freight train. The facility gives the IMT the same logistics infrastructure, although on a smaller scale, as major East Coast ports that are more congested.

Michelle Brooks, general manager of the Americold facility on Reade Street, will manage the new warehouse. Brooks’ father, Frank Wagner Jr., was a superintendent at Americold when it opened in 1952 and later became general manager, retiring in the late 1980s. {Tom Bell in Portland Press Herald 31.Aug.15}

**Progress at the site**

Located adjacent to the expanded International Marine Terminal on West Commercial Street, workers continue to improve the complex. Track is in place, the concrete pad next to it is nearly done, attractive security fencing now stands. {ANR&P on-site visit}

**Moving NGL**

NGL Supply Terminal occupies some of the warehouse site [see map]. Per spokesperson Kevin Fitzgerald, moving
to its potential new location at Pan Am's Rigby Yard in South Portland is “still a work in progress.” But NGL will not move to Portsmouth, he said. {ANR&P discussion 26.Aug.15}

No comment yet from Eastern Impact
Brice Soucy of Eastern Impact, the other bidder, wrote on 1 September: 'Un fortunately I am unable to provide comment at this time as we have not been able to obtain any information pertaining to the Proposal review process. All the best, we will be happy to be in touch once this information becomes available.' {e-mail to ANR&P}

MASSACHUSETTS

MASSDOT-PAN AM: ADAMS BRANCH ++
14 August, DC. PAN AM HAS FINALLY REACHED A DEAL WITH MASSDOT TO SELL THE ADAMS BRANCH, according to a MassDOT filing at the STB [see 14#11B].

'Pursuant to 49 C.F.R. §1150, the Massachusetts Department of Transportation ("MassDOT"), considered by the Board to be a non-operating passenger rail common carrier by virtue of its possession of as-yet-unexercised interstate passenger service† [see other article] hereby files this verified notice of exemption to acquire from Pan Am Southern certain railroad assets comprising the so-called "Adams Branch" extending from Engineering Station 739+20 in Adams, MA, and Engineering Station 981+45 in North Adams, MA.

'The rail line segment, a distance of approximately 4.6 route miles, ... MassDOT proposes to acquire … subject to PAS' s retention of a permanent, exclusive freight operating easement. MassDOT will not acquire the right, nor will it have the ability, to provide rail common carrier service over the Railroad Assets.'

MassDOT seeks not to be a carrier
'The agreement governing the subject asset sale and post-transaction railroad operations preclude MassDOT from interfering materially with the provision of railroad common carrier service over the Railroad Assets. Accordingly, MassDOT is concurrently filing in this docket a motion to dismiss this notice of exemption in keeping with the legal construct first enunciated in Maine DOT-Acq. Exempt. - ME Central R. Co., 8 I.C.C.2d 835 (1991) ("State of Maine") and later applied and clarified in numerous subsequent agency decisions involving other rail asset transactions. The exemption-notice-and-motion-to-dismiss process that MassDOT has invoked here will allow the Board to determine in advance of MassDOT's acquisition of the Railroad Assets that the transaction, as structured under the governing agreements, does not require Board authorization pursuant 49 U.S.C § 10902, or, as is the case here, the related class exemption. …

'However, under the terms of the governing agreements, MassDOT will be entitled to conduct entirely intrastate passenger rail excursion service over the Railroad Assets, which excursion operations are outside of the scope of the Board's jurisdiction.'

Closing in escrow
'Although the subject transaction could be consummated at the parties' discretion as of September 13 [30 days

† See Massachusetts Department of Transportation-Acquisition and Operation Exemption- Certain Assets of Housatonic Railroad Company, Inc., Docket No. 35866 (STB served May 22, 2015) ("MassDOT-Housatonic"). As noted in 15#05B, the Board has left in the hands of MassDOT whether it wants to acquire passenger rights in the HRRC line. It is unclear why MassDOT believes the STB holds that MassDOT has completed the transaction.

The 22 May decision, footnote 9, stated: 'Consistent with Board precedent, MassDOT would be required to excise the acquisition of passenger rights from the transaction, not just the notice, in order to avoid becoming a common carrier. In the event that MassDOT has consummated the transaction prior to the issuance of this decision, MassDOT is directed to notify the Board if MassDOT intends to excise the acquisition of passenger rights from the transaction, and indicate its timeframe for doing so.'

HRRC stated that it did sell the line to MassDOT on 5 January [see 15#02B].
after filing the Notice - editor], MassDOT and PAS have agreed as part of this transaction to an escrow arrangement which will hold the purchase price for the assets and the Deed and other documents related to the conveyance of the Railroad Assets, pending a Board decision on the simultaneously-filed motion to dismiss. This "closing in escrow" arrangement will accomplish the commitment of state funds authorized to be expended before the end of MassDOT's fiscal year, which ended prior to the date that the Board may be expected to act on MassDOT's motion to dismiss.'

**Request for expeditious action**

On 31 August, MassDOT filed three letters of support seeking 'expeditious handling.' Excerpts:

'[Berkshire Scenic Railroad and Museum] respectfully requests that this transaction be approved as expeditiously as possible to permit BSRM to begin passenger excursion operations as soon as possible for the remainder of the Summer and Fall tourism season.'

'The City of North Adams respectfully requests that this transaction be approved as expeditiously as possible to permit BSRM to begin passenger excursion operations as soon as possible for the remainder of the Summer and Fall tourism season.'

'The Town [of Adams] respectfully requests that this transaction be approved as expeditiously as possible to permit BSRM to begin passenger excursion operations as soon as possible for the remainder of the Summer and Fall tourism season.'

Robert A. Wimbish and Thomas J. Litwiler of Fletcher & Sippel LLC filed the Notice and Supplement. {STB website, filings page, Docket No. FD 356943}

**MASSDOT-HHRC: NO NEXT STEP**

21 August, Old Lyme. **MASSDOT HAS NOT CONTACTED HRRC ABOUT THE PASSENGER RIGHTS IT ACQUIRED ON THE HRRC LINE**, said HRRC Vice-president Ed Rodriguez. The sequence of events:

In October 2014, MassDOT filed with the STB a Notice of Exemption to acquire the HRRC assets but not the freight rights or the passenger rights; it wants to hold the passenger rights in suspension. On 24 December 2014 [see 14#12B], the STB okayed the acquisition of the freight rights but not the passenger rights, and gives MassDOT a chance to amplify the record.

MassDOT closed on the transaction on 5 January 2015.

MassDOT filed information on 5 March saying it did not intend to acquire immediate passenger rights [15#02B].

In a 22 May 2015 decision [see 15#05B], the Board declared that MassDOT has become a common carrier. Footnote 9 of that decision stated: 'Consistent with Board precedent, MassDOT would be required to excise the acquisition of passenger rights from the transaction, not just the notice, in order to avoid becoming a common carrier. In the event that MassDOT has consummated the transaction prior to the issuance of this decision, MassDOT is directed to notify the Board if MassDOT intends to excise the acquisition of passenger rights from the transaction, and indicate its timeframe for doing so.'

Thus as of 22 May, the Board was unaware [at least officially – it does subscribe to this newsletter – editor] that the transaction was consummated.

On 14 August in a filing on the Adams Branch [see other article], MassDOT stated: "[T]he Massachusetts Department of Transportation ("MassDOT"), considered by the Board to be a non-operating passenger rail common carrier by virtue of its possession of as-yet-unexercised interstate passenger service hereby files this verified notice of exemption ..."

This implies that MassDOT has not informed the Board that it has, or intends to, excise the passenger rights
from the HRRC transaction.

Rodriguez noted that he has received no notification that MassDOT has done anything about the passenger rights. \{ANR&P discussion\}

**Some legal and psychological insight**

An attorney versed in STB law who asked not to be named noted that MassDOT filed on the Adams Branch under Title 49 §1150 of the Code of Federal Regulations, which covers transactions under federal statute Title 49 section 10902, 'short line purchases by Class II and Class III rail carriers'. Thus MassDOT, as it states, has become a rail carrier.

She agreed with your editor that the language of the MassDOT filing on the Adams Branch seemed to reflect some irritation about the Board's action in the 22 May decision. \{ANR&P discussion\}

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**CSXT: NORTH BROOKFIELD RAILROAD OPPOSED**

24 August, East Brookfield. **SELECTMEN IN NEIGHBORING EAST BROOKFIELD WILL SEEK A MEETING WITH NORTH BROOKFIELD** about the renewed interest in reviving the town-owned North Brookfield Railroad [see 15#08A]

East Brookfield selectmen acted when seven residents, led by Mark Morin, expressed worry that an active rail line would depress property values and interfere with their way of life. {J.P.Ellery in Worcester Telegram 24.Aug.15}

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**PAN AM: CATANIA SPAGNA DETAILS & ARDENT++**

4 August, Ayer. **MORE DETAILS ABOUT THE COMPANY’S PLANNED RAIL IMPROVEMENTS** came from the application to MassDOT for Industrial Rail Access Program funding, which was granted [see 15#07B]. Catania Spagna Company (CSC) expected to spend $995,375 with $500,000 of that from IRAP.

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\(^2\)If it were not a rail carrier, MassDOT would file under section 10901, applying to ‘a person other than a rail carrier [to] acquire a railroad line or acquire or operate an extended or additional railroad line.’
Work

Drop the existing two spurs six inches. 'The rail cars are funnel flow and if the grade remains as it is today, we will continue to struggle to remove all the [vegetable] oil from the rail cars as we are not able to pump air.'

Add two spurs. Currently CSC can have only 14 cars on-site.\(^3\) CSC purchased 0.69 acres from the adjacent Ardent Mills [formerly Horizon, see box]. CSC will add track to hold a total of 25 cars.

Build an enclosed 6000SF structure, to make work easier and keep the oil warm. 'CSC powers two industrial boilers to create steam that is used to warm up the rail cars....The enclosed structure will [result in less energy consumption].'

Need for the work

In 2014 CSC will ship in excess of 300 million pounds of oil from the Ayer facility, up from 125 million pounds in 1993, and 200 million pounds in 2004. '[O]ver the past three to four years, customer growth and the growth in the number of oils provided has put extreme pressure on storage capacity at the plant, prompting the need for expansion.'

Switching difficulties. In '2014, CSC received just over 1500 rail cars...and based on the 14-rail car spur [and 40 processing tanks] limitation that amounts to 107 complete switches per year (one every three days). However, CSC rarely switches all 14 cars at once. These 100+ annual switches have put strain on Pan Am's delivery network. This is compounded by New England's historically rough and snowy winters which can further delay...

\(^3\) The application noted that in 1992-1993 CSC built a rail siding off the Cargill rail loop, and doubled its production facility to 100,000SF.
In 2009, 'CSC began researching rail expansion...as our raw material flow was hindered due to bad weather....[T]hose discussions intensified in March of 2014.

'Raw material flow is CSC's greatest limiting factor for our ability to increase production in the plant....CSC is tremendously dependent on the industrial rail system to deliver its raw materials. The proposed project will nearly double CSC's on-site storage ability...

'Once mitigated, the creation of 15 new jobs is planned, which will allow CSC to enhance its 2nd shift and add a 3rd shift to its production capacity.

Mike Bostwick, Pan Am chief commercial officer, said with more car spots the number of cars per trip from the Ayer yard will increase, resulting in 'a more efficient processing of rail cars.'

The CSC application reported: "The freight costs associated with [over the highway] trucking will eliminate CSC from many highly competitive retail bids which are often won or lost based on pennies per cars. ... In a worst case scenario...relocation would be considered' if CSC could not expand.

**Current raw material flow**

'Currently, CSC receives [by truck] its corn oil (8 [highway tank-wagon trucks] per month), extra virgin (14 per month), and pomace olive oil (5 per month) deliveries...Corn oil arrives from as far away as New Brunswick Canada and the Midwest, whereas the olive oil is shipped from the Port of Hudson, New Jersey.

'We do not currently have the rail capacity on-site to warrant utilizing rail cars for [olive oil and corn oil].'

**Cost**

CSC, citing Pan Am, said new track work cost $175/foot: $91 for labor and equipment, $84 for materials.
Schedule
On 20 August, MassDOT project manager Guy Bresnahan wrote that 'the Catania Spagna project has begun construction. They are doing site work currently and won't be doing rail work until October/Nov. …

'[T]he rail work was competitively bid and awarded.' He declined to provide the name of the contractor.

{e-mail to ANR&P}

PAN AM: NEW ENGLAND TRANSRAIL*
18 August, DC.  THE EPA HAS CLEARED THE WAY FOR A FREIGHT VILLAGE IN WILMINGTON, according to a filing this day by New England Transrail (NET).

For many years (since 2005), NET has sought authority from the STB to operate a small railroad which would serve 'a multi-purpose transload facility - now commonly known among transportation planners as a rail freight village.' The filing did state '[t]he only changes are (1) the abandonment of any plans to build a Solid Waste Transfer Facility and (2) reorienting the planned NET facility (after consultation with EPA) to better accommodate remedial activities which may be required and in furtherance of Agency remediation goals."

In 2012 the Board, at EPA's request, deferred consideration of NET's railroad 'until the relevant EPA reports have been issued and finalized' about contamination at the former Olin Chemical site. The EPA anticipated finishing them in 2012. !] [See 12#06B.]

EPA gives the green light
In the new filing, NET noted that 'on May 15, 2015, EPA provided NET with a "Comfort/Status and Reasonable Steps Letter" [in Attachment A to the filing] which stated that, based on the design of the NET project as provided to the Agency by NET personnel:

- Any response actions which may be implemented as part of Operable Unit (OU) 1 (remediation of the Olin property) or 2 (remediation of off-property surface water and sediment) appear to be located outside of NET's proposed development;

- NET's proposed development is compatible with the conclusions of the OU1 and OU2 baseline risk assessment and anticipated institutional controls; and

- The NET project will not impede the completion of the OU3 (groundwater) investigation or potential response actions relating to groundwater at the Site.

'Of course, these conclusions were premised on the assumption that NET will fulfill its commitment to EPA to cooperate in the installation of a permanent cap, limit development to commercial and industrial use, and incorporate vapor mitigation measures as part of building construction.

'Just as importantly, in letters dated July 2 and July 28, 2015, EPA approved the final Remedial Investigation (RI) Report and related documents for OU1 and OU2 … . On July 24, Olin produced the complete RI Report.'

Request to lift the deferral
Attorney Stephen Leifer of Baker Botts concluded the filing: '[W]e respectfully petition the Board pursuant to 49 C.F.R. § 1117.1 to lift the deferral referenced in the Board's June 19, 2012 decision. It is clear that EPA no longer believes deferral of the environmental review is necessary. Moreover, there is no reason to await the issuance of EPA's Record of Decision (ROD) for the site. EPA has decided to issue a single ROD for all three Operable Units -- given that an R1 for the groundwater Operable Unit 3 is still multiple years off, there will similarly be no ROD for multiple years.

'ERA's Comfort letter evidences the fact that the NET project will in no way interfere with any of the
operable units, including OU3 ..., and thus linking the commencement of the environmental review to ROD issuance is no longer advisable.' {STB web site, filings page Docket No. FD 34797}

**MASSACHUSETTS PORTS: YET ANOTHER EFFORT***

10 August, Boston. **GOVERNOR CHARLIE BAKER REPLACED THE SEAPORT ADVISORY COUNCIL WITH THE SEAPORT ECONOMIC COUNCIL.** Executive Order No. 564, which revoked and replaced Executive Order No. 376 (creating the Advisory Council in 1994), stated:

Section 1. The Seaport Advisory Council, established by Executive Order 376, shall henceforth be known as the Seaport Economic Council (the "Council"). The Council shall advise the Governor and the Lieutenant Governor regarding its areas of responsibility as set forth in Section 3 ...

Section 2. The Lieutenant Governor shall serve as Chair of the Council. The Deputy Secretary of the Executive Office of Housing and Economic Development shall serve as Vice Chair of the Council. The Council shall also include a representative from the Department of Transportation designated by the Secretary of Transportation, a representative designated by the Secretary of Administration and Finance, two representatives designated by the Secretary of Energy and Environmental Affairs, one of whom shall be from the Office of Coastal Zone Management, and nine representatives of coastal communities, who shall be appointed by the Governor and serve at the pleasure of the Governor for three year, renewable terms, and shall reflect the diversity of the Commonwealth’s coastal communities.

Five of these representatives shall be appointed upon the recommendation of the respective Mayors of the Cities of Boston, Fall River, Gloucester, New Bedford, and Salem.

The other four representatives shall include a representative of the northeast region (Essex County); a representative of the southern region (Bristol, Dukes and Nantucket Counties); a representative of the southeast region (Plymouth and Barnstable Counties); and a representative of the mid-coast region (Suffolk and Norfolk Counties). The Governor may also appoint to the Council up to two representatives of trade associations representing the maritime economy, each of whom shall serve at the pleasure of the Governor.

Section 3. The Council shall have the following duties and responsibilities:

- researching and monitoring economic activity in the local, national, and global maritime economy so as to make informed, up-to-date policy and funding recommendations to the Governor;
- using best available science and information regarding potential threats to coastal communities from rising sea levels and extreme weather events in order to evaluate and improve the sustainability and resilience of projects in which the Council invests;
- designing and implementing a statewide growth strategy for the maritime economic sector, including: trade, science and technology, recreation and tourism, clean energy, and the seafood industry;
- coordinating state agencies’ activities which are associated with coastal community planning and investment activities, with the aim to stimulate sustainable economic development and create jobs in the maritime economy sector as well as to protect coastal assets;
- designate, for investments across the maritime economic sector, capital funds authorized by the Legislature and allocated by the Governor to the Council;
- designate, for investments in resilient coastal infrastructure, capital funds authorized by the Legislature and allocated by the Governor to the Council;
- reviewing state programs and regulations relating to the Commonwealth’s coastal communities and advising the Governor as to their effectiveness; and
- holding meetings at least four times each calendar year, beginning in 2016.

Section 4. Council staff shall be employees of the Commonwealth within the Executive Office of Housing and Economic Development.

Section 5. The Chair of the Council shall designate a committee of “Port Professionals” from coastal communities (the “Committee”) who are subject matter experts in economic development in coastal communities and the development of sustainable, resilient coastal and marine assets, such as Harbormasters, port planners, engineers and other individuals with relevant experience. Council staff shall receive requests for funds for investments and determine which requests are both ready for assessment by the Committee and ready for implementation if approved. The Committee, with appropriate administrative and technical support from agencies of the Commonwealth, will assess all requests for funds referred to it, and shall make recommendations to the Council.
Section 6. All departments, agencies, boards, commissions or other governmental entities involved in coastal community planning and investment in the Commonwealth subject to the Governor’s control shall provide administrative and technical support to the Council and the Committee.

Section 7. The Seaport Economic Council shall exercise all of the rights and powers formerly exercised by the Seaport Advisory Council.

Section 8. Council members and Committee members shall serve without compensation. Subject to appropriation, Council members and Committee members may be reimbursed for their reasonable and necessary expenses.

Section 9. This Executive Order shall continue in effect until amended, superseded or revoked by subsequent Executive Order.

**Timing**
Per the order, the Seaport Council will begin in 2016, and hold at least four meetings per year.

**Membership**
- Vice chair and former Gloucester Mayor Carolyn Kirk, now deputy secretary for economic development in Baker’s administration, sat on the Seaport Council for seven years when she was mayor. It has not met in two years, she noted: “Because the council was dormant, we just took a top-to-bottom fresh look at it. You have your deepwater ports, but you also have your small beach towns.”

  The Seaport Advisory Council ceased to function after then-Lieutenant Governor Tim Murray left the Deval Patrick administration.

- Lieutenant Governor Karen Polito will chair the council.

- Harlan Doliner, chair of the Maritime Practice Group at Boston law firm Verrill Dana, serves as president of the Marine and Oceanographic Technology Network (MOTN), a marine tech industry association based in New England, and teaches at the Marine Affairs Institute of Roger Williams University Law School.

- Mayor Kim Driscoll, City of Salem; Mayor Tom Koch, City of Quincy; Interim Mayor Sefatia Romeo Theken, City of Gloucester; Matt Cibrowski, transportation planner, Ports Strategic Plan. 

  - and others to be announced.

**Funds to disburse**
The council expects to dole out about $16.5 million in this fiscal year, although roughly half of that money was already been allocated under the previous council to projects such as a boardwalk in Fall River and a rehabbing of Fairhaven’s Union Wharf.

  The new council will concentrate on funding projects of less than $1 million, with responsibility for more expansive infrastructure work shifting to agencies like MassDOT. “This will ensure that we’re not just focusing on the big-ticket dredging projects and larger issues affecting the five major ports,” said Polito. “There are lots of coastal assets that need our attention.” {Baker press release; Jon Chesto in *Boston Globe* 10.Aug.15; Verrill Dana press release; Colin A. Young in State House News Service 13.Aug.15; *Gloucester Times* editorial}

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**NEW HAMPSHIRE**

**NECR-CCRR: NHDOT SIGNING OFF?**

20 August, Concord. *NHDOT HAS SIGNED OFF ON ITS RIGHT OF FIRST REFUSAL* to buy the line CCRR is selling to NECR. Rail and Transit Director Shelley Winters wrote:
Right of first refusal
'Per NH RSA 228:60-b, “All rail properties within the state offered for sale by any railway corporation after July 1, 1990, shall be offered for sale in writing to the commissioner in the first instance...The State of New Hampshire acting through the Commissioner shall notify such railroad corporation in writing of its acceptance or rejection of an offer within 90 calendar days of receipt of such offer...” In accordance with such, the Acting Commissioner signed a letter, dated 08/14/2015, releasing its right of first refusal on the asset sale by the Claremont-Concord Railroad.'

Transfer of operating rights
'Per NHDOT’s current Operating Agreement’s Assignment/Delegation/Subcontracts section:
“The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the Contracting Officer. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.”

Therefore any change in operator on the state-owned line will require NHDOT approval.

NHDOT is working with CCRR and NECR on the transfer
'Also, please be advised that the State is not currently selling any state-owned railroad corridors or mileage, but would actively work with any and all owners of privately-owned railroad property that may be looking to sell rail properties, pursuant to NH RSA 228:60-b.

'Additionally, the State will work with existing Railroad Operators who are under contract to the State in such cases in which they wish to sell their business and/or assign their Operating Agreement to another entity as
is required by their Operating Agreement’s Assignment/Delegations/Subcontracts section.’ {e-mail to ANR&P}

In a second e-mail, Winters confirmed that the department is working on the assignment of rights to NECR: ‘Please be advised that as previously indicated in last week’s email the Department is currently working with all parties as required under state law and in accordance with state contracting requirements and there appear to be no issues or obstacles at this time relative to the assignment of the CCRR operating agreement.’ {e-mail to ANR&P}

**PAN AM: SEA-3 PROPANE**

27 August, Portsmouth. *SEA-3’S PROPOSED EXPANSION OF ITS NEWINGTON PROPANE TERMINAL IS BEFORE THE NEW HAMPSHIRE STATE EVALUATION COMMITTEE* [see 15#04A]. While Sea-3 sought an exemption, a Subcommittee hearing the matter decided on 7 May that the expansion is contested and the usual motions, evidence, discovery, etc proceeded.

A 5 June pre-hearing conference established that a ‘final hearing on the merits’ will occur in late October 2015. {Site Evaluation Committee website}

Jane Ferrini, counsel to the City of Portsmouth, said on 27 August that experts on rail safety are expected to examine the Pan Am track within days to gather evidence for the hearing. {ANR&P discussion}

**PAN AM: NEW PROPANE CUSTOMER**

25 August, Portsmouth. *CREWS HAVE CREATED SPACE FOR A TEMPORARY PROPANE TERMINAL IN THE YARD HERE*. Photos and direct observation show that old ties, rails, stone, etc were all cleared from the area north of the tracks; the ties are being removed from the yard. Three sand piles were created; two of them were spread around.

A tamper and a regulator apparently are already gone. Hoppers arrived on the 24th to receive the old ties. A month earlier Pan Am officials were in the yard with, reportedly, a potential major customer. {e-mail to ANR&P from local source}

The Pan Am Employee Timetable No.3 stated (as of 2014) all tracks in the yard were excepted, meaning no more than five cars containing hazmat are permitted on a train. 49 CFR 213.4. The completed track work
South Portland: AmeriGas seasonal terminal in Pan Am’s Rigby yard. Note the portable unloading racks.

Portsmouth, look west. Showing yard work completed, and in the distance new stone where the double-ended spur ties back into the main. The switch out of sight below right is too close to Maplewood Avenue to permit even a light engine to occupy the main without triggering the grade crossing lights. (photo and e-mail to ANR&P from source 27.Aug.15)
may permit Pan Am to change the track status.

**Who it is not**
David Herr of Trammo in Houston, the parent company of Sea-3, said this day that the work definitely involves a propane terminal using movable equipment [see photo of such at the Amerigas facility in South Portland]. He stated that Sea-3 had “nothing to do with” the terminal, its construction, operation, or eventual use. \{ANR&P discussion\}

Kevin Fitzgerald, who heads the NGL operation in Portland, said on 26 August his company was not going to operate in Portsmouth. \{ANR&P discussion\}

Jeff Callow, regional logistics manager northeast for Amerigas Propane, wrote on 28 August: 'It is not us either.' \{e-mail to ANR&P\}

Andy Ronald of Crestwood said his company is not going to operate in the year. \{e-mail to ANR&P\}

**Other comments**

Pan Am. A 24 August e-mail to Cyndi Scarano, Pan Am executive vice-president, was not responded to by publication time.

Portsmouth. On 25 August the city planning department said there was “no facility” in the yard and it had received no contact about one.

New Hampshire fire marshal. The State Fire Marshall's Office said any permitting of a propane facility would be handled locally. \{ANR&P phone calls and e-mails 25.Aug.15\}
VERMONT

VAOT: SALT PURCHASES

1 September, Montpelier. VERMONT RENEWED ITS ROAD SALT CONTRACTS, as the contracts awarded in 2014 covered three years, with this language:

CONTRACT PERIOD: THIS CONTRACT IS WRITTEN FOR AN INITIAL ONE-YEAR TERM ENDING 7/31/2015 WITH OPTIONS TO EXTEND FOR TWO ADDITIONAL ONE-YEAR TERMS. PRICES TO REMAIN FIRM THROUGH JULY 31, 2015 EXCEPT FOR FUEL PRICE ADJUSTMENTS.

Brian Berini, contract officer, Vermont Agency of Administration, Buildings and General Services, Office of Purchasing and Contracting reported:

'Contracts have been renewed for one year [in July – editor]. During the renewal process, we reached out to our existing salt providers (ARSC and Cargill) for pricing, and they came back to us with a small 4% and 3% increase (respectively) in price from the prior year. Around that same time we were hearing regionally about other vendors being unable to meet demands and we believed that might imply some sort of regional shortage being afoot – so the price increase we eventually received back from our two suppliers didn’t really come as a surprise to us. We also learned that other states, who had gone out to bid, experienced much more dramatic increases. While the fact that fuel is down is certainly important, it really boils down to supply and demand. And the suppliers are still recovering from two very bad winters in a row. The other thing to note is that in the regional picture Vermont is much more rural with far less roads to maintain. We use less salt than all of our neighbors, and if you compare us to the bigger states like NY and Mass, it’s considerably less.' {e-mail to ANR&P}

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NECR v PAN AM: VAOT REQUESTS FAIR RATES
28 August, DC. THE VERMONT AGENCY OF TRANSPORTATION WEIGHED IN ON THE RATE ISSUE, in a letter from Secretary Sue Minter filed at the Board this day:

'On behalf of the State of Vermont, I write to address the issue of fair rates for Vermont shippers who rely on the freight services provided by Pan Am Southern LLC (PAS), using trackage rights over New England Central Railroad, Inc. (NECR).

'Vermont has an interest in maintaining access to reasonably priced rail service for shippers in all areas of the state. VTrans is concerned that the rate being requested [by NECR – editor] for use of NECR trackage by Pan Am Southern may exceed a reasonable standard.

Investment of public money
'Over the past five years, the federal government and the State of Vermont jointly have invested more than $60 million in the NECR as part of a $90 million project to improve the NECR's tracks, crossings, signals and bridges. This investment has resulted in an almost complete reconstruction of the NECR in Vermont, which has substantially reduced the NECR's maintenance costs.

'As the Board reviews this case, Vermont urges the Board to take into consideration the amount of federal/state investment in the NECR, which was intended to improve access to quality rail services for all users of the NECR's line, including both the NECR's own shippers and those shippers who are indirect users of the NECR through services provided by PAS under its trackage rights over the NECR. It would be a disservice to the public who financed in large part these rail improvements if the rates that are established are not reasonable and represent industry norms.' {STB website, filings page, Docket No. FD 35842}

NECR position on federal monies
In its filing on 4 June [see 15#06A], NECR stated: 'The ICC made it clear that the owning railroad is entitled to earn a return on property donated by government that is used or useful in the railroad business.'

MARITIMES

CBNS: THE LINE TO SYDNEY
31 August, Halifax. REPORTS ON MAKING THE LINE VIABLE WILL NOT BE RELEASED FOR AWHILE. The provincial government formed a committee to examine measures to keep the line open.

In July, the committee received three reports: shipping by rail versus truck; investment required to upgrade the Sydney subdivision; and economic opportunities created by rail service.

Nova Scotia Transportation Minister Geoff MacLellan had hoped those studies would be public by now. However, on 31 August Shannon Delbridge, executive director of strategic initiatives with NSDOT, said “quite a few of the committee members” had additional questions about certain aspects of the report and felt some parts weren’t very clear.

MacLellan said: “There’s nothing that’s time-sensitive in those reports. It all fits into the current timeline, the fact that we have to look to future developments to really stabilize the line and increase the traffic that supports the business case.” {Michael Gorman in Halifax Chronicle Herald 31.Aug.15}

Status of line
In January, the Utilities and Review Board ruled that CBNS could not officially discontinue service until 1 October. The railway at that point had already stopped serving any customers [see 15#01A].

The line remains in service.

Last light engines move
Because of the expiry of the current line inspection certificate, the last two locomotives (LLPX GP15-1 1504 &
CBNS SD40-2 3366) to be serviced at the Sydney Shops had to be moved by 15 August 2015 [see photo]. {David Othen in AtlanticRails e-list}

21 August, Saint John. **IRVING HAS STOPPED BUYING BAKKEN CRUDE AND WILL SHUTTER MUCH OF THE REFINERY FOR 60 DAYS.**

Bakken crude
Irving has slashed its rail shipments to the plant to under 10% of total volumes, Irving CEO Mike Sherman said. The company had invested heavily in the transportation niche to take advantage of cheap North American supplies, as much as 200,000 barrels per day of rail-delivered crude. “We’ve been able to get cheap-priced crudes water-borne, bigger parcels, supertanker-type volumes. It makes more sense to stay on the water.”

The crude by rail comes from oil sands; Bakken is zero. One year ago, Bakken crude made up 25% of Irving’s feedstock, about 100,000 barrels a day.

Temporary shutdown
In a 20 August statement, Irving Oil announced a $200 million turnaround operation for its Saint John refinery, the largest such operation it has ever mounted. “Operation Falcon” will begin 16 September and last 60 days, employing 3,000 tradespeople in addition to the full-time employees who already work there. The operation could create $27 million in direct spinoff benefits for Saint John.

The turnaround will involve 'substantial upgrades' to the refinery’s operations, improving safety, reliability, and long-term competitiveness will be the focus of the project. About one-third of the refinery units will be offline.

Irving President Ian Whitcomb said in the statement that “it is an investment in our people and our region, and it signals Irving’s long-term commitment to the economic future of Saint John, New Brunswick, and the rest of Atlantic Canada.” The majority of workers for the project, including pipefitters, electricians, boiler makers and other skilled workers, are expected to come from New Brunswick and Atlantic Canada.

Energy East pipeline
Irving is a key backer of TransCanada's proposed $12-billion Energy East pipeline, designed to move 1.1
Whitcomb said that the company is taking a wait-and-see approach to the pipeline before making any commitments. “We’re very much seeing this as TransCanada’s project. And it’s a complicated project.” {Jeff Lewis in Toronto Globe and Mail 21.Aug.15}

PRICES OF OIL
U.S. benchmark West Texas intermediate oil has slumped close to $40 (U.S.) a barrel in mid-August, prompting speculation that companies may begin to halt production rather than keep pumping at a loss. In Canada, prices for Western Canada Select, the main oil-sands benchmark, have fallen to near $20 a barrel in part because of refinery outages, testing the cash costs of some producers. {Globe & Mail}

Refiners on the East coast can now import crude shipped by sea for less than the cost of shipping it by rail from shale oil producers in North Dakota.

Refiners PBF Energy Inc. and Phillips 66 [which have been using Bakken crude by rail – editor] both said they increased procurement of overseas crudes at the expense of crude-by-rail in the second quarter, though they signaled it is unclear if that will continue throughout the rest of the year.

Crude by rail numbers. The number of railcars carrying oil has dropped sharply compared to last year, reflecting both the worsening economics of crude-by-rail and better pipeline access to refineries on the Gulf of Mexico. The Association of American Railroads said in early August that U.S. Class I railroads originated 111,068 carloads of crude oil in the second quarter of the year, down 2,201 carloads from the first quarter and some 21,000 fewer carloads than the peak in 2014’s third quarter. {Bloomberg citing Chester Dawson and Carolyn King in Wall Street Journal 20.Aug.15}

CN-BELLEDUNE: MORE CRUDE OPPOSITION*

17 August, Montreal. BLOC QUEBECOIS LEADER GILLES DUCEPPE BLASTED THE PROPOSAL TO BUILD A RAIL TERMINAL IN BELLEDUNE [see 15#07A]. Duceppe drew parallels between the terminal and the proposed Energy East pipeline to Saint John. “The oil route from Alberta through Quebec to New Brunswick is very worrisome,” Duceppe said at a campaign stop in the Montreal bureau of the Parti Quebecois, alongside two PQ members of the legislature. [The Canadian federal election will occur 19 October. Editor]

“I was recently in Gaspesie and people there said they were very worried about the situation because the railway network is in such a state that there could be a lot of accidents.” [See 15#07A and Quebec.]

Quebec, and not the National Energy Board, should decide what travels through its territory. “We cannot let Quebec be transformed into a highway for Albertan oil. That's not Quebec's future in Canada right now, or as an independent nation some day – which should come as soon as possible.”

He called on his opponents in the NDP, Liberals, and Conservatives to reject the Belledune rail terminal proposal. “It's time for them to say if they are going to take the side of Quebec citizens or continue to be on the side of the oil and gas companies.” {Canadian Press in Huffington Post 18.Aug.15}

RAIL FREIGHT FACILITIES

Described in this issue.

Ardent (Pan Am, Massachusetts) Details.
Catania Spagna (Pan Am, Massachusetts) IRAP
Chaleur (CN, New Brunswick) PQ opposes.
Eastern (various, Maine) Wins salt contracts.
Harcros (various, Maine) Wins salt contract.
Inland Fuel (Pan Am, Connecticut) Open.
Irving (CN, New Brunswick) Halts all Bakken.
NE Transrail (Pan Am, Massachusetts) STB action?
Lincoln (Pan Am, Maine) Shuts one machine.
Sea-3 (Pan Am, New Hampshire) More hearing.
Verso (Pan Am, Maine) Shuts two machines.