REGIONAL ISSUES

B&A: Six BAR affiliates go into bankruptcy. Effort to annul agreement with CN awaits STB decision.

GRS: Safety award. Negotiating with two unions.

PW: More on the coal move from RI to Mt.Tom.

Intermodal: NS and CSXT talk about the intermodal future. NS to Ayer doing well, Waterville less so.

CONNECTICUT

New Haven: May lose coal move to ProvPort [see Regional].

MAINE

MDOT: Melrose on the status of the Union, Rockland, and Calais branches.

B&A: Comments on LMS [see Regional].

MASSACHUSETTS

HRRC: CSXT wants STB to rethink its price.

MCER: EOTC will reopen Ware River bidding.

NEW HAMPSHIRE

Airport: SCT okay corridor chop.

NEGS: Traffic update. Bridge repair cuts access to north.

SLR: Paper mills bought by Fraser Papers.

Portsmouth: Cuts short salt and scrap contracts.

RHODE ISLAND

Providence: See coal story in Regional.

VERMONT

General Assembly: Transportation Capital bill in conference.

VRS: Environmental Board permits GMRC to withdraw application for permit.

MARITIMES/QUÉBEC

WHRC: Update on traffic.

Sydney: Why transshipping coal makes sense.

Halifax: ZIM considering north Europe call.

PEOPLE, POSITIONS, EVENTS

Larry Hutchinson, Mike Murray.

FROM THE PUBLISHER

Coal and unloading

This issue contains extensive discussion of the economics of coal transshipment [see Sydney], as well as the coal move from ProvPort to Mt.Tom [see Regional.] Look for a regional view of coal in a future issue.

When will the deal happen?

Much of the region awaits resolution of the B&A situation. Once again, this issue contains a statement that the deal with Ed Burkhardt is very close to completion. As soon as we hear anything, we will issue an e-bulletin.

However, the deal will only begin the bidding for the property, just as the deal by Fraser Papers for the New Hampshire paper mills [see SLR] elicited a bid from Cascades.

Test format for e-edition

When I sent out the most recent e-bulletin without columns, two readers praised the format. So I am trying the whole e-edition that way. Let me know, one way or the other, how you like this single-column format. It takes 15 pages, rather than the 12.

-Chop Hardenbergh

Next issue: 31 May

REGIONAL ISSUES

B&A SYSTEM

9 May, Bedford PQ. THE QUÉBEC SOUTHERN FILED A PROPOSAL FOR CREDITORS in the Bedford District Superior Court [the court in which the railroad filed for protection of creditors—see 3 May issue]. According to Noubar Boyadjian, an official with the trustee Litwin-Boyadjian, the trustee will circulate the proposal “in the next two days” to each creditor. [Boyadjian declined to provide a copy to your editor prior to the creditors’ receiving it, though he noted it is a public document on file at the court. Editor]

The proposal in short states that QSR is entertaining a sale of assets in conjunction with the sale of BAR, to the same purchaser [the RailWorld consortium - editor]. “The whole will bear a better equity than sold in parts.... Proceeds of the sale will be distributed to creditors as foreseen in the law.”

Next step
The creditors are invited to a meeting in Montréal on 30 May. A majority of the creditors may vote to accept the proposal, or reject it, or postpone a vote to another day. {ANR&P discussion 15.May.02}

14 May, Portland. THREE AFFILIATES OF THE BAR FILED FOR BANKRUPTCY in the US Bankruptcy Court here, according to B&A System spokesperson Norma Jean Griffiths. A press release issued this day stated: ‘The Canadian American Railroad Company, Northern Vermont Railroad Company and Newport and Richford Railroad Company have voluntarily filed today for Chapter 11 Bankruptcy. Negotiations with the Rail World consortium are continuing and the Purchase & Sale Agreement is in its final stages. The bankruptcies of these affiliated companies of The Bangor & Aroostook System will aid in the successful completion of the asset sale to the consortium. Pursuit of bids from other interested parties for the purchase of all or a portion of the assets will continue.

‘As is the case with the Bangor & Aroostook Railroad, currently a Chapter 11 debtor, it is the intention that these railroads will continue to operate without interruption with current employees.’ {text from B&A; ANR&P discussion 15.May.02}

15 May, Portland. VAN BUREN BRIDGE AND LOGISTICS MANAGEMENT SERVICES FILED FOR CHAPTER 11. B&A President Fred Yocum said the two filings occurred a day later than the others because of "manpower and logistics." As for health of the two companies, he said LMS was doing ok: "Not great, not terrible." It does handle truck-to-truck cross-dock, which he believed to come to less than half of the total business.

Van Buren Bridge has a small amount of revenue. The traffic comes from access to the McCain plant in Grand Falls NB [see map in 27 March 2001 issue or website].

15 May, Portland. THE BANKRUPTCY JUDGE POSTPONED A DECISION ON TERMINATING THE CN CONTRACT under which the B&A became a haulage carrier for Fraser Paper [see 12 April issue] in Madawaska Maine. He granted a motion to stay until 26 June, to give the Surface Transportation Board an opportunity to decide, according to Yocum. {ANR&P discussion 15.May.02; court website}

On 25 April the BAR trustee filed with the STB a petition to re-open and revoke the notices of exemption served on 21 March 2001 [see 27 March 2001 issue] ‘on the basis of substantially changed circumstances.’ {STB Finance Docket No. 34014}

GUILFORD RAIL

2 May, North Billerica. THE RAILROAD WON AN E. H. HARRIMAN AWARD FOR THE YEAR 2001 FOR ITS SAFETY RECORD. An injury ratio of 1.20 injuries per 200,000 man-hours worked placed Guilford as number one among the Regional and Class I railroads in the country.

In recent years Guilford has won Harrimans in 1994, 1995, 1997, and 1999. {GRS website}

15 May. THE RAILROAD IS NEGOTIATING WITH THE BLE AND BMWE about new contract terms. As noted by BLE General Chair Mike Twombly, ‘under the Railway Labor Act, as amended, the contract never runs out or expires. It becomes subject to re-negotiation at the end of an agreed-upon moratorium. In this case the moratorium was up in July of 2001 and the parties are now engaged in a re-negotiation of the existing agreement. During this time the agreement remains in full force and effect, status quo. The parties serve notices
for proposed changes to the collective agreement pursuant to the provisions of the Railway Labor Act. The parties then meet within the prescribed time limits provided therein and the negotiations begin.’

Brotherhood of Locomotive Engineers

For the BLE, Twombly said, general wage increases and the high cost of health insurance are two of the more difficult issues on the table and both parties are negotiating in good faith to resolve these issues. ‘The BLE negotiating team, composed of Mike Twombly Chairman BLE, Merle Geiger BLE VP and John Brown Vice Chairman BLE have been engaged in active negotiations with the Carrier since last July. We have been making slow but steady progress and we plan to meet next during the last week of June.’ {e-mail to ANR&P 15.May.02}

Twombly earlier said that the company's economic package offers raises of 1% a year for the first two years, 2% a year for the third and fourth years and 3% a year for the final two years of a six-year package. "Even in this environment, that's embarrassingly low in my opinion. They have always run a very tight financial ship and all we hear is that times are tough and business is off. They squeeze all the time." {Edward Murphy in Portland Press Herald 14.May.02}

Brotherhood of Maintenance of Way Employees

Stuart Hurlburt, general chair of the BMWE, said his union is also talking with Guilford. ‘Both unions negotiate separately, [though] we talked to one another regarding negotiations. The Carrier has offered a wage package that covers a six-year contract. Also, [it has] offered the Health & Welfare package with the upgraded benefits that was negotiated on the national level with other carriers. Both parties are working together to achieve a fair contract for everyone...

‘Guilford is a tough Carrier to deal with always stay alert but all Carriers has different quirks to deal with. The Carrier had some lay offs in April and May within the Engineering Department. The Carrier has seen some drop in rail traffic due to the paper mills being shut down for a short time.

‘I believe with the paper mills shut down [and] rail traffic being down Guilford is cutting back. This affects the maintenance of the tracks: production gangs have been set back for the time being. Hopefully Guilford will start the production gangs up in a month. ‘We have negotiations set for the end of June.’ {e-mail to ANR&P}

Guilford comment

GRS Executive Vice-president David Fink said the company's record suggests Guilford is doing things right. The recession took its toll, especially with the paper industry in one of its periodic slumps. Unexpected shutdowns at northern Maine paper mills left Guilford with little to carry and were behind the layoffs. "As the economy comes back up, our business will pick up as well."

And GRS, as it promised, is running the best passenger system. Fink pointed out that the passenger train to Boston, The Downeaster, has the best on-time record for the entire Amtrak system. {Edward Murphy in Portland Press Herald 14.May.02}

PROVIDENCE & WORCESTER

26 April, Newport. MORE ABOUT MT.TOM AND COAL-FIRED PLANTS was presented by Keith Saunders, fuel principal for coal at Northeast Utilities, to the Northeast Association of Rail Shippers spring conference.

Northeast Utilities coal-fired plants

Northeast Utilities, a public company traded on the New York Stock Exchange, has several subsidiaries. Its unregulated subsidiaries, according to a page on its website, are encompassed in the subsidiary NU Enterprises http://www.selectenergy.com/OurCompanies/default.asp. One NU Enterprises subsidiary, Select Energy, operates the generating facilities owned by it and another NU Enterprises subsidiary, Northeast Generation Company (NGC). In all, NU has six coal-fired units.

Sources of coal

Saunders told NEARS that Mt.Tom gets 90% of its coal from domestic sources, and 10% from overseas. Schiller uses 95% imported coal (a ship unloads the coal directly to the plant), and 5% domestic coal. Bow uses 84% domestic coal (arriving by rail from Maryland/Pennsylvania coal fields), and 16% imported, all trucked (about 400,000 tons) from the Schiller plant.

Saunders said the low-sulfur coal from South America was much cheaper.
Imported coal to Mt. Tom

NU is using rail to bring in coal from Venezuela. It has used the Port of New Haven, and most recently ProvPort [see 3 May issue: Regional, PW annual meeting]. Saunders said NU had not decided which port to use for future deliveries, but noted that Provport had two advantages: the coal moved 50 fewer miles on Amtrak lines; and Connecticut limits truck weights to 25 tons. NU does move some of the coal by truck, which is actually cheaper than the rail move.

Saunders explained later that NU ‘used rail because we have not recently trucked any coal to Mt. Tom and were unsure how it would go.’ He anticipated no truck shortage; in his experience trucks for coal are plentiful.’ {AN R&P coverage; e-mail to AN R&P }

Unloading the coal at Provport

Confirming the Thrasher article [see Sydney], the Xichanghai Clipper (apparently Chinese-owned, Panamanian-registered) has four large onboard cranes, three of which were fitted with giant clamshell buckets. They were scooping coal out of the hold and dumping it onto wharfside stockpiles. Two front-end loaders [see Portsmouth] were climbing the piles, and hauling to the waiting coal cars. The observer ‘had thought the coal would come in on one of those self-loading bulk carriers like those I see servicing the Brayton Point power plant; the conveyor booms on these ships can swing out several hundred feet.’ {NERAIL posting 23.Apr.02}

[A future issue will recount Saunders’ view of coal and present a table of all coal-fired plants in the Atlantic Northeast.]

TAKING TRAFFIC FROM TRUCKS

25 April, Newport RI. NS AND CSXI TALKED ABOUT EFFORTS TO GROW intermodal traffic at the spring meeting here of the Northeast Association of Rail Shippers. Both railroads are providing better services at higher on-time rates. However, as evidenced by a two-day average dwell time at receiving ramps, the railroads have not yet achieved truck-like service.

Intermodal: losing market share?

Joe Pirozzi, who handles CSXI domestic sales east of the Mississippi, started with two projections which graphically illustrated the problem. The first showed that railroad traffic is growing, but its share of domestic inter-city ton miles is decreasing. Ship, pipeline, and railroad ton-miles have remained relatively constant, while truck traffic continues to boom. Since much of their traffic consists of bulk, and demand for bulk such as coal and oil only grows in proportion to population, that makes sense. Truck traffic captures the ‘New Economy’, the electronics and other items which drive growth in the US economy.

Railroads have a shot at capturing some of the growth of the New Economy, via intermodal, which can move at truck-like speed with significant cost savings over truck. But the intermodal volume trend falls well short of truck growth.

What will CSXI do to improve?

CSXI commissioned a listening session with its top six customers to understand better how to compete with trucks. The customers said: improve ease of doing business, and offer better service. For the former, Pirozzi labelled his customer service “first-class” now, with a 14-second response time to a customer telephone call.

On the latter, Pirozzi described the company’s progress toward on-time, every time. In 2000, CSXI had an 82% on-time rate; by 2002, that has grown to 85%. The network is now at 66% of capacity.

This is progress?

Up to now, the railroad has charged for the use of the trailer past the usual two days free, even when the railroad has brought the trailer in late. The late arrival may mean the drayman has missed the appointment at the customer’s loading dock, and the drayman has to wait for the next open appointment, sometimes scheduled after the free-day period expires. Pirozzi later commented that ‘for the most part, intermodal trains are not guaranteed.’ CSXT has agreed, according to Pirozzi, to waive those charges.

In the past, one Hub official said, the IMC has paid the railroad and not dunned the customer.

This is progress

CSXI is willing to provide an on-time guarantee “on a selective basis,” where the train has a high on-time percentage. For example, the
Chicago-Boston lane has a near 100% on-time rate, and CSXI has extended the guarantee to that lane.

**Looking for new markets**
The railroad thinks at least three markets offer opportunity: Ohio Valley to the Northeast, transcontinental with BNSF, and the Mexican market. Pirozzi noted that many truckers require an armed guard to accompany the trailer to or from shippers in Mexico, at a cost of $300-$400. Intermodal cargo is much less susceptible to robbery; CSXI thinks it can offer a price considerably below what truckers are charging.

**The CSXI result**
Pirozzi said CSXI’s intermodal marketing company traffic had grown 16% this year, in a down economy. The CSX first quarter report said overall: ‘Intermodal volumes were flat (481,000 loads) for the first quarter versus 2001. While domestic shipments grew a robust 9% (220,000 total), the international container business (261,000 total) reflected worldwide economic conditions, declining 6%.’ (page 8 and ten)

Domestically, the ‘increase was driven by strong domestic container traffic and diversion of Mexican auto parts traffic from the highway.’

Internationally, ‘the loss of China Shipping and CMA traffic west of the Mississippi, plus the loss of K-Line traffic in the East had a negative impact on revenue. There was noticeable strengthening of Asian import traffic toward the end of the quarter.’

**NS intermodal**
Jim Cyphers, director of domestic intermodal marketing for Norfolk Southern, followed Pirozzi to explain how his railroad is trying to grow the intermodal business. NS offers three intermodal services: the conventional wholesale ramp to ramp offerings via IMCs, Triple-Crown RoadRailer TOFC door to door service (automotive 60%), and TDIS which handles the United States Postal Service, 55,000 to 60,000 units a year.

Traffic breaks down to 36% domestic, 49% international, 14% premium (such as UPS less-than-truckload service), and 1% targeted smaller accounts. Half of all intermodal units move on other lines. NS interlines so much traffic, Cyphers explained, that Mike McClellan, VP Intermodal Marketing, spends a great deal of his time interacting with other rail partners regarding interline services and products.

NS provides second-morning service between the points of the “Golden Triangle” of Chicago (53%), Atlanta (33%), and New York (40%). The percentage shows the fraction of units through, to, or from each point of the triangle. For example, 33% of the units NS runs through Atlanta are going through, to, or from New York or Chicago. In most cases, NS offers 3rd morning service to origin/destination points outside the triangle.

Capacity on the network, both over the road and in the terminals, comes to 60%.

**Traffic to New England/Waterville**
NS serves New England via haulage on the Delaware and Hudson to Albany, and haulage on the Guilford Rail System to ramps in Ayer MA and Waterville ME. NS is offering 4th morning service between Waterville and Chicago, after re-opening the ramp in March [see 15 March issue]. “We’re not quite there yet,” said Cyphers. “We’re working with our friends at Guilford to get 4th morning all the time.” [On 16 May a rail official reported that intermodal traffic to and from Ayer had significantly increased on the dedicated train. {ANR&P discussion 16.May.2002}]

**Overall on-time**
Cyphers said the NS intermodal network provided 82% on-time delivery within two hours. Like CSXI, NS does provide service guarantees. It began with itsBlue Streak service in conjunction with Union Pacific, providing 5th morning delivery from San Bernadino CA to Atlanta. In April, NS and BNSF started a guaranteed service between the West coast and Pennsylvania.

**The NS result first quarter 2002**
Intermodal volumes rose in the first quarter, from 542,800 in the same quarter of 2001 to 558,800 in 2002. First-quarter intermodal revenues decreased $6 million, or 2 percent, in 2002, compared with the first quarter of 2001. Revenue per unit declined 3 percent, reflecting the absence of fuel surcharges that were in place in 2001, market-driven rate reductions (largely a result of excess truck capacity) and a change in the mix of traffic (fewer trailer shipments, which have a higher revenue per unit). Intermodal traffic volume increased 1 percent, as a 4
percent increase in container shipments and a 6 percent gain in Triple Crown volume more than offset a 14 percent decline in trailer shipments, which reflects the conversion of trailer traffic to containers. Traffic volume continued to benefit from new business supported by the recently completed expansion of the intermodal network and service improvements.

**Dwell-time - do the shippers care about better delivery times?**

Despite the railroads’ effort to provide truck-like service with speedy, consistent delivery times, upon arrival at the intermodal ramp boxes and trailers often sit. Cyphers said his ramps averaged a two-day “dwell time.” Why? As one Hub Group official noted, shippers and IMCs still don’t trust railroads to provide “on-time, every time,” so they build in the dwell-time to their manufacturing schedules. {ANR&P coverage}

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**MAINE**

**MAINE DOT**

14 May, Augusta. **COMMISSIONER JOHN MELROSE ON TRACK WORK** funded by MDOT on three MDOT-owned branches:

**Rockland branch**

With the upgrade of the track from Brunswick to Rockland due for completion this year, I asked Melrose whether the department was soliciting proposals from operators of tourist trains. “No,” he said. “Getting Portland-Brunswick is our top priority.” Though not soliciting, MDOT is willing to accept proposals to run excursions along the branch even without the planned Amtrak connection from Portland.

**Union branch**

MDOT is pursuing three efforts to re-connect Guilford and SLR tracks in Portland. It has held public meetings on the environmental impact of the project to rebuild the tracks and construct a new bridge over the Back Cove. “There’s considerable support to make the connection,” Melrose reported about the meetings.

Second, the department is working with Guilford to construct a wye where the track to Westbrook diverges from the Freight Main, so that trains can utilize the current layover facility. The easiest way to construct the wye would have been to use the open land which Mercy Hospital wants to acquire [see map in www.atlanticnortheast.com]. But the state released its right of first refusal on that land. Instead, MDOT is designing the wye leg near the Cumberland County Correctional Facility and in the process improving access to the facility, Melrose said.

Third, MDOT is moving ahead with the bridge, which is 95% designed. Next step: proceeding to complete the environmental documents for the entire branch to Brunswick, and then seek bids—one design/build package—for the whole project.

For the section on GRS track from Yarmouth to Brunswick, Melrose expected GRS to do its own work.

**Calais branch**

Melrose explained his thinking behind the proposal to turn the segment from Machias to Ayers Junction into a trail [see 3 My issue]. First, it would serve as part of a trail network which eventually hikers could reach via a train to Machias. Second, rehabbing the track there would cost $10 million, and he saw no traffic on that section which would justify investing that amount of money. “The likelihood of finding the money to renovate entire branch is so remote.”

Third, legislators convinced him that only Machias had accommodations for tourists, so the track should eventually get that far. {ANR&P discussion 14.May.02}
HOUSATONIC/CSX

29 April, DC. **CSX ASKED TO RE-OPEN THE VALUE OF THE STUB** in Pittsfield MA which the STB set on 18 April [see 3 May issue] for HRRC to purchase it. In a petition filed with the Surface Transportation Board this day, CSX argued that the Board had made a ‘indisputable error’ and set the price below the fair market value. CSX asked the board to set a price of $345,904, below its asking price of $450,000 [see 3 May issue] but above the Board’s $215,000. [For the CSX argument, see STB website, *Filings Docket No.AB 565 3X*]

**HRRC response**

Executive Vice-president Ed Rodriguez said the railroad would file a response to the petition. In the meantime, the obligation to close the deal within 90 days of 18 April remains. {ANR&P discussion 7.May.02}

MASSACHUSETTS CENTRAL

7 May, Boston. **ONLY ONE COMPANY, APPARENTLY, BID ON THE WARE RIVER SECONDARY**[see 3 May issue]. The Executive Office of Transportation and Construction (EOTC) declined to release any names until after a meeting on 9 May to decide whether, and when, to release the names. So your editor undertook a survey of all who attended the Pre-Submission Conference.

**No bids**

The following said they did not submit: Dick Currier of Quincy Bay Terminal, Ed Rodriguez of the Housatonic, Jon Lasko of the Pioneer Valley, and Mike Olmstead of New England Central.

**Response**

Gary Hoeppner of the Massachusetts Central said his company had submitted “a package.” [That would place EOTC back at square one, dealing with MCER to renew the operating agreement. *Editor*] {ANR&P discussions 7.May.02}

10 May, Boston. **EOTC ANNOUNCED IT WOULD EXTEND THE BIDDING PROCESS** for the Ware River Secondary [see 3 May issue], in a notice on the website: ‘The Executive Office of Transportation and Construction received one proposal in response to the RFR for Railroad Operations on the Ware River Secondary. [FromMCER.Editor] EOTC initial review suggests that the proposal may not meet the requirements of the RFR. EOTC intends to provide an additional opportunity for submittal of proposals in compliance with the requirements of the RFR, via a process to be posted on Comm-PASS in the very near future. EOTC expects to post clarifications, amendments and/or scheduling information with respect to this RFR on Comm-PASS as of May 15, 2002.

‘The contents of the proposal received as of May 1st, 2002 are confidential and will not be disclosed until such time as the entire RFR process has been completed.’ {Comm-PASS website}

**Editor’s comment**

On 13 May, I told EOTC that (1) no other party wants to bid as long as the Finger Lakes has control of MCER operations; and (2) no party likes the investment and reporting requirements of the initial RFR. {ANR&P discussion 13.May.02}

As of 16 May, EOTC had not posted the new process on Comm-PASS.
24 April, Concord. **THE NH SUPREME COURT DECIDED AGAINST PRESERVING THE RAIL CORRIDOR** through the Manchester Airport. The ‘order’ (the Court decided against issuing a formal written opinion) stated that in *Appeal of Conservation Law Foundation* [see 24 October 2001 issue], the Court had concluded that ‘Congress intended the federal government to exclusively occupy the field of railroad regulation, including the preservation of railroad corridors for future railroad use.’

The order agreed that the purpose of New Hampshire statute RSA 228:60a ‘is to preserve railroad rights-of-way for future rail use.’ But the Court did not decide whether the statute was pre-empted.

The justices decided that RSA 228:60aI permits but does not require that the State preserve all railroad rights-of-way. Here, ‘the State decided, in its discretion, not to preserve the subject right-of-way.’ Thus the Court reversed the decision of the Railroad Appeals Board, which found that a remedy exists to preserve the corridor through the airport. {text of opinion from Conservation Law Foundation}

[How can the Court read the following language and believe the state has discretion to preserve corridors? ‘228:60aI. No railroad right-of-way in this state shall be used for any purpose that would unreasonably limit the ability to restore rail service over the right-of-way at minimum cost if such service were to be required in the future.’ *Editor*]

16 May, Concord. **NHDOT WILL RECONSTRUCT A RAILROAD BRIDGE** here over the Merrimack River a mile north of the old depot during the next four months, beginning this day. The connection between NEGS and the Plymouth and Lincoln Railroad (operators of the excursion railroads Hobo Railroad and the Winnepesaukee Railroad, as well as a repair shop in Lincoln) will not exist for that period of time. Moores Marine, the contractor selected by NHDOT, will remove and replace one pier, and do some minor repairs on second pier.

**Impact on the railroad**

Peter Dearness, NEGS owner, said he is providing to customer Quin-T more clay than usual on this trip. “If need be, the company will transload. For any transloading, someone will have to pay.” Quin-T prefers to have a tank car sitting there to draw clay as needed, versus four trucks which will have to immediately unload.

The last NEGS train will also pick up the *Roger Williams* trainset coming from the repair shop and going to Connecticut.

Dearness will lose two caboose trips, one in late spring and one in summer, he usually operates on the southern end of the line.

Other updates:

**Service drop**

He confirmed the report [see 3 May issue] of the adverse effect of the Guilford layoffs. “Up until then, service was stable and more predictable.” He lost the freight agent in Portland he had dealt with daily, when the agent jobs were consolidated to North Billerica.

**Traffic increase**

For NEGS in the spring, “everything picks up,” noted Dearness.

**Ciment Québec.** The company now has 100 cars in its fleet. NEGS completed a third siding [see 14 August 2001 issue]. Ciment has its own locomotive, a 55-ton GE switcher.
Cohen Metals (aka Advanced Recycling). NEGS’s next project will install a rail scale and second siding. After that, predicted Dearness, the company will need its own power to switch the year. “On average, he’s got 15 cars spotted now.”

Perini Corporation. [Note: This does not refer to the ‘Perini track’, a mile-long formerly double-ended siding used to store the motive power and cripples for the Bow power plant coal trains. See 12 January 2001 issue.] Perini, headquartered in Framingham MA, paid NEGS to reconstruct a 2100-foot siding off the north end of the Perini track, and parallel to it. The spur, open to service now, permits Perini to operate a laydown yard in Bow for its entire New England operation. It can stockpile I-beams, maintain construction equipment, and store its railroad equipment such as ballast cars and flats. The company recently had a contract to work on the New York City subway.

Summit Packaging. This potential customer may build a plant on its 40 acres in the Penacook Industrial Park in Concord within three years. At this point, it has the former Sweetheart Plastics plant in Manchester (purchased on 1 April) and another site at the Manchester airport. Neither uses rail, though the Sweetheart facility does have a rail spur, about two miles south of the Manchester Yard.

Concord Crop Center. This company bought the Agway facility in the Concord Yard recently. Fertilizer arrives by rail; Dearness said “a little more is coming in.”

All States Asphalt. On 19 April, All States purchased New Hampshire Bituminous in Boscawen, according to an official in Boscawen. The New Hampshire facility produces asphalt, and supplies calcium chloride and magnesium chloride for dust and ice control. NEGS spots the chloride cars in Concord, and All States drays it to Boscawen or the final destination. Dearness anticipates 35-40 carloads, a tripling of the traffic. {ANR&P discussions 30.Apr.02}

All States Asphalt operates several plants in the New York-New England region. {company website, not updated to include the NH facility yet}

## ST.LAWRENCE & ATLANTIC

2 May, New York. **FRASER PAPERS WAS SELECTED TO PURCHASE THE FORMER AMERICAN TISSUE MILLS** in Berlin and Gorham. Following the bankruptcy [see 18 September 2001 issue], bids were accepted for the two mills in New York. In mid-April, Fraser Papers submitted an offer of $30 million for the properties. On 1 May, Cascade Inc. of Kingsey Québec submitted an offer, the amount of which was undisclosed. To insure that the best interests of Berlin and Gorham, the North Country and the state of New Hampshire were considered, three officials — Department of Resources and Economic Development Director George Bald, Environmental Services Commissioner Dana Bisbee and Assistant Attorney General Peter Roth — traveled to New York on 2 May.

The Cascades bid was disqualified because it included contingencies for closing ‘`that were unacceptable to the debtor,’` according to Assistant Attorney General Peter Roth.

A union official was under the impression workers could be called back within a couple of weeks. {Lorna Colquhoun in Manchester Union Leader 3.May.02}

The mills provided a significant chunk of traffic to the SLR–3,000 cars a year in 1999 [see 31 July 2001 issue].

## PORTSMOUTH

9 May, Portsmouth. **THE PEASE DEVELOPMENT AUTHORITY LIMITED THE STORAGE OF BULK AT THE MARKET STREET TERMINAL**, and declined to extend the contracts of existing bulk users. PDA Executive Director George Meyer, speaking on 15 May, emphasized that the board had always wanted to determine the best fit for cargoes at the terminal, and for that reason had not signed any long-term contracts.

International Salt
ISCO served northeast Massachusetts, New Hampshire, and southern Maine from the Market Street Terminal for 2001-2002. Some claim that the advantageous fees negotiated with the PDA, the manager of the terminal since 2001 [see 29 April issue], gave it an advantage over
other salt companies. The contract ran, with the latest extension, until 1 June [see 6 December 2001 and 29 March 2002 issues].

ISCO sought an extension on the contract until April 2003. That would give it firm prices on which to make bids for the upcoming salt season; bids are due on 20 May. On 9 May, the PDA board granted ISCO an extension only to 15 June for its storage of 100,000 tons there.

Jim Hood, an attorney with the law firm of Nixon Peabody of Manchester representing International Salt, asked the board to reconsider its decision. "To say that this is an enormous disappointment to us is an understatement. We came here in good faith. We came to be a participant in the New Hampshire salt market." International Salt is in the process of trying to bid on contracts with the state Department of Transportation for the next winter season (bids due 20 May) and needed the extension. With the 30-day time limit the PDA has imposed, International Salt cannot efficiently use the facility.

International Salt had offered a proposal where they would spend the next 11 months actively looking for other places to store salt. It would then gradually move its new cargo to a different facility in less than 90 days.

Hood argued that the PDA was letting Granite State Minerals have a monopoly in the market. Bob Shaines, representing Granite State Minerals, disputed that charge, given the small amount of product handled Granite State Minerals in comparison to International Salt.

As for the fate of the salt currently at the pier, Hood says it belongs to the state Department of Transportation. The salt is left over from this winter due to the mild weather. Hood does not believe it can be moved by the June deadline. He is expecting to work something out with the PDA.

**Rensselaer Iron and Steel**

PDA awarded this scrap metal dealer, a sister company of Grimmell Industries, a contract in February [see 15 February issue]. On 9 May, the board voted to terminate its agreement with Rensselaer Iron and Steel of Rensselaer NY, on or before 12 June. The PDA gave the company the option to terminate its agreement effective 15 May and be refunded any rents that it may have pre-paid.

Using a contract clause permitting termination with 30 days’ notice, the board terminated its scrap metal contract because of concerns the board had about the type of scrap that was coming into the port facility. Representatives from the company had promised that clean scrap would be coming through. In March, Portsmouth City Manager John Bohenko brought to the board’s attention that different types of scrap were being processed. In April, the PDA rejected a request from the company to add additional types of scrap to its inventory at the port terminal.

Board chair Bartlett said the PDA will likely lose a couple of hundred thousand dollars by terminating this contract. However, the board believed that getting rid of the contract was better in the long run for this facility.

**Scrap update since the board meeting**

Geno Marconi, the terminal manager, said on 15 May that Rensselaer was loading a ship due to sail at 0300 hours on 16 May. Since the ship arrived with 8900 tons of scrap loaded, and only about 15,000 to 16,000 tons was lying in the yard, the ship will probably remove all the scrap.

Interestingly, while the ship has its own cranes, Rensselaer has the use of two giant excavators with 100-foot reach. These can scoop up the metal and nearly throw it over the side of the ship, moving the scrap faster than the shipboard cranes. Marconi said one crane had been operating, but stopped because the excavators worked so quickly. But, they do come high; Marconi estimated the price at $350,000.

Meyer said Rensselaer and the port will meet next week to discuss alternative arrangements. During a public hearing on 30 April, PDA got negative feedback about the scrap activity. Meyer anticipated the two parties would talk about limiting the types of scrap and turnaround time, and discuss future operations.

**Salt update since the board meeting**

Meyer had no direct contact with ISCO, but he understood the company was looking at storing the salt elsewhere.

Could ISCO store the salt in Newington? No, said Marconi, because of the ordinance permitting storage of bulk only if it arrived via ship. “I ran into that years ago, when I was trying to attract several bulk cargoes with high volume. The terminal did not have enough laydown area. A former outdoor movie theater right next to the highway would have provided a perfect place, but the ordinance did not permit it.” An effort to get a variance failed in March [see 29 March 2002 issue].
The storage of bulk on the pier
The board adopted a new policy permitting bulk cargo, arriving by vessel to be transported by truck or rail to other locations, to stay at the terminal no longer than 30 days. Cargo arriving by truck or rail intended for shipment by vessel to other locations may be stored at the port for no longer than 75 days. The board reserved the right to extend the storage period by a specific finding of necessity or appropriateness.

Board member Arthur Nickless explained: "We don’t want to see the port turned into long-term storage facility," he said. "We want it to be a place where cargo is going in and out." Bob Shaines, an attorney for Granite State Minerals, said he was happy to see that the port was moving away from bulk cargo. Shaines would like the port to explore containerized cargo; he believes it is a viable market.

Meyer said later that the Authority is exploring some new cargoes, the nature of which he declined to divulge. {Michael Goot in Foster’s Daily Democrat 10.May.02; www.townofnewington.com; ANR&P discussion with Meyer 15.May.02}

VERMONT

GENERAL ASSEMBLY
16 May, Montpelier. RAIL FUNDING REMAINS UNRESOLVED while the House and Senate members meet in a conference committee about the transportation capital bill. Both houses agree that:

- The industrial development fund would receive no money.
- The Essex-St.Albans commuter rail project is eliminated [see below].

But the committee will have to agree on other projects, such as:

- Funding the relocation of the Rutland rail yard.
- Whether to preserve the Lamoille Valley corridor.

Charlie Miller, head of VAOT’s rail division, said he understood the conference committee expected to complete its work next week. {ANR&P discussion}

IBM plant sold?
Members of the legislature may be patting themselves on the back for not funding the Essex-St.Albans commuter rail project to deliver workers to IBM. A Boston securities firm warned on 13 May that IBM would probably sell its Essex Junction plant, the state’s largest employer at 8,000 workers. {Hiawatha Bray in The Boston Globe 14.May.02}

VRS: GREEN MOUNTAIN
16 May, Montpelier. THE VERMONT ENVIRONMENTAL BOARD PERMITTED GMRC TO WITHDRAW ITS APPLICATION to construct rail-served facilities in the Riverside Reload Center [see 29 March issue]. As the board warned in March, the withdrawal meant the railroad has a facility built without a permit and is subject to enforcement remedies. [GMRC is presumably relying on getting federal pre-emption in either the STB [see 3 May issue] or US district court. Editor]
WINDSOR & HANSTSPORT

6 May, Windsor. **AN UPDATE ON TRAFFIC** was provided by Jim Taylor, general manager. The railroad has seen “very little change in traffic volume; some fluctuations in agricultural stuff such as inbound grain and corn.” Traffic amounts to about 25,000 carloads a year, the same level as in 1998 [see *Atlantic Northeast Rail and Marine Transport Review 1999*].

Fundy Gypsum, which provides the vast majority of traffic, states that the channel to its Hantsport pier does not need dredging. Some had thought that would be needed [see 24 September 1999 issue *Ports*]. *ANR&P discussion 6.May.02*

**Fundy Gypsum**

Fundy supplies by far the majority of carloads to WHRC, producing close to two million tonnes a year [see 24 September 1999 issue: *WHRC*]. Most comes out of the Miller Creek/Bailey quarry in Mantua. Some comes from the Wentworth quarry just outside Windsor. ‘White rock,’ a gypsum with very high reflectance, is mined at Wentworth, according to Fundy Gypsum official Richard Baird, to the tune of 100,000 tonnes a year.

Nearly all the product, including the white rock, moves by rail to Hantsport and then by ship to the United States. Perhaps 50,000 tonnes a year moves by rail to Fundy’s sister company, CGC. *ANR&P discussion 16.May.02*

SYDNEY

13 May, PA. **THE ECONOMICS OF A COAL TRANSSHIPMENT POINT HERE** were explained by Ernie Thrasher, president and a principal of Provincial Energy Ventures LLC (PEV) which just leased the former Sysco piers [see 3 May issue]. Asked where the idea had originated, Thrasher explained that AMCI and other coal traders design the logistics of coal movement “every day.” In the course of one of those days, he conceived of “the concept,” the transshipment plan, the success of which remains to be measured.

Like railroads, the coal business has a return on capital rarely above the single digits, Thrasher explained. Prices gyrate wildly: In 2000, prices jumped 100%, and in 2001 dropped 50%, leaving them back at the 2000 level. “It’s a very difficult business,” but one which the company continues to pursue. American Minerals and Coal Incorporated (AMCI) and PEV “have the same owners in different equity percentages.”

**Background: sources and delivery of coal**

The United States and Canada each have sufficient coal to supply their existing coal-fired plants. But the operators of the plants are increasingly turning to off-shore coal to meet environmental guidelines and save money, when the transportation cost makes sense. Usually, that means when the power plant can directly, or with only a short move, receive coal from a ship. Inland power plants, which would require coal to move long distances by train, generally use coal mined in the interior of North America.

**Background: the cost of coal-carrying ships**

Ships which move bulk products come in three kinds:

- **Conventional (gearless).** These ships rely on shore cranes to unload. They must lie alongside a pier; the crane unloads the coal bucket-by-bucket, either directly into a pile on the pier or into trucks which move the coal to a nearby pile. For most efficient unloading, the pier should have two cranes.

- **Self-geared.** These ships rely on their own cranes to unload, but also must lie alongside the pier and unload in the same fashion as gearless. The ship will often have three or four cranes with a reach of nine or ten meters.

- **Belted.** These ships utilize an on-board conveyor belt to load and unload, which can reach 175-225 feet. The ship need not lie alongside...
the pier, but can stay some distance away. Conveyor use requires a hopper into which the conveyor drops the coal. From the hopper, the coal flows either into a coal pile or into trucks which haul it to a nearby coal pile.

Thrasher’s plan to utilize Sydney relies on two figures for chartering coal-hauling vessels. Conventional bulkers cost $7000-8000/day to charter. Belted bulkers cost $25,000-$40,000/day to charter.

Background: types of unloading facilities
Powerplants and other wharves have different abilities to accept coal.

Short pier. In the worst case, a plant has a short pier or simply mooring dolphins, requiring a vessel with a long conveyor boom discharging system to reach a hopper mounted on the pier, or on a dolphin. A conveyor would then transport the coal to the shore for stockpiling.

Long pier/no hopper
If the pier has several cranes, or the ship is self-geared, the cranes can unload several holds at one time onto several points on the pier, creating several coal piles or utilizing a fleet of trucks to create a large coal pile. The shore-based cranes could also discharge the coal into a hopper for transfer to the stockpile area by conveyor belts.

[N.B. The Sprague finger pier at Searsport has four steam-powered cranes still used to unload conventional bulkers. In fact, the pier has no open space for laydown; the cranes dump the coal into a conveyor. Editor]

Relying on old unloading facilities
With the exception of the St. John’s Power Park facility in Jacksonville, Florida, no coal-fired power plant on the Eastern seaboard can receive coal efficiently from gearless bulkers. Either the pier is too short, or cannot support cranes. The receivers have two choices: operate inefficiently receiving coal from gearless bulkers, or utilize geared ships.

Transshipping does make sense
In general, Thrasher plans to move coal over long distances via cheap ships, utilizing the more expensive ships for the final leg of the journey, and providing the cheaper ships with a backhaul. Sydney provides an appropriate transshipment point for several specific lanes. “By taking advantage of the trading patterns, and providing some infrastructure, we can gain the benefit of using conventional vessels.”

Russian and Polish coal. Without transshipment, coal from these two countries to the Eastern seaboard would travel about 4200 miles in expensive, geared ships. Using Sydney, gearless bulkers would travel most of the way (3800 miles), and geared, belted self-discharging ships or ocean-going barges would complete the delivery.

Sydney permits easy passage either down the coast, or inland via the St. Lawrence Seaway to plants on the Seaway or on Lakes Erie or Ontario.

Lake vessels which move grain, coke breeze, or pet coke for export often do not have a backhaul; coal would provide one.

South American coal. Thrasher believes PEV could provide less expensive coal delivery to points north of New York City on the Eastern seaboard, even if the gearless ship sailed by north to Sydney, and the coal made a return trip via geared ship. South of New York, transshipping does not make economic sense.

Ships from South America (about 2100 miles from Venezuela to Sydney) also have a backhaul: iron ore. They can unload coal in Sydney and sail the short leg to Sept Isles or Pointe-Noir to load the iron ore.

Even if self-unloading vessels have a backhaul, such as gypsum or grain from Canada, the total cost is still more expensive than sending a gearless bulker up with coal and going back empty. So a conventional bulker with a backhaul makes good sense. “The savings are not as significant as Polish and Russian shipments,” but still worth considering.

Jones Act
Using Sydney rather than a transshipment point in the United States saves money for US deliveries. The US Jones Act bars the use of
less expensive foreign vessels to move cargo from port to port within the United States.

**Next steps**
Thrasher expects cargoes to arrive in June or July. PEV will improve the existing cranes to increase the speed at which they operate. “We expect full operation in mid-2003.”{ANR&P discussion 15.May.02}

**HALIFAX**
16 May. **ZIM IS STUDYING A NEW CALL** for the port, according to the company’s Captain Lemke. The line will start in late May a weekly US-North Europe route, with New York as the northernmost North American port.

Lemke noted that Zim already calls Halifax on other routes. While the Canadian market “is much smaller, [a Halifax call] for the new route is under study at the moment.”{ANR&P discussion}

**PEOPLE**

**Larry Hutchinson** joined **Safe Handling** of Auburn, Maine, in January, becoming its first sales and marketing guy. Prior to that date, the company had thrived on walk-in business. Hutchinson previously worked for ONDEO Nalco, a water treatment company now owned by French company SUEZ. He has long-term roots in Maine, with a degree in chemical engineering from UMO, plus a stint with Scott Paper. The University of Maine Pulp and Paper Foundation has had the benefit of his contribution for a number of years; he sits on its board as a member-at-large.

**Mike Murray**, initial executive director of the **Northern New England Passenger Rail Authority**, in May announced he planned to retire in June. He was asked whether dealing with Guilford had affected him.

“They’re very crafty and knowledgeable,” said Murray, who has dealt with Guilford over rail rights for return of passenger trains to Maine over Guilford-owned tracks since the idea was first proposed in the early 1990s. “Many of the things they have demanded or required over the last 12 years have not been totally unreasonable. There have been a number of exceptions.” Pressed, Murray said about half of Guilford’s demands fall into the latter category. Dealing with Guilford took its toll. “I will not miss that and perhaps that’s one of the reasons, in addition to being here so long, that I believe the service needs new energy. I feel like I’ve been in combat.”{Edward Murphy in Portland Press Herald 14.May.02}

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**Coverage**
The newsletter covers the operating freight railroads and ports in New England, Atlantic Canada, and eastern 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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**ANR&P** appears twice a month, via post or e-mail. Subscriptions cost $375 for professionals, $95 per year for students, young and old. Introductory prices available.

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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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