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Issue 02#09B 30 September 2002

* Indicates story unchanged from e-bulletin

**REGIONAL ISSUES**

**B&A**: MMA meets obligations, removes financing contingency. Towns object to sale of assets. MMA letter to customers.* Rail America interested. STB to take up CN trackage rights.

**Amtrak**: Gunn wants to drop express, and asks partner states to pick up all losses.

**PW**: Amtrak retroactive payments.

**Intermodal revenue**: Will overtake coal.

**Highway salt**: Bid award.

**Transportation Strategy**: Increase highway capacity? Call for NY harbor rail tunnel. NY wants better rail and water capacity.

**PW**: Not enough traffic for Wethersfield.

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**GRS/Lewiston**: Masonite seeks rail service.

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**CBNS**: No decision from URB yet.

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**Halifax**: Preparing a vision. Calls for changes to improve competitiveness. Smartport.

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**PEOPLE, POSITIONS, EVENTS**

John Englert, Colin Pease, Don Rowe, Bill Schauer.

**FROM THE PUBLISHER**

Ports, ports!

Port stories abounded for this issue. New York (see Connecticut), Boston, QPD, Provport, Portsmouth, Halifax, and Sydney each have attention. My favorite: CN’s effort to rationalize car utilization to the container terminals in Halifax.

- Chop Hardenbergh

Next issue: 11 October

**REGIONAL ISSUES**

**BANGOR & AROOSTOOK**

17 September, Chicago. **MMA SENT AN UPDATE TO ITS FUTURE CUSTOMERS.** Noting the timetable [see 13 September issue], the Montréal, Maine, and Atlantic letter stated: ‘Assuming we are the successful bidder, we anticipate we will be able to take control of the property in 30 to 60 days. The interim period [is] being used to finish the hiring process, relocate the replacement locomotives and freight cars, and adopt the new information system. We continue to solicit your comments on any additional or different freight car needs you may have so we can consider them in our acquisition program, and appreciate the information we have already received on your fleet requirements.’

The letter came from Bill Schauer, vice-president of marketing for Rail World. He formerly served in the same position for Wisconsin Central. He currently serves as vice-president of the National Association of Rail Shippers. {text of letter and Schauer info from Rail World}

23 September, Chicago. **MMA MET ITS FINAL DEPOSIT OBLIGATION:** a third payment of $500,000 due this day.

**Due diligence materials**

Ed Burkhardt, president of Rail World, added that one interested party, Rail America, requested and received the due diligence materials the bankruptcy court ordered MMA to provide [see 30 August issue]. Rail America officials visited the BAR last week. {e-mail to ANR&P}

25 September, Portland. **MAINE TOWNS OBJECTED TO THE SALE OF ASSETS.** Portage Lake, Limestone, Caribou, Hermon, Medford, Milo, and Van Buren each stated that the attachment C to the motion to sell substantially all of the assets of the B&A System, which lists all of the real estate tax and sewer liens to be paid upon sale, does not include certain tax and sewer liens. {bankruptcy court website}

25 September, Portland. **‘TODAY WE REMOVED THE FINANCING CONTINGENCY,’** wrote Ed Burkhardt. {e-mail to ANR&P} That means that MMA can receive the breakup fee [see 30 August issue], and under the Bid Procedures paragraph 5, all other bidders also must waive any financing contingency.

‘There are a few details of financing still to be completed, but essentially we are confident that the financing is in hand - at least sufficiently confident to take this step.’ {e-mail to ANR&P}

25 September, DC. **THE STB WILL TAKE UP THE CN TRACKAGE RIGHTS ISSUE.** In a decision made public today, it granted ‘exemptions from three statutory provisions and for waivers of several of our regulations’ to ‘facilitate BAR’s filing of an application seeking a finding that the public convenience and necessity require or permit the discontinuance of trackage rights’ held by Canadian National.

The B&A estate had sought to revoke exemptions to the creation of the trackage rights, and the STB turned that effort down [see 28 June issue].

‘CN does object to waiver of the provisions dealing with the condition of the property, the service provided, revenue and cost data, and rural and community impact. We will not waive the requirement to submit information on the condition of the property. This information might bear upon the ability of BAR and CN to provide common carrier service to Fraser, an issue that is relevant under the public convenience and necessity standard of 40 U.S.C. 10903(d).

‘We will waive the requirement to submit information on the service provided under the trackage rights, to the extent that such information is in the possession of BAR. We cannot determine whether the present and future public convenience and necessity require or permit the discontinuance of CN’s trackage rights without having knowledge of the service that is or could be provided under those rights.

‘We will waive the requirement to submit revenue and cost information. This requirement is intended to apply to carriers seeking to discontinue their own operations on the grounds that those operations are a burden on interstate commerce, i.e., because they cause the carrier to incur a loss. Here, CN is not seeking to discontinue its own trackage rights, and BAR certainly is not arguing that CN should be forced to discontinue these rights on the ground that their exercise will be unprofitable to CN.

‘We will not waive the requirement to submit information on rural and community impact. Under 49 U.S.C. 10903(d), we must consider the possibility of”serious adverse impact on rural and community development” in discontinuance proceedings, and this possibility can exist in adverse discontinuances as well as in standard discontinuances. At this point, we cannot be certain that issues involving rural and community development will not arise.

‘CN also objects to waiver of the detailed map requirement of 49 CFR 1152.22(a)(4), arguing that BAR should be able to prepare the required map because it owns the property over which service would be discontinued. This provision requires the submission not only of a map but also of information showing the line’s relation to other rail lines, highways, water routes, and population centers. This information may be relevant to whether there is a public need for CN’s trackage rights and to the effect of discontinuance on rural and community needs. Thus, we will not waive the detailed map requirement....

‘If BAR, as it suggests in its petition and as it indicates in its reply, also intends to seek termination of Waterloo’s easement approved in STB Finance Docket No. 34015, it must file a separate application to do so, following the procedures required for filing such an application (including seeking waivers and exemptions, if
needed). BAR may then seek to have these proceedings consolidated for concurrent handling. The instant proceeding, however, embraces only the request for discontinuance of the CN trackage rights approved in Canadian National Railway Company - Trackage Rights Exemption - Bangor and Aroostook Railroad Company, STB Finance Docket No. 34014 (STB served Mar.21, 2001).’ {STB Docket No. AB-279 (Sub-No. 3) served 25.Sept.02}

26 September, Portland. SEVERAL ADDITIONAL PARTIES FILED OBJECTIONS TO THE SALES MOTION BY THE DUE DATE:

Progress Rail. This objection reiterated that the BAR did not own the track and therefore could not sell it [see 13 September issue]. ‘[Progress Rail and affiliated parties] are in discussions with the Trustee on the terms under which the Objecting Parties would consent to the proposed sale, but no agreement has been reach.’

Trinity Leasing. Trinity leased 150 Plate F boxcars to BAR, but BAR has not generated the minimum necessary revenue from the cars, and Trinity wants to terminate the lease and recover the cars. Trinity is unable to find the list of contracts which MMA will take over [I’m not the only one confused by the mountain of filings! Editor], and thus unable to determine the future status of its lease with BAR.

Fieldcrest Cannon. Noting that LMS disputes Fieldcrest Cannon’s claim to the LMS real property [see 13 September issue: Bid Piecemeal?], Fieldcrest ‘does not consent to the sale of the LMS property free and clear’ of Fieldcrest’s claim. {court website}

27 September, Portland. THE BANKRUPTCY COURT EXTENDED THE DEADLINE FOR OBJECTIONS to be filed on the Sales Motion, to 1 October at 430PM. Canadian Pacific Railway (CP) filed the request for an extension at 426PM on 26 September, saying it was discussing issues with the Trustee and he did not object to the extension. {court website}

AMTRAK

18 September, DC. ELIMINATING EXPRESS AND BOOSTING STATE PAYMENTS were advocated by new Amtrak chief David Gunn in his budget submission. First, money-losing express freight service will end, although Amtrak will continue to haul mail, which is profitable. Express service, which involves adding freight cars to Amtrak trains, was supposed to help Amtrak become operationally self-sufficient. Instead, it has been a financial drag, delayed passenger trains, and angered the freight railroads whose tracks Amtrak uses.

Second, over the next two years states which subsidize certain Amtrak routes must guarantee coverage of all losses. The state-subsidy program began many years ago to help states establish passenger service that Amtrak would not otherwise operate, but in most cases--except in California and perhaps Washington state--Amtrak still loses money. {Don Phillips in Washington Post 19.Sept.02}

PROVIDENCE & WORCESTER

13 August. HIGHER AMTRAK TRACK FEES DO NOT PORTEND A CONTINUING LOSS. An amount due to Amtrak for past years, $940,000, was deducted in the second quarter, leading to a loss for that quarter [see 28 June issue]. But, noted General Counsel Mary Tanona, the loss is not due to increased fees on a prospective basis.’ {e-mail to ANR&P 18.Sept.02} During the second quarter, operating revenue increased 4.7% over 2Q01, primarily due to conventional traffic from new customers but also from certain existing customers. {PW press release

RECORD INTERMODAL VOLUME

INTERMODAL REVENUE MAY OVERTAKE COAL REVENUE, according to a new report commissioned by the rail industry and conducted by intermodal industry expert Thomas R. Brown and independent Wall Street analyst Anthony B. Hatch. The two project an annual growth rate of five percent for intermodal over the next several years, its highest in five years, so that intermodal revenue will exceed coal revenue by the end of 2003.

By way of comparison, in 1984 just one doublestack train per week originated on the West Coast and served only one U.S. inland market. Today, over 241 doublestack trains per week originate on the West Coast and serve all the major long haul U.S. markets. Last year, rail intermodal service took more than nine million long haul trucks off U.S. highways. {American Short Line and Regional Railroad Association Views and News 23.Sept.02}

However, intermodal volume still constitutes less than 2% of total traffic. {Rail Business 16.Sept.02}

CONNECTICUT

HIGHWAY SALT AWARDS

27 September. PROCUREMENT SERVICES POSTED THE AWARDS this day:

American Rock Salt of Mount Morris NY won two districts, up from only one in 2000-2001. [See 19 December 2001 issue.]

International Salt of Clarks Summit PA won six, up from three in 2000-2001.
Morton Salt of Chicago IL won five, down from eight. [More in a future issue.]

**TRANSPORTATION STRATEGY BD**

18 September. **OF HIGHWAY EXPANSION AND ALTERNATIVES.** At the 10 September Transportation Strategy Board meeting [see 13 September issue], the Movement of Goods and People Working Group recommended a second tier of lanes over the existing I-95 from Greenwich to New Haven, plus other highway expansion.

Highway expansion did not disturb the commissioner of the Department of Environmental Protection. Asked about the air quality impacts of such a project, Art Roque told the TSB meeting that no transportation strategy—even taking all the cars off the highway—would improve the “extreme non-attainment” EPA air classification in SW Connecticut. Others took strong exception to this.

The Cross-Harbor Rail Tunnel as an alternative

Richard Carpenter, past executive director of the Southwest Regional Planning Agency (SWRPA) and currently member of the I-95 Coastal Corridor Transportation Investment Area (I-95CCTIA) and the Connecticut Public Transportation Commission, argued for a rail tunnel across New York harbor in a recent memo. This would connect Connecticut directly to the Northeast Corridor.

‘Modern rail freight equipment can use the NEC now, without overhead clearance improvements. Single containers on flatcars, 13’6” highway trailers in “well cars”, Road Railers, and modern mechanical refrigerator cars are all low enough to operate under the present low clearances of the new Haven Line and the NEC. Also, at times other than the AM and PM peak hours there is room for an additional high speed, scheduled intermodal rail freight train each hour, each way. Between midnight and 5AM, when almost no Amtrak or Metro-North trains run, there is even more capacity. And the multiple tracks of the NH Line and the NEC make track maintenance and train operation compatible and possible.’

The tunnel’s ‘final EIS and design studies are under way, to be complete in time for “T-3” federal transportation authorization....It will reduce truck traffic [and the need for highway expansion] not just east of the Hudson River, but south and west of the Hudson River as well. Estimated cost: $1-2 billion, Time to build: 10 years, perhaps sooner if a sense of urgency prevails.

‘Rail terminal space for intermodal transfer from rail to truck is happily available in Connecticut and New England; New Haven (Cedar Hill Yard -along I-91), Hartford (near junction of I-84 and I-91), Providence (alongside I-95) as well as existing intermodal terminals in Massachusetts and Maine.’

{Transportation Choices Coalition of Connecticut Coalition Update 13&20.Sept.02}

New York looking to water and rail

Rick Larrabee, director of port commerce at the Port of New York and New Jersey, told a recent joint hearing of the Senate Commerce, Science, and Transportation subcommittees on freight and intermodal transportation that now 87% of all port traffic moves in or out by truck. The port expects a doubling of traffic, and wants barge and rail to increase their share to 43%. Water is becoming competitive over shorter distances because of the cost of congestion, Larrabee said. “There is tremendously underutilized capacity on the water.” {Rail Business 16.Sept.02}

**PROVIDENCE & WORCESTER**

16 September, Middletown-Hartford. **THE WORK IS DONE, BUT THE WETHERSFIELD SECONDARY IS NOT OPEN** ‘for revenue traffic [see 29 March issue]. The proper publication of notice for commencement of operations hasn’t taken place because business does not yet warrant it.’ {e-mail to ANR&P from Mary Tanona}

**MAINE**

**TASK FORCE ON RAIL**

13 September, Auburn. **SHIPPERS, RAILROADERS, AND OTHERS SPOKE TO THE RAIL TASK FORCE** during its third meeting [see 13 September issue]: Bob Turner, the HUB Group; Tom Howard, Domtar Industries; John Robinson, Masonite Corporation in Lisbon Falls; Chop Hardenbergh, editor Atlantic Northeast Rails & Ports; Peter Dearness, New England Southern Railroad, Concord, NH; Jack Sutton, MRG/Downeast Rail; David Sinclair, Maine Lumber LLC; Dick Trahey, Maine Tomorrow; Paul Turina, Safe Handling; Charles Hunter, St. Lawrence and Atlantic Railroad; Robert Thompson, Androscoggin Valley Council of Governments; Roland Miller, Director of Development City of Auburn; Rob Elder, MDOT Office of Freight Transportation; and Allan Bartlett, MDOT Office of Freight Transportation.

Auburn and the SLR

SLR representatives described the intermodal terminal here and the need for on-site customs [see 26 July issue for earlier description].

Lack of success for some intermodal facilities

Bob Turner, representative of the HUB Group in Maine, underscored the need for a balance of inbound and outbound freight (Auburn has a balance) at an intermodal facility. Otherwise, railroads must spend effort bringing in empty equipment. Since most of the freight from Bangor and Presque Isle is outbound, that doomed the intermodal facilities there.

Waterville also has little inbound, but GRS has successfully repositioned equipment from relatively nearby Massachusetts.
B&A Greenville
[See below.]

Calais branch
[See remarks by Tom Howard below.]

GRS/Lewiston Lower customer
[See Masonite, below.]

Amtrak benefits
Dearness spoke to the letter from Guilford [see 13 September issue] stating that the passenger rail had not benefitted freight: “Hogwash.” He noted that he is getting traffic to his NEGS much faster from Maine with the upgrade in track for the Downeaster. {ANR&P coverage}

Next meeting
On 3 October the task force will hear from shippers, DECD, and MDOT. {agenda available from Office of Policy and Legal Analysis}

BANGOR & AROOSTOOK
13 September, Greenville. THE B&A MAY HAVE A NEW STUD MILL CUSTOMER. David Sinclair, Maine Lumber LLC, told the Task Force on Rail [see above] that construction will begin soon on a small log stud mill in Greenville, planned in conjunction with Greenville Steam, which burns sawmill residue to generate electricity. It will produce approximately 100 million board feet per year and 80,000 tons of pulp shavings.

A 2,500-foot spur is needed to connect the stud mill and a wood siding mill in the Greenville Industrial Park to rail. Rail would offer a cost effective means of transportation for materials into and products out of the mills. Wood residue coming into Greenville Steam could also be transported by rail.

Rail access is especially important during the spring mud season when roads are posted with weight limits. {ANR&P coverage}

CALAIS BRANCH
6 August, Woodland. LOUISIANA PACIFIC ACQUIRED THE OSB MILL HERE from Georgia Pacific, as well as the saw mill. However, the saw mill remains closed [see 25 September 2001 issue] and Louisiana Pacific (LP) has no plans to re-open it. Moreover, GP will idle the OSB plant and LP will reopen it when needed. In exchange, GP acquired four LP plywood manufacturing facilities and one medium density fiberboard facility located in Louisiana and Texas. {GP press release 6.Aug.02; LP press release 16.Sep.02}

13 September, Auburn. DOMTAR BELIEVES THE CALAIS BRANCH WILL NOT HAVE ENOUGH TRAFFIC, said Tom Howard, who handles government affairs for Domtar. He made these points to the Maine Rail Task Force [see above]:

- DOT designs for the new third border crossing in Calais should include or be compatible with a railroad bridge.

- Domtar believes the best rail route into Washington County is through the New Brunswick Southern Rail (NBSR) line from St. Stephen.

- The infrastructure is in place for a transloading facility at Calais, Baring, or Ayers Junction to serve the Port of Eastport.

- Domtar is concerned that Washington County cannot produce enough freight to support both NBSR and a reopened Calais Branch. The report done by Chris Hall of Stafford and Associates concluded that the Calais branch needed 14,500 loads a year to be viable. Domtar only did 2,500 loads in 2001, while the traffic from the other mills on the former Georgia Pacific property has dropped to zero [see above]. [Howard later noted that Domtar predicts rail volume will come to under 1000 loaded cars for 2002. {ANR&P discussion 29.Sept.02} The volume did not go away, but has moved to export, so Eastport has a boom in ship traffic—see 9 August issue.]

Howard feared that the decline in traffic means the current five times per week service frequency may drop; reopening the Calais branch would increase that possibility. {ANR&P coverage}

GRS/LEWISTON LOWER ROAD
13 September, Lisbon Falls. THE MASONITE CORPORATION WANTS RAIL SERVICE, plant manager John Robinson told the Task Force on Rail [see above]. The plant had rail until Guilford put the line from Brunswick to Lewiston out of service following a 1987 flood; GRS still retains the freight rights on it. {GRS nearly abandoned it, but then pulled back when MDOT talked about connecting the line to the SLR—see 19 December 2001 issue}. Grimmed Industries has asked the Surface Transportation Board to require GRS to serve it. The STB has not yet decided that. Grimmed is now moving scrap via Portsmouth—see 17 May issue]

Masonite closed two other plants, in Oregon and California, and has concentrated its softboard production here. Robinson wants to keep the mill “competitive” which means seeking the cheapest transportation possible. Less than 2% of the production stays in Maine; 25% goes to southern California.

Three weeks ago he asked Guilford for a rate, anticipating the same trouble which Grimmed has encountered.

The Hub representative at the hearing, Bob Turner, said Hub could provide the best rate to Masonite via piggyback intermodal. {ANR&P coverage}

ST.LAWRENCE & ATLANTIC
13 September, Auburn. THE CITY GETS INQUIRIES EVERY WEEK FOR RAIL SERVICE from companies looking for a new location, said Roland Miller, Auburn’s director of community development, to the Task Force on Rail [see above].

Auburn is engaged in a nationwide competition for an international metal fabricating company planning its second facility
in the United States. They want a site with rail access for multiple buildings.

“We’ve got to have rail to be in the game,” he concluded. {ANR&P coverage}

MASSACHUSETTS

HOUSATONIC RAILROAD

25 September, Pittsfield. THE FIRST CUSTOMER ON HRRC’S NEW BRANCH WILL RECEIVE CARS on 1 October, according to Executive Vice-president Ed Rodriguez. On 3 September, the railroad told the STB that its subsidiary Coltsville Terminal Company had bought the line from CSXT [see 9 August issue] on 27 August. {text of letter from HRRC}

The first customer

Crews are working now to get the line operable to Filkins Transportation, said Rodriguez. The company’s president, Joel Cooper, said he has completed a loading dock for the current siding which can handle three cars if positioned correctly. The railroad is building a second siding to permit through-car unloading. This arrangement will permit Filkins to handle the anticipated four cars a day.

The company has a 25-ton Payloader which can push the cars, if necessary.

More about Filkins

Cooper acquired the company from his aunt and uncle eight years ago, when its trailers hauled bulk items. Believing that moving bulk made little money, he changed the cargo to breakbulk. While the change meant Filkins lost money for the first 18 months, it is now doing very well. Cooper added the 30,000SF warehouse here on Dalton Avenue, and a second 35-40,000SF warehouse in Lenox (not rail served). Up to now Filkins has delivered time-sensitive freight (not suitable for rail) guaranteed on-time all over New England. “In eight years we have had only three late deliveries.”

HRRC will deliver mostly pulp, from Canada or the Baltimore piers, according to Cooper. He is handling little of that with his own trucks now, as the truck rates are “too high.” Rail will cut the rates considerably, so that one of the paper mills will save more than $600,000 in freight costs in one year.

Customers include Mead specialty papers and Curtis. Others are waiting until the rail actually begins operation.

Farther extension

HRRC crews will continue working north to go “all the way to the end as quickly as possible,” said Rodriguez. He has no definite customers there, but good prospects. {ANR&P discussions 25 September 2002}

PROVIDENCE & WORCESTER

16 September, Seekonk. THE RAILROAD IS BRUSHING OUT THE EAST JUNCTION SECONDARY to the end of its operation, even without customers. General Counsel Mary Tanona wrote: ‘we believe it’s a good idea to maintain the line free and clear of brush so that should opportunities present themselves, there would be less to do to take advantage of them—similar to our approach on the west end of the Willimantic branch.’ {e-mail to ANR&P}

BOSTON

24 September. AUTOPORT IS SEEKING NEW IMPORTERS AS VOLKSWAGEN LEAVES. Under an agreement reached in April [see 12 April issue: Rhode Island], the car importer is ramping up deliveries to Davisville [see below], and ramping down deliveries here, though ships will continue to arrive into November. George Bell of Foreign Auto Servicing (FAS), partners with Diversified Automotive Services in Boston Autoport, said he continues to service Volkswagen. Autoport also handles Subarus for New York and New Jersey [see 18 February 2000 issue], Audi, and Toyota (installation of accessories at dealerships).

Until VW decided to move, Autoport imports had increased by 500% since 1996. FAS was handling nearly 90,000 VWs a year, while Diversified processed up to 22,000 Subarus. Half of the Subarus came by ship, the other half by rail. So much traffic was coming in that Autoport leased from Massport the Medford Street Terminal, adjacent to the Moran Terminal {Port of Boston Handbook and Directory 2001, Massport}.

By 2001, traffic was subsiding. Some 88 auto carriers called the port, down from 101 in 2000. Automobiles in metric tonnes fell from 99,885 to 96,868; automobiles processed dropped from 92,486 to 80,723. Year to date by June of 2002, cars totalled 41,806, compared with 42,650 for the same period in 2001. {Massport website}

The change due to costs and rail

Dennis Kay, an official at Massport, said VW moved in part because Davisville costs less; shippers don’t pay harbor maintenance taxes. [See Halifax argument that US ports do not pay for dredging in Quebec /Maritimes.] Moran has a 40-foot channel and 40 feet alongside, maintained by dredging.

The federal government maintains that “if you received funds for dredging, you need to pay the tax.” and Davisville does not pay it. [Davisville has 35 feet, naturally maintained–see 26 July issue: Rhode Island] Autocarriers, built high and wide, by nature have a shallow draft.

The fault did not lie with Autoport, which Kay called “one of the best processors in the country, with a national reputation.” {ANR&P discussion 23.Sep.2002}

VW is also moving because of access to rail and more space [see Rhode Island].

More than one port

Bell explained that most auto carriers call more than one port on the
East coast. Typically ships hold 3,000 to 4,500 cars, drop 800-1400 cars of those in Boston, and move to another port. For example, VW calls both Boston and Wilmington, Delaware.

Ships moving south occasionally use the Cape Cod Canal, which can shave up to six hours sailing time. [One such, the M/V Brilliant Ace speeded south through the canal in 1999, washed a Moran Towing tug and barge ashore. The US District Court in Boston in July 2002 awarded $1.3 million in damages. {AP in Conway Daily Sun 19.Aug.02}]

Past importer turnover
Autoport has undergone transitions before, explained Bell. Once before, Autoport lost VW when in the late 1970s it decided to consolidate in Albany. In the 1980s Subaru moved some of its work elsewhere. In the 1990s, Toyota consolidated its importing elsewhere, taking 50,000 autos, which “at that time was all of our business,” said Bell. Each time, Autoport has attracted a new importer, in part because of the quality of the workforce. Steven Pugliese, president of FAS, said earlier that “we’re consistently at the top of VW’s audit for port performance.”

Current transition
Bell said Autoport is aggressively seeking new customers. “We have good prospects. There’s more than one importer interested in Boston.” P&O Ports [see Rhode Island] and Dennis Kay of Massport agreed. Autoport’s lease on the Medford Street Terminal continues despite the loss of traffic. {ANR&P discussion 25.Sep.2002}

NEW BEDFORD
13 September. CSXT IS INTERESTED IN THE EPA WASTE HAULING [see 13 September issue]. “Given its inherent efficiencies and unrelenting emphasis on safety, we believe CSXT is always a strong option for moving this type of material, and we look forward to discussion this project with the EPA.” {e-mail to ANR&P from spokesperson Bob Sullivan}

25 September. SALT WILL RETURN AFTER DREDGING, according to Mark White, owner of the Pope Island Harbor Development company. He explained that Morton Salt, and before that Akzo Nobel, had won the bidding to supply salt for three state highway districts (Cape Cod and Worcester) for the past five years. For the past 15 years, Cape state sheds and 75-80 towns were supplied by his facility in New Bedford, supplemented by Providence when needed.

Ships brought in the salt, to the tune of about 100,000 tons per year, from overseas suppliers [see 15 February issue]. Laker-sized ships with about 35 feet of draft when full would sail at high tide through New Bedford Harbor to Pope Island about 60% full, reducing their draft to about 26 feet, and deliver 23,000 to 25,000 tons each via a 208-foot self-unloading conveyor.

But the lack of water led to Morton’s decision to stop two years ago, and his facility handled no salt in 2001-2002 and will handle none this year. Morton supplies its Massachusetts districts from Providence.

Other traffic
Pope Island offers a privately-owned facility with low labor costs, said White. In the past, it has also moved crushed stone. It also owns a marina, and has a tenant doing boat repair.

White also owns DW White Construction, a company located in Acushnet. {ANR&P discussion 25.Sep.2002}

Dredging is coming
New Bedford is planning to dredge the Pope Island area before the end of this year, said John Simpson, executive director of the Harbor Development Commission. The material removed is not so contaminated that it requires the EPA cleanup used for the superfund site [see 13 September issue], but “it is unsuitable for offshore disposal.” Therefore, New Bedford will dig a trench at the north end of Pope Island, dump the dredge spoils into it, and cap it with clean fill. The stuff removed from the trench will be used elsewhere.

The port is awaiting approval from Massachusetts for this plan. “We will partner with the state for the maintenance dredging, and piggyback on the superfund cleanup procedures [see EPA story in 13 September issue]” for approvals needed from authorities, said Simpson.

Some dredging just finished
Maintenance dredging of 18 acres occurred from May to September, said Simpson. The 60,000 cubic yards were trucked and pumped to the rail depot site (adjacent to the EPA site), for future use in landscaping and backfilling. {ANR&P discussion 26.Sep.2002}

NEW HAMPSHIRE

NEW ENGLAND CENTRAL
24 September, Claremont. “NOTHING BUT THE BEST” described the people from NECR and parent company Rail America, said John Rymes, principal of Rymes Heating Oil. Since the STB decided that NECR could serve his propane facility [see 26 July issue] here, he has met with officials and worked out an agreement under which he will receive more than 200 cars this winter. In numerous meetings, he has found the officials “very customer-service oriented” compared with his previous rail provider, Guilford.

Cars will begin to arrive by 1 November, and possibly earlier.
Because of previous commitments to using truck, NECR will not supply all Rymes’ needs. \{ANR&P discussion 24.Sep.2002\}

**PORTSMOUTH**

26 September. **CONTAINER SERVICE MAY START IN DECEMBER.** The board of the Pease Development Authority, which runs the Market Street Terminal, voted to lease three acres to Fiaz Arain’s Amer Transport Services. [See 13 September issue.]

**Service**

To unload a shipment of containers and place it on trucks will only take about half an hour. Amer will charge companies $500 per container. He said companies would save about $84 per container and 14 hours in time by using the service. “There is a lot of expense with bringing goods to New York and Boston. We can grab that business.”

**Port income**

The PDA will receive about $34,000 for the first six months in lease fees. It is waiving wharfage and dockage fees for the first six months for the business to get going. George Meyer, executive director of the PDA, said once the business gets going, it could generate about $200,000 a year for the PDA.

Board member Bob Preston said he believes while the PDA may not see much revenue initially from this plan, it was good for the long-term future of the port as a place where goods are moved in and out quickly.

**ILA partner**

Bill Roach, president of the International Longshoremen’s Association and a partner with Arain, said the decision will help create more jobs than current deals the port has for handling salt and scrap metal. The new cargo business will not interfere with the salt or scrap metal operations. “I think it was a historic opportunity for this board to reintroduce this service back to Portsmouth,” Roach said. \{Michael Goot in Foster’s Daily Democrat 27.Sept.02\}

‘There are other constraints that limit train length, such as operating windows and the size of yards where the trains are made up. Upon completion of the FRIP, we would expect to run more trains, not longer trains.’

18 September, Davisville. **ROUTING PIPE VIA NECR COSTS LESS** than the more direct route. While much pipe for Duke Energy in Davisville moves via CSXT [see 30 August issue], some comes via NECR through Palmer to New London, whence PW takes it to Worcester and then down to Davisville. This gives the best service for the best price. Tanona said ‘the slight jog in the route is a small percentage of the entire trip, and has to do with Class I rates and routes rather than P&W.’ \{e-mail to ANR&P\}

23 September, Davisville. **RAIL DID NOT WORK FOR BARGE-MAKER SENESCO.** Southeastern New England Shipbuilding Corporation (SENSESCO) was incorporated in Delaware in 1999 and that year acquired a thirty-five-year lease from the State of Rhode Island on a twenty-five-acre parcel of land at the Quonset/Davisville Commerce Park.

Richard Carpenter, an official with SENSESCO, said the company had tried bringing in steel in autumn 1999. That led to a disaster, with one of the cars lost for six weeks. \{After the Conrail splitup in June 1999 most shippers had problems--see 16 July 1999 issue.\}

Even if rail worked well, SENSESCO no longer uses the big steel company as it went bankrupt. Steel now comes from regional suppliers via truck. \{ANR&P discussion 23.Sep.02\}

**QUONSET POINT/DAVISVILLE**

23 September. **VOLKSWAGEN STARTED IMPORTING AUTOS** through the NORAD auto facility early this month, a move from Boston announced in April [see Massachusetts]. By the end of the month, three to four ships had called the port. VW spokesperson Tony Foulaadpour confirmed that the transition had begun. \{ANR&P discussions with Bruce Waterson and Foulaadpour 23 & 25.Sept.02\}

**P&O Ports wins stevedoring contract**

Walter Egee, vice-president/ports manager of P&O Ports New England, explained that once VW of America decided to change to Davisville, VW Transport headquartered in Germany (the transport arm of VW International), asked for bids to do the stevedoring in Davisville.

P&O won against bids from NORAD (the facility operator), John Orr (who does the Subaru stevedoring), and Bruce Waterson.

**Reasons for VW to move to Davisville**

“We had a good, long-standing relationship with Boston,” said Foulaadpour in April. “This is an opportunity--more than anything being wrong with Boston--to take advantage of a site that offered us more space, access to rail and better trucking logistics.”
VW cannot yet use rail, at least not tri-level auto carriers. But RIDOT plans to finish the FRIP by the end of 2004 [see 26 July issue and map in www.atlanticnortheast.com], which will permit PW to run tri-levels from Davisville to the national rail network, an option not available to the Moran Terminal in Boston. Fouladpour said VW can then “rail cars to the other side of the country,” taking roughly the same time as moving them by sea directly to the West Coast and trucking them.

Davisville can provide more space, as the former Navy base has plenty of wide open paved land. In Boston, VW had tapped out available space. [Fouladpour discussion with Mark Hollmer in Boston Business Journal 3 May 02; other information ANR&P analysis]

MORE ABOUT P&O PORTS NEW ENGLAND
In New England, this division of P&O Ports operates at four terminals; the Black Falcon passenger terminal in Boston, the Portland container operation, Davisville, and the Boston Autoport.

At the Autoport, P&O is still handling VW, and will continue to handle the Subaru contract.

Egee said the company is looking at work in Gloucester, New Bedford, Fall River, and Portsmouth, as well as filling the void at the Autoport after VW leaves.

He emphasized that the company can move quickly, and bid on ship by ship basis, always contracting with the carrier.
“We handle anything other than liquid bulk.” {ANR&P discussion 27 September 2002}

10 September. BOTH MAJOR CANDIDATES FOR GOVERNOR OPPOSE A CONTAINER PORT. Myrth York, Democrat, and Don Carcieri, Republican, have publicly voiced opposition. [See 30 August issue.]

PROVPORt
26 September. NORTHEAST UTILITIES DECIDED TO USE THIS PORT FOR COAL AGAIN [see 17 May issue]. In mid-October, one ship will arrive, generating roughly eight trains of 50 cars each to move to Holyoke’s Mt.Tom generating plant.

Keith Saunders, who manages the coal move for the company, said trucks remained less expensive than rail, but the company saved on Provpport storage fees by moving the coal to Mt.Tom quickly. Moreover, the company prefers rail “rather than moving that many trucks through the neighborhood.”

Saunders noted that company costs have risen due to environmental regulations (including more costly coal), while its electricity sales price is under pressure from gas plants. Even though Provpport is simpler logistically, Northeast would go to New Haven for a lower price, as it is trying to save wherever it can. {ANR&P discussion with stevedore Bruce Waterson 26 Sept.02, with Saunders 30 Sept.02}

VERMONT

NECR/VRS/NHCR
26 September. SPRAGUE WILL OPERATE FIVE FORMER MACINTYRE FACILITIES, according to Vice-president and Terminal Manager Bob Blanchard [see 13 September issue]. His company is making good progress in getting the necessary contracts completed; agreements must cover each tank farm, and Sprague needs contracts with the serving railroads as well.

Thus Sprague is contracting with VRS to serve the Rutland, Middlebury, and North Walpole facilities; with NECR to serve the White River Junction facility; and with NHCR to serve and operate the North Stratford NH facility. It will not continue the Montpelier facility [see box]. {ANR&P discussion 27 September 2002}

Ultramar
The seventh facility, in Burlington, is owned by Ultramar and served by VRS. Ultramar had an agreement with MacIntyre at both North Walpole and at Middlebury to supply distillate and gasoline for resale by MacIntyre, and to throughput its own gasoline and distillate.

Now at these facilities Ultramar will not sell gasoline and distillate to new operator Sprague, but it does have an agreement to throughput for its own customers.

Product comes from Ultramar’s refinery in St.Romuald near Québec City and is railed to the Vermont and New Hampshire locations. [For history on the Ultramar operation, see 5 March 1998 issue: Canada.] {ANR&P discussion with Ultramar spokesperson Louis Forget 26 September 2002}

WHAT HAPPENED TO THE MACINTYRE FACILITIES
Middlebury VT. Until 23 September, Ultramar operated the Middlebury gasoline facility on an interim basis. Sprague has since assumed operation for the entire facility; VRS serves it.

Rutland VT. Sprague is operating this facility, served by VRS.

North Walpole NH. Until 23 September, Ultramar operated the North Walpole gasoline facility on an interim basis. Sprague has since assumed operation for the entire facility; VRS serves it.

Burlington VT. Ultramar owns the facility here. MacIntyre was operating it; Sprague will not assume the operation.

White River Junction VT. Sprague is operating this facility, served by NECR.
WASHINGTON COUNTY RAILROAD
13 September, Barre Town. BOMBARDIER ANNOUNCED IT WOULD MOTHBALL ITS PLANT, and move all production to its Plattsburgh NY facility across Lake Champlain. After weeks of analysis company officials concluded it made little sense to run two plants at partial capacity. Sponsorship Carol Sharpe said: “The [move] will allow us to keep the work force steady at the Plattsburgh plant.” If Bombardier won enough contracts to overflow the Plattsburgh plant, the Barre Town plant could be reopened. {David Delcore in Rutland Herald web version 13.Sept.02}

Impact on the railroad
VAOT has a five-year agreement to pay VRS a subsidy to operate the railroad, as part of an agreement with Bombardier to provide rail service [see 12 and 22 November 1999 issues]. Dick Bowen of the agency explained that the agreement will continue even if Bombardier stopped production.

The railroad has several other shippers: Fulton Company [see 29 March issue], the granite spur in Barre City [see 20 July 2001 issue], Allan Lumber, and the Rock of Ages plant [see 20 October 2000 issue]. The former MacIntyre fuel transload in Montpelier will remain a customer through this winter [see above]. {ANR&P discussion 25 September 2002}

QUÉBEC /MARITIMES
23 September. THE RAILWAY IS CHANGING ITS INTERMODAL CAR SUPPLY PLAN FOR HALIFAX.

Problem
The loadings at the port run intermittently, while the trains run daily. For example, an arriving westbound ship requires 150 platforms, but no eastbound ship is leaving at the same time, and that day’s train has only 25 platforms loaded with domestic containers for Halifax, then the eastbound train must run with 125 bare tables.

Move ahead two days, and an eastbound ship will leave with 165 loads, but no westbound ship is arriving and only 30 domestic loads are ready to go west, then the train runs with 135 bare tables.

Overall, though, the traffic to and from Halifax runs about in balance. For overseas markets (OSM), through June 2002 122,945 TEU’s were imported and 130,535 were exported. {port website} CN handles about 80% of that, yielding roughly 98,300 TEUs westbound, and 104,500 TEUs eastbound. For domestic merchandise, Halifax handles about 90,000 lifts. {Atlantic Northeast Rail and Marine Transport Review 1999)}

Both domestic and OSM traffic vary with the time of year. Peat moss moving west out of Nova Scotia drives a lot of the domestic peak.

The past operating practice
CN would stage all cars needed for the discharge of a vessel before the vessel arrives. The terminal operator (either Ceres or Halterm) grounded most of the discharge, and then reloaded it to rail cars. Some 7,000 to 9,000 feet of the traffic would move on the first day, and the balance of the loaded intermodal platforms on the next day or a succeeding day.

The new operating practice
CN has a whole group of people looking at car cycles and how to improve the utilization of rail cars. The group realized that Halifax has a rough balance of inbound and outbound loads, and that the railway moved about 70,000 feet loaded in each direction each week. Instead of moving a lot of empties in an irregular pattern, each train would haul the same number of intermodal platforms.

This will balance CN’s car supply, which would yield cost savings, thereby precluding price increases, and with no price increase give Halifax a shot at more traffic.

The empty cars will be loaded near the time for train departure, rather than sitting under load for several days. The railway is working with the terminals and the lines to develop lists of ‘hot’ (needs to move immediately) containers so that the critical cargo can move on the first train out after discharge, while the cargo that can sit, will sit, on the ground rather than on a per-diem eating railcar. CN engages the railcars, and hence pays the per diems.

The resulting trains
The railway runs three westbound trains with intermodal loads. Train 121 has both domestic and import containers, and runs to Toronto. Train 137 has only import containers, and also runs to Toronto. Train 149 hauls import containers, domestic containers, and manifest [regular–editor] traffic to Chicago with intermediate stops.

Allocating the inbound cars among Fairview Cove (overseas terminal operated by Ceres), Halifax Intermodal Terminal (domestic terminal operated by CN), and Halifax Overseas Terminal or South End Terminal (overseas terminal operated by Halterm) is accomplished by switchers once the eastbound trains (120, 136, 148) reach Halifax.
Impact on terminals and shippers
Ceres, which operates the Fairview Cove Intermodal Terminal, would not be affected by CN’s move. Ron McBrearty, president of CeresCorp in Canada, explained that the railway contracts with the steamship lines for the delivery of their cargo: “We provide the service to load and discharge rail cars.” CN began to implement the plan “to a small extent” about ten days ago.

An official at Maersk/Sea-Land said as CN had explained the plan to his line, “it would have no impact on us.” Maersk’s use of CN westbound is “somewhat limited,” said J.C. Evans, corporate manager for rail. Much of the cargo offloaded in Halifax is moved by barge to Boston. The lightened ship can then enter Newark. {ANR&P discussion 26.Sep.2002}

The startup
One source working on the startup said the steamship lines and the railway are still getting the programming in place to execute the hot list piece. While the car supply on each train is levelling out, officials are still working on “how many feet will get to Halifax at the right time... This is an outdoor sport, and things will change.” {ANR&P discussions 23-27.Sep.02}

CAPE BRETON AND CENTRAL NS
25 September. NO DECISION IS EXPECTED FROM THE UTILITIES AND REVIEW BOARD about the abandonment of the Cape Breton line until after 30 September. {ANR&P discussion with Nancy McNeil of the URB}

VAN BUREN BRIDGE
25 September. VAN BUREN BRIDGE HAS TWO CUSTOMERS IN NEW BRUNSWICK. VBB (a part of the B&A System) comes across at Canadian Junction to INR Junction, then turns railroad east (map southeast) toward St. Leonard [see map 27 March 2001 issue and at www.atlanticnortheast.com]. Before the train reaches that town, it passes an Irving lumber mill. VBB switches in cars of logs. (CN also serves the plant. On 5 September CN dropped two empty lumber flats and one or two boxcars at Irving.)

The train then continues to the McCain plant in Grand Falls, stopping to hand-throw the switch to the CP stub at Cyr Junction. On 5 September, the VBB train had six tank cars with products to make french fries enroute to McCain. VBB also picks up loaded reefer cars; some are dropped in St. Leonard for continuation on CN, and some move into Maine on VBB.

Power
VBB usually goes a couple of times a week to St Leonard, normally late in the afternoon so that they can switch the Irving mill if needed. The train formerly used a WHRC RS-23, but that could barely negotiate several steep grades, so it now has a QSR GP35E. {observation via e-mail from David Othen, rail photographer; traffic explanations via e-mail by Fred Yocum, B&A president 25.Sept.02}

HALIFAX
9 September. HALIFAX WILL OUTLINE A STRATEGIC VISION TO 2020 this autumn. Speakers at Halifax Port Days addressed this point. Mark Page, research director of British-based Drewry Shipping Consultants, anticipated more 10,000TEU ships in ten years, but the 5-7500TEU ships will become the workhorse of the industry. Superhubs will not replace direct calls, multi-port itineraries, and overlapping strings.

CN comment
Keith Heller, CN vice-president for eastern Canada, told the meeting that “customer service is the key component to help the Port of Halifax become the premium port of eastern Canada.... You can grow at higher margins if you control costs. As Halifax grows, CN grows.”

But all partners must be prepared for change. “CN could lose interest if not all stakeholders join in the common cause.” {Leo Ryan in Canadian Sailings 23.Sept.02}

19 September. THE PORT AUTHORITY STARTED ITS ‘SMARTPORT’ PROCESS. Spokesperson Alison Whelan said it provided a straightforward formal way for stakeholders to gather and discuss issues and concerns and propose solutions. The meetings, which may occur two to three times a year, are not open to the public. {ANR&P discussion 26.Sep.2002}

19 September. THE PORT AUTHORITY SUGGESTED CHANGES TO THE CANADA MARINE ACT, to help it compete better with US ports. A presentation to a review board stated: ‘Most of the container vessels calling at the Port of Halifax also call at other US east coast ports, primarily New York. With the exception of the local and regional areas these US ports serve the same markets as the Port of Halifax, which are Ontario, Quebec and the US Midwest. The Port of Halifax does not compete on a level playing field with the US ports. It is disadvantaged because its US competitors are not burdened with expenses similar to those imposed by our municipal and federal governments and they also benefit from favourable financing arrangements.’

The port noted that ‘Most US ports are not required to pay property taxes to the municipalities in which they reside. In fact, in some instances, US ports are actually taxing authorities. In contrast, Canada Port Authorities are required to make Payment in Lieu of Taxes. US ports are not required to make payments comparable to the Gross Revenue Charge paid to the federal government by Canada Port Authorities. Other advantages enjoyed by US ports include dredging support from the federal government (current dredging costs at New York/New Jersey estimated at US $871 million) [but see Massachusetts: Boston is complaining about paying the harbor maintenance tax], the ability
to issue tax-exempt revenue bonds and access to federal and state funding for operations and infrastructure. An example of federal funding is the bill passed in the US for seaport security which gives immediate access to almost $US400 million in government grants, with an additional $US639 million over the next five years. To date, Canada Port Authorities are required to fund most of their own enhanced security measures. If action to counter these inequities is not taken business that would otherwise be handled by Canadian ports will be diverted through their US competitors.’

The presentation also recommended that ports have access to federal funding, and increased borrowing limits. {text of presentation from Port Authority}

SYDNEY

25 September. **THE HARBOR ENTERTAINED FOUR CRUISE SHIPS SIMULTANEOUSLY** for the second year in a row. Harbor Master Don Rowe explained that the **Carnival Triumph** docked at the Sydney Marine Terminal [see map in 10 April 2001 issue or in www.atlanticnortheast.com], the **Norwegian Sea** at Sydport, while the **World** and **Brilliance of the Sea** anchored. The Sydney Marine Terminal, owned by the Sydney Port Corporation, served as a hub for the passengers to meet buses to shuttle around the Sydney area.

**Need for general cargo**

Rowe is now an employee of the Port Corporation, as is Bernadette MacNeil, who handles the tourism end. Rowe stated that with the Corporation set up and the cruise side doing well, it must now go after general cargo for the newly acquired Marine Terminal [see 28 June issue]. “That’s what we’re lacking.”

AMCI, SYSCO pier, International Pier

While some scrap has left the SYSCO pier, AMCI/PEV has brought in no product yet. [Startup was due in June or July, see 28 June issue.]

In contrast, the “coal pier is very busy,” said Rowe. The International Pier has handled about the same volume thus far as in 2001, when for the year it imported 1.75 million tonnes. {ANR&P discussion 26 Sep 2002}

**PEOPLE**

The **Northern New England Passenger Rail Authority** selected **John Englert** to succeed Mike Murray as executive director. Englert has worked in transportation for 13 years, most recently as service manager for Amtrak’s **Late Shore Limited** running between Boston and Chicago. He has also worked for New York and Boston transit authorities.

**Colin Pease**, rail consultant, is working with Stuart Draper to start tourist trains on the **Milford-Bennington**. [See 30 August issue.]

**Don Rowe**, harbor master for Sydney, is now paid by the **Sydney Port Corporation**. [see Sydney].

**Bill Schauer** works for **Rail World** as vice-president for marketing [see Regional].

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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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