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Issue 03#02B 26 February 2003

* indicates unchanged from e-bulletin

REGIONAL ISSUES

MMA: More on new investors.* Fraser mill threatened, though MMA has increased market share there.* MMA seeking more Irving business.* NBSR commercial and interchange agreement.*

St. Lawrence Cement: Three facilities in region.

CSO: Two current, two future customers in Hartford.

MAINE

GRS: Daquam to open in Costigan.

Box on status of IRAP.


CSXT: Possible waste customer in Walpole.*

HRRC: Possible new customers in Pittsfield.*

Berkshire Scenic to expand Memorial Day?*

PW: LB Railco, Millbury, and property owner negotiating possible settlement.*

NEW HAMPSHIRE

Commuter: Gets more funds from Congress. Fink calls for extension to Manchester airport.

Massachusetts


CSXT: Possible waste customer in Walpole.*

Act 250: RR bill to amend awaits other action.

VRS: Using RRIF funds to match federal funds.

WACR: VRS wants WACR permanent operator.

CN: National Gypsum to get new cars.

NBSR: Westroc receiving gypsum by rail as trial.

Bayside: Traffic up, gypsum to leave?

Canso: Constructing to serve off-shore industry.

 Halifax: Halterm traffic improving; negotiating with carriers and with unions.

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

David Cole.

FROM THE PUBLISHER

It’s all waste
Or moving in that direction? See the waste-related stories this issue.

- Chop Hardenbergh

Next issue: 12 March

REGIONAL ISSUES

MONTREAL, MAINE & ATLANTIC

9 January, Chicago. MORE INFORMATION ON THE INVESTORS IN MMA was contained in the press release announcing the completion of the purchase of the Bangor and Aroostook Railroad and its sister companies:

Macquarie Corporate Finance (USA) provided investment banking services to MMA, and arranged the investment consortium which consists of:

Senior debt holders: LaSalle Bank, Bank Austria, Earlston Associates L.P.

Mezzanine debt and equity investors: Caisse de depot et Placement du Quebec (“CDP”), Rail World Holdings, Eureka Growth Capital, MP Structured Finance Fund, Berkshire Investments (Netherlands), CAC LLC, DRD

Private investors. Larry R. Parsons, chair and CEO of Wheeling & Lake Erie Railroad; Jerry R. Davis, retired president of Union Pacific Railroad; and Frank Turner, retired president of the American Short Line and Regional Railroad Association and a veteran rail manager.’ {MMA}

Bank Austria and Eureka Growth
Near the end of the deal, Bank Austria took on some debt to replace another debtor. Bank official Dieter Boehme explained that “the other investor was on the equity side, and did not want to be on debt side as well....With a guy like Burkhardt running it, things won't go wrong.” [See Boehme comment about GNP bankruptcy in 14 January issue: Maine] {ANR&P discussion 13.Jan.03}

A release from Eureka Growth Capital, based in Philadelphia, said the company had distinguished itself in 2002 ‘through disciplined investing in middle-market companies with strong management teams and supportive debt and equity partners. Eureka invests $2 to $8 million in preferred equity or subordinated debt in profitable businesses with $10 million to $150 million in revenues looking for capital to fund growth, acquisition, or recapitalization.’ {Eureka release 1.03}

13 February, Madawaska/Edmundston. **FRASER PAPER IS REELING FROM WEAK MARKETS** and rising costs, and may have to cut operations in its mills in Edmundston and Plaster Rock, dealing another blow to MMA following the GNP bankruptcy.

A leaked internal document shows Fraser Paper has lost more than $12 million in the last two months. Markets for its paper products are sliding dramatically; operations might be shut down, and workers may be laid off.

Charles Gordon, vice-president of Fraser's parent company Nexfor, would not comment on the leaked document, but admitted the company is struggling. “At virtually all levels, we are seeing prices at the low end of the cycle.” Nexfor lost $6 million in the last quarter of 2002, largely due to losses in the paper operations. But, Gordon said, the company will hold off on layoffs as long as it can. {CBC webposted 13.Feb.03}

19 February, Bangor. **AN AUCTION FOR GNP WILL OCCUR ON 21 MARCH.** Belgravia [see 12 February issue] will start the bidding at $91 million, and bidding will occur in increments of $2 million. The bankruptcy court agreed that Belgravia will receive a fee of $5 million should it not prevail in the bidding, as a payment for serving as a stalking horse. {court website}

20 February, Northern Maine Junction. **AN UPDATE ON SOME ISSUES FACING THE RAILROAD** was provided by Bill Schauer, vice-president marketing.

**Great Northern Paper**
This company, the railroad’s most significant customer, should go back into production a month after the completion of bidding under bankruptcy rules. [See above.]

**Increased market share at Fraser**
Schauer reported that in January MMA had won two contracts which Fraser had put out to bid: inbound clay, and outbound paper. Both increased the market share of MMA. Until January, CN had handled the vast majority of outbound paper; it still handles some using MMA as a haulage carrier between Madawaska and St.Leonard. [The STB will decide whether to void the BAR contract under which BAR became a haulage carrier. See 23 December 2002 issue.]

To handle the possible Fraser business, MMA did not cut back its new, six-day service between Millinocket and Madawaska as part of its service reduction following the GNP shutdown [see 27 January issue].

**Market share from trucks?**
Schauer said, “Speaking candidly, while railroads talk about taking market share from trucks, we end up taking market share from each other.” Yet MMA has also converted truck traffic to rail, traffic moving over the shorter distances railroaders tend to concede to truckers, e.g. Irving forest products.
Irving Woodlands
J.D. Irving purchased one million acres in Aroostook County and the Pinkham Lumber sawmill from Bowater in 1998, and handles it under the name Irving Woodlands. {Irving press release 21.Oct.98 from website} According to Schauer, much of the land lies along MMA rail lines. Irving became a very aggressive marketer of products from its trees, including saw logs, pulp logs, and woodchips. The company and BAR also looked for opportunities to move the product by rail; for example, raw wood moves by rail out of Maine to the Irving lumber mill in St. Leonard, a move assumed by MMA [see 14 January issue: Regional].

Schauer reported that MMA’s moves of Irving products, aside from the move to St. Leonard and one to Saint John, mostly occur within Maine. Although the move of woodchips to GNP has temporarily ceased, MMA and Irving have found new moves of Irving wood products by rail, which, when accomplished, would offset the temporary loss of chips to GNP.

Because the commodity has such low value and moves over short distances, MMA has worked hard to get this business, said Schauer. The railroad has found cheap equipment, and ways to increase utilization. Wisconsin Central alumni, now back working at MMA for their old boss Ed Burkhardt, “had done this at the WC.”

MMA does pick up outbound lumber at Skerry, the station of the Pinkham Lumber mill.

Tariff agreement with NBSR
MMA and NBSR were working together using the old agreement, and have now reduced to writing a new commercial and interchange agreement, according to Schauer [see 14 January issue: Quebec/Maritimes], although it is not yet signed. {ANR&P discussion 20.Feb.2003}

ST.LAWRENCE CEMENT
St. Lawrence Cement Group Inc. is the holding corporation listed on the Toronto Stock Exchange. St. Lawrence Cement Inc., a wholly-owned subsidiary of the ‘Group’ corporation, is the operating company.

A subsidiary of Swiss company Holcim [an amalgam of Holderbank Ciment, the former name], Holcim (US) Inc. owns 64% of the Group Corporation; the remainder is publicly traded.

In the United States, St. Lawrence Cement Inc. operates under the name of its US subsidiary, St. Lawrence Cement Company LLC. Most of the assets are owned by St. Lawrence Cement Inc., but leased to, and operated by, the US subsidiary. {e-mail to ANR&P from St. Lawrence Secretary Claude Chauvette 18.Feb.2003}

Assets in the Atlantic Northeast
St. Lawrence operates terminals in:

Providence. This Provport terminal, per an official there, is served mostly by ship, some by barge. It does not have rail service. {ANR&P discussion 14.Feb.2003}

Everett. This terminal (formerly Independent Cement) located on the waterfront of Boston Harbor has rail service, and did receive cement by rail from Quebec via the SLR and GRS [see 7 November 2001 issue: SLR results]. It now receives only by barge. {ANR&P correspondent Malcolm Laughlin interview 1.03}

The Catskill NY cement plant of St. Lawrence, on the Hudson about five miles above the Glens Falls terminal, barges the cement to both Providence and Everett as needed.

Portland ME. This terminal (formerly Independent Cement), located in the North Deering section of the city, is served only by rail. The SLR provides service three days a week, and delivers about 450 carloads a year. {e-mail to ANR&P from SLR’s Ed Foley and Chauvette}

The plant in Longueil, Quebec, receives fly ash from NSP facilities Trenton and Lingan on CBNS [see 22 November 1999 issue]. The plant rails cement to Portland and did rail to Everett.
CONNECTICUT

CONNECTICUT SOUTHERN
25 February, Hartford. **CSO SERVES TWO, SOON TO BE THREE, RECYCLING OPERATIONS** on the Hartford Market spur southeast of the Hartford Yard, along the Connecticut River. Each has a Murphy Road address.

**Capitol Recycling of Connecticut**
This firm at 123 Murphy Road accepts residential scrap paper from surrounding towns. The Connecticut Resources Recovery Authority (CRA), created by the General Assembly to recycle residential waste and operate a waste to energy plant, has awarded the bid for scrap paper to Capitol Recycling, which also accepts commercial scrap paper. According to an official there, if the company sent out scrap paper by rail every month, it would use about 240 cars a year, but it only sends out by rail based on paper prices. {ANR&P discussion 24.Feb.03}

**FCR Redemption**
FCR (originally Fairfield County Redemption, now a Casella Waste subsidiary) at 211 Murphy Road accepts jars, bottles, and other containers from surrounding towns for recycling, as a contractor for CRA. Ron Santos, the facility manager, said he sends out tin bales by rail, about 50 cars per year. {ANR&P discussion 24.Feb.03}

**The facility at 143 Murphy Road**
This facility handles construction and demolition debris (C&D), shipping the non-recyclable stuff out by truck. About 50 ex-BN woodchip cars are now sitting in Hartford Yard, awaiting the opening of the facility for rail. These were destined for the Western Recycling C&D facility in Wilbraham MA, which recently closed its doors.

**Background:** The Mccauley company originated the C&D facility here, under a canvas dome. Mccauley sold to Allied Waste, which put the facility under its subsidiary American Disposal Systems (ADS) of Missouri. ADS obtained the permit for C&D by rail, but then Allied sold its facilities in the region. The old Mccauley facility was bought by a company which had so many violations with DEP that it could not get the permit transferred. An official at the site (which answers the phone “All Waste”) Ken Valera, declined all comment. {ANR&P discussions 25.Feb.03}

**Other waste facilities on Murphy Road**
In addition to these three, McBride Waste Services is located at 163 Murphy Road. Principal Dave Santos does not use rail, but is planning a rail-served facility in the West Springfield Yard in a couple of years [more in a future issue]. CRA operates its waste to energy facility nearby [see below]. The Visitor Center for CRA is located on Murphy Road.

25 February, Hartford. **CRA COULD BECOME A RAIL CUSTOMER**, according to John Romano, project manager for CRA’s Mid-Connecticut Project, one of five waste-to-energy plants in the state. The plant now trucks out four things: ferrous metal to Massachusetts for further cleaning, processed residue with no BTU value; non-processable waste; and ash. Nearby landfills take the last three, and they are getting full. A CRA team is doing a study about moving the things by rail, and will provide a report to the board of directors within a month, said Romano. He is concerned about the capital investment CRA may need for rail, to purchase cars, or switchers, or transload facilities, when CRA is not now doing well financially.

The site, a stone’s throw from Murphy Road, in the early 20th century did have rail for the power plant, which burned coal or oil at that point.

**Barge an alternative**
Located on the Connecticut River, Romano could also use a barge. He reported that a group investigating barge shipment out of Bridgeport has contacted CRA about the possibility. [Note that Gateway Terminal in New Haven is considering barge for C&D. See 12 April 2002 issue]. Barge could involve less capital investment.

**Rail and barge competition**
Romano also expressed concern about trash haulers using these modes instead of tipping the waste at his plant. Mid-
Connecticut gets funds from tipping fees and from selling power. The tipping fees are paid by the hauler. Municipalities operating their own waste collection get billed directly. Other municipalities give permits to private haulers, and Mid-Connecticut bills the haulers.

At this time, the plant has the lowest tipping fee in the state. Should that change, pointed out Romano, the haulers might decide to send their waste out of state, via barge or rail. {ANR&P discussion 25.Feb.2003}

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MAINE PORTS

23 February. RESULTS FOR DRY CARGO TONNAGE IN 2002.

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merrill</td>
<td>592,000</td>
<td>634,000#</td>
<td>520,000</td>
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<tr>
<td>Sprague</td>
<td>n/a</td>
<td>87,000##</td>
<td>175,000++</td>
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<tr>
<td>Containers</td>
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<td>46,662~</td>
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<tr>
<td>Turner's Island+</td>
<td>n/a</td>
<td>n/a</td>
<td>3,000</td>
</tr>
<tr>
<td>Portland total</td>
<td>774,695*</td>
<td>746,418*</td>
<td>744,662</td>
</tr>
<tr>
<td>Rockland***</td>
<td>n/a</td>
<td>n/a</td>
<td>110,000</td>
</tr>
<tr>
<td>Searsport</td>
<td>n/a</td>
<td>n/a</td>
<td>215,000++</td>
</tr>
<tr>
<td>Eastport**</td>
<td>159,760</td>
<td>215,118</td>
<td>313,000</td>
</tr>
</tbody>
</table>

~ For 2001, Portland reports 1,639 container moves, and 2,459 TEUs. MDOT uses a conversion factor of 10 tons per TEU, putting 2001 container tonnage at 24,590 tons. For 2002, Portland reports 2331 containers; all containers are forty-footers, so that means 4662 TEUs.
+ This terminal handles inbound stone for transshipment, as well as other project cargoes. Roger Hale reported 2,000 to 3,000 tons for 2002. {ANR&P discussion 11.Feb.2003}
++ This figure does not include liquid bulk, which for Sprague means china clay slurry, asphalt, and other products, which comes to 300,000 short tons. The Searsport figure came from Burt Russell. {ANR&P discussion with Burt Russell 11.Feb.2003}
#This terminal handles inbound stone for transshipment, as well as other project cargoes. Roger Hale reported 2,000 to 3,000 tons for 2002. {ANR&P discussion 11.Feb.2003}
## This represents salt and coal. Morton unloaded some salt in Merrill’s in 2001, but all at Sprague in 2002. International Salt does use Merrill’s.(02#08A) In 2002 Sprague began handling its own coal, for S.D.Warren (02#11B). The 87,000 tons comes from subtracting the known Merrill and container figure from the MDOT total.

P.D.Merrill ascribed most of his drop to the bulk moving to Sprague, which had an increase of 88,000 tons. {ANR&P discussion 11.Feb.2003}

* From pdf file on Port of Portland website; port says figure from MDOT.
** Eastport 2000 and 2001 figures, see 02#08B issue. For 2002, see 12 February issue.
*** Dragon now produces about 500,000 tonnes [see 30 August 2002 issue]. In 2002, about 1100 railcar loads moved to Rockland [see 14 January 2003 issue]; assuming 100 tons per car, that yields 110,000 tons.

Portland versus Saint John

“In the spirit of cordial competition,” P.D.Merrill noted that his terminal and Saint John often bid against each other to ship out pulp from Maine paper mills. [Saint John, whose dry cargo traffic (except containers) increased in 2002, has Maine ports directly targeted. See 12 February issue.] “They won the last round. We fully expect to win the next one.” {ANR&P discussion 26.Feb.03}
**GUILFORD RAIL**

4 February, Costigan. **VOTERS SUPPORTED A FUNDING PACKAGE** to build a new mill at the site of a former International Paper mill [see 19 December 2001 issue]. Daaquam, a lumber manufacturer, will build a $3.8 million sawmill, completing it next winter.

**The funding package**
The company will get a $400,000 grant and a $250,000 loan to purchase machinery, a training program, and a new railroad spur [see below]. The package will also allocate some property taxes back to Daaquam, but the town will still get much more than the $56,000 IP was paying for the unused site.

**Rail access**
Daaquam will receive new track under MDOT’s Industrial Rail Access Program (IRAP). Daaquam Maine General Manager Francois Seguin said: “Having a rail spur in the mill yard opens the market quite a bit.”

IRAP has no more funds [see box]. Allan Bartlett, who handles rail for the department, wrote: ‘The money is coming from the $4M portion of the 2001 bond that was ticketed for “Northern Maine”. Although it is not technically IRAP money we will be handling the project under standard IRAP protocols. We are not entertaining IRAP proposals at this time. The mill needs new track layout to accommodate their plans.’ {e-mail to ANR&P 24.Feb.03}

### STATUS OF MDOT’S IRAP

The Rail Task Force report [see 23 December 2002 issue] states: ‘The Maine Department of Transportation developed the Industrial Rail Access Program to provide funds for infrastructure projects that enhance the rail mode and lead to increased rail usage. IRAP was funded with $1.2 million in general obligation bonds approved in a 1998 transportation referendum and $800,000 in federal CMAQ funds.

The Office of Freight Transportation administers IRAP as a grant program [which requires match from the railroad and from the shipper]. Of the total $2 million available through IRAP, $1.6 million has been expended. Expenditure of the remaining $0.4 million obligated for projects on the Bangor & Aroostook Railroad has recently been authorized pending acquisition of the B&A lines by Montreal, Maine and Atlantic Railway LLC.’

The task force recommended an annual appropriation of $1 million. LD599, sponsored by the legislative members, did not include that recommendation [see 12 February issue - probably due to the budget overrun. Editor].

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**MASSACHUSETTS**

**BOSTON: RAIL ACCESS**

12 February, Boston. **PLAYERS IN RAIL TO PORT ACCESS COMMENTED ON THE SITUATION** during the monthly meeting of the Regional Transportation Advisory Council, which provides citizen input to the Boston Metropolitan Planning Organization (MPO). According to Pam Wolfe of the Commonwealth’s Central Transportation Planning Staff, the Advisory Council meets on a variety of topics. It had not heard about freight in general for awhile, and convened a panel of freight officials which were identified through various contacts as good sources of information.

Each member of an informal panel discussed his or her organization and issues important to it. That was followed by a question and answer period. Panel members:

- Michael Leone, port director, Massport
- Barry Badolato, vice-president, Port Carriers Association and president, Regional Motor Freight
- Richard Garver, deputy director, Planning and Zoning Department, Boston Redevelopment Authority
- Thomas Egan, director, Shortline Railroads and Regional Railroad Development representative of CSX
- Paige Kane, regional vice-president, State Relations, CSX
- Charles Foskett, president & CEO, RailRunner, N.A., Inc.
Restoration of direct rail access to either Conley or Moran
None of the participants on the panel appeared to consider the restoration of a direct rail connection to either the Conley or Moran terminals an immediate priority.

Line to Marine Industrial Park. The Track 61 spur connection into the Boston Marine Industrial Park will be restored. Rail service to the old Subaru terminal would then be a possibility if there was any market for it.

Rail and road to Conley. Extending Track 61 over the Reserved Channel would require the taking of much land and the construction of a new bridge. However, in proposed legislation attempts to create a dedicated freight corridor linking Conley to the Massport Haul Road. This road will also include a railroad easement to preserve adequate space for the construction of the rail line in the future.

Rail to Moran. The former Guilford right of way to Moran was acquired by the state for upwards of $4 million. [See 19 November 2002 issue.]

Massport expansion
The participants also pointed out that large port facilities require large amounts of land in addition to good access. Given the price of Boston waterfront real estate and competition from other ports, the Port of Boston will not be able to expand much beyond its present boundaries. In that case, significant public expenditures on freight rail infrastructure may be difficult to justify, especially in difficult economic times.

Leone pointed out later that Massport is ‘looking to build a second cruise terminal, develop 30 acres at the Massport Marine Terminal (old Subaru Pier) with possibly a spur off of Track 61, and invest nearly $20 million to expand Conley’s capacity and to acquire the old Coastal Fuel site, once it is put up for sale.’

Lease on Beacon Park
CSX was very emphatic that it has a lease in perpetuity for Beacon Park yard in Allston. The discussion showed that CSX views this yard as important, is satisfied with the present arrangement to access the port by truck (drayage), and doesn’t see the need to do the very expensive clearance work to allow double stacked container cars access to the port. The railroad also emphasized it was moved to Beacon Park to permit the development of the Prudential Center area.

[Note of history: In fact, the Prudential Center area was the coach yard. The engine house and freight yard were always at Beacon Park. The Prudential Center was built on land which the railroad no longer needed.

In the early 1960s the New York Central sold its four-track line plus the land under the Beacon Park Yard from Riverside to South Station to the Massachusetts Turnpike Authority. In addition to cash, the NYC received a new double-track railroad with CTC, and a rebuilt Beacon Park Yard, with a permanent easement for freight operations. {ANR&P correspondent Malcolm Laughlin account}]

In January 2003, the Turnpike was planning to sell the 90-acre parcel; both Boston University and Harvard have expressed interest. The price? Upwards of $100 million, even with the permanent easement. {Thomas Palmer in Boston Globe 25.Jan.03}

Future of Grand Junction
The future of the Grand Junction freight rail connection between the north (Guilford) and south (CSX) sides is under review by the state. This right of way is a potential candidate for inclusion as part of the proposed Urban Ring roadway system.

Although vague assurances have been given that construction of the Urban Ring would not sever this connection, this still remains an open question. Some documents mention the implications of securing enough maintenance and storage capacity on the South Side to eliminate the necessity of transferring commuter rail equipment over the Grand Junction. {summary from John Deacon of Sierra Club, reviewed by CSXT and Advisory Council vice-chair Hodge}

Egan noted later that CSXT had not received a proposal ‘to either coexist in this CSXT-owned corridor or to get off the corridor. Much like our position re Beacon Park, we are comfortable with the status quo.’ {e-mail to ANR&P 25.Feb.03}

24 February, Boston. THE PORT WILL PROSPER WITHOUT HANDLING LARGE CONTAINER SHIPS, said Leone. Steamship lines will continue to call Boston if it makes economic sense. “You can serve New England by using Boston Harbor, and you can save money.”
Not all lines will use the hub-and-spoke system needed by the large, 9500-TEU vessels. “It would be very difficult for every port to dredge and develop the infrastructure to support these ships. But over two-thirds of the vessels being built can go through the Panama Canal. Those vessels can serve an awful lot of ports, and deliver an awful lot of freight directly from point of loading to point of discharge.” {Eugene Gilligan in Shipping Digest 24.Feb.03}

CSXT

28 January, Walpole. **TWO COMPANIES ANNOUNCED INTENT TO OPEN A FACILITY TO TRANSFER CONTAINERS OF WASTE HERE,** after the town put up resistance to a waste processing facility. Pond View Recycling operates a processing facility in East Providence RI [see Rhode Island]; Modal Resources of Shrewsbury is a provider of rail-based logistics services.

The origin of the proposal
According to Clyde Ames, a veteran in intermodal transportation and the principal of Modal Resources, he first heard about the availability in Walpole of industrial-zoned land alongside a freight line in a conversation with a CSX acquaintance. Ames then approached Michael Viano, an owner of the property, last year and presented his company and his idea for the site.

Viano in turn, according to Ames, sounded out local leaders on the original proposal in 2002 and got a “positive” response. The two companies were “very transparent and straight” in their approach to the town, and were taken aback by their treatment.

The municipal solid waste processing proposal
On 14 January, Pond View Recycling along with Modal Resources LLC, through consultant John Blaisdell, presented a preliminary proposal for an approximately 25,000SF facility within a 23-acre industrial site at 400 South Street. The site presently contains a compost facility.

Under the plan, about 30 trucks a day would dray a total of 500 tons of municipal solid waste (MSW) to the facility; workers would transfer it to rail cars inside a building. CSXT would move a maximum of five cars a day most likely to landfills and incinerators in Ohio and western New York.

Blaisdell said his company liked the site because of rail access, and because Walpole’s solid waste contract expires in 2007. The town now pays about $80 a ton for solid waste removal and transport. With the transfer station operational, waste removal costs could be as low as $50-60 a ton, providing about $150,000 in annual savings.

Blaisdell said Pond View would return in another four to six months for a more formalized approval. In the best-case scenario, permitting would take until 2005 to complete, he said. {Brian Burns in Walpole Times 17.Jan.03}

Pond View changes to an intermodal facility
On 21 January, Modal Resources and Pond View made a presentation to the Walpole Board of Selectmen. Following strong objections from townspeople, board members voted 4-0 against the transfer station. One citizen pointed out that a similar Brockton facility, opened three years ago, is now being expanded because it has done so well. {Tom Glynn in Walpole Times 24.Jan.03}

On 29 January, the two companies issued a press release stating they would pursue an intermodal facility—opened round the clock—which would move containerized waste from a ‘motor carrier chassis to a railroad flatcar.’ Pond View principal Ken Foley said the company seeks “to satisfy an unmet demand for competitive transportation and disposal services. The efficiencies of rail transportation coupled with a metro-Boston located operation position the facility well for immediate growth and opportunity.”

The release continued: ‘The Federal Department of Transportation regulations (under the auspices of the Surface Transportation Board) that govern interstate railroad transportation activities of this nature allowed for containerized, intermodal activities to be created and operate outside the state of Massachusetts Department of Environmental Protection permitting requirements.’ {Brian Burns in Walpole Times 31.Jan.03}

US Representative Stephen Lynch later pointed out that the federal pre-emption is meant for railroads and not shippers. Town officials indicated they would ask CSXT not to lend its support to any pre-emption attempt.

16 February, Walpole. **THE TWO COMPANIES OFFERED TWO POSSIBLE RAIL FACILITIES.** In an interview in February, Clyde Ames said the two companies had dropped the containerized plan because it was “financially constrained”
by the need to buy containers. They now had two alternatives:

One: the original plan for a waste transfer station. This offers the town $300,000 a year in savings and revenue the companies would pay to the town. The developers would make enough money to pay for a grade crossing for truck access via Route 1A.

Under the second alternative, the developers would build a transload facility permitting the transfer of a broad range of cargo from trucks to trains and from trains to truck. Both proposals would comply with local and state regulations and go through the town’s review process, Ames said. He would entertain a grade crossing under this plan as well.

Under the freight station plan, Ames said, some of the arriving cargo might be rubbish. The fact is, it costs less to ship rubbish to Ohio by rail and dispose it there than to dispose it here.

Ames saw a sharp contrast at the meeting opposing the transfer station, between the way the selectmen blocked questions from the audience about a transfer of the Crossroads liquor license but allowed verbal assaults against Pond View and Modal Resources representatives. He took particular issue with two arguments raised by opponents — that a transfer station would take a big bite out of property values and that $300,000 is too small an amount to warrant consideration of the proposal. Townspeople should check out home prices around Medfield’s transfer station.

Site characteristics
The town’s zoning ordinance makes a motor freight station a matter of right in the industrial zone. A truck-train facility is to be treated the same as a truck-only station under state and federal law, Ames contended. The site is also entirely within an aquifer protection zone that imposes rules on what materials can be handled within it. Stating that he is confident either option can pass environmental muster, Ames wondered why Walpole has industrial land in an aquifer protection zone. {Tom Glynn in Walpole Times 21-Feb.03}

HOUSATONIC RAILROAD
21 February, Pittsfield. **HRRC IS CONDUCTING “VERY DETAILED DISCUSSIONS” WITH THREE POTENTIAL CUSTOMERS** who would use the Filkins warehouse on the Coltville branch, according to Executive Vice-president Ed Rodriguez. The railroad is also talking with Unistress about rail service.

Rodriguez said another company is looking long-term at building a C&D facility on the HRRC track south of the CSXT line in Pittsfield.

Yet another company is “in the pre-permitting process” to build a MSW facility on CSXT in Pittsfield. {ANR&P discussion 21-Feb.2003}

Berkshire Scenic
EOTC has provided a grant of $3.6 million to upgrade the tracks {Governor Jane Swift press release on BSR website} [see 15 February 2002 issue] and, per Rodriguez, HRRC will “do the things we have to do by Memorial Day.” {ANR&P discussion} If BSR does what is needs to do, it will, as it is advertising on its website, operate from Lenox to Stockbridge. The agreement involving EOTC, HRRC, and BSR will give an easement for the railway to use that stretch for seven years. {BSR website; Railpace Hot News}

The last excursion service operated in 1989; the FRA barred passengers from then-owner B&M’s bad track. HRRC bought the line in 1991 and declined to upgrade the track for passenger service. {The Callboy 2.03} The BSR fought the conditions of the sale at the Interstate Commerce Commission and appealed to the First Circuit Court of Appeals, but lost again in 1995. {Berkshire Scenic Railway Museum v. Interstate Commerce Commission, 52 F.3d 378 (1st Cir. 1995)}

PROVIDENCE & WORCESTER
20 February, DC. **THE STB POSTPONED FURTHER ACTION ON THE LB RAILCO PROCEEDING** while the Town of Millbury, LB Railco, and the owner of the property, Elizabeth Aubin, negotiated a possible settlement. [LB Railco seeks to build a waste transfer station within a rail yard and avoid state regulation behind the aegis of federal pre-emption. See 23 December issue.]

On 28 January Aubin filed a motion to lift the stay the STB had imposed on LB Railco’s notice of exemption. She argued that (1) the site was long used as a transload facility; (2) the new Route 146 interchange was specifically designed to preserve rail access to the facility; and (3) the notice of exemption should not depend on what type of material is handled at the facility.

The Board postponed the due date for replies to the Aubin motion to 5 March, and further action until after that date. {STB
Response to the LB Railco pre-emption argument
Anthony Davidson, owner of Coastal Recycling in Providence, and Ken Foley, principal of Pond View Recycling in East Providence, both disapproved of the effort by LB Railco to avoid state requirements for appropriate waste treatment. A rail official who asked not be named added that such a transparent effort to use a railroad to avoid treatment regulation would result in the STB drawing the permitted federal pre-emption line narrower than at present. He also acknowledged that the attention given to LB Railco’s effort would cause state regulators to give closer scrutiny to efforts by railroads and recyclers to open rail-served facilities. {ANR&P discussions 29.Jan.03 and 21.Feb.03}

COMMUTER TO NASHUA
13 February, DC. Congress awarded the project $3 million more, in the transportation section of the very late omnibus appropriations act for FY03, covering 1 October to 30 September 2003. That brings the federal total to $9 million. Governor Craig Benson included $3.5 million in his budget proposal for the purchase of land needed for a station and parking lot.

The project remains stalled, however, by the Executive Council’s refusal to approve an engineering contract for the rail station until the state constitutional issue of using general fund money is resolved [see 23 December 2002 issue]. {Andrew Nelson in Nashua Telegraph 15.Feb.03}

RHODE ISLAND
PROVIDENCE & WORCESTER
31 January, Providence. Pond View has one more step to expand its license. In 1997, this facility began accepting C&D, shipping out the unrecycled debris by truck. In the summer of 2002 Pond View began sending out debris by rail to landfills in Ohio, under a license to move 150 tons per day. [See 3 May 2002 and 30 August 2002 issues.] On 10 January 2003, the RI Department of Environmental Management sent a letter to Pond View awarding an expanded license to 500 tons per day once two conditions were satisfied: filing a bond for closure fund, and obtaining an underground injection control permit. DEM has since received the bond. {ANR&P discussion with John Langlois, DEM 25.Feb.03}

On 31 January Ken Foley, Pond View president, said he expected to increase to two or three cars a day, up from the two or three a week he is now sending out. “Once the weather breaks, activity will pick up.” {ANR&P discussion}

Pond View is proposing, with Modal Resources, a truck-to-rail waste facility in Walpole [see Massachusetts].

25 February, Providence. Coastal Recycling will soon expand. The facility has a license to handle 50 tons of construction and demolition debris per day, producing about 300 railcars a year [see 3 May 2002 issue]. Coastal is preparing an application to expand its registration to 500 tons a day. Davidson anticipates the process will require six to nine months.
In addition, Davidson has completed the engineering, to the tune of $60,000, for a 9600SF building which will handle either solid waste or contaminated/hazardous waste. Once he gets a variance on height from the city, he will proceed to get permits and his expanded C&D registration.

Federal pre-emption and waste
If the facility handles contaminated/hazardous waste, Davidson plans to operate it similarly to the facility in Worcester on PW operated by MHF Logistical Solutions. He argues that since the facility is only doing transloading and the waste never hits the ground, the state cannot apply its contaminated/hazardous waste requirements.

John Langlois, senior counsel to the Department of Environmental Management, argued otherwise. He noted that Davidson about a year ago had wanted to allow another party to dispose of hazardous waste using a spur of Coastal. Langlois told Davidson that while DEM did not have jurisdiction over the railroad tracks, it did over his facility through which the hazardous waste had to pass. If hazardous waste passed through his facility, Davidson would violate his C&D permit, which required any hazardous waste arriving mixed in with the C&D waste to be immediately removed.

Household waste hauler
In addition to the facility near Provport, Davidson operates a fleet of trucks hauling household waste to the Johnston Central Landfill, making him the largest hauler in the state. When the new building is done and licensed, Coastal can offer “an alternative disposal site” to the landfill, by railing out the solid waste.

New trackage
Coastal had two spurs and the use of the main line to Allens Avenue. Because of PW’s view to reopening Allens for Sprague [see 12 February issue], Davidson has hired DeAngelis Railroad Contractors of Worcester to extend one of his spurs 1600 feet. To serve the transload, Coastal will also construct a 1200-foot spur, so that he will store empties on one spur, and load on another. {ANR&P discussion 25.Feb.03}

VERMONT

ACT 250
24 February, Montpelier. THE BILL TO EASE RESTRICTIONS ON RAILROADS, #149, will wait for a hearing until the legislature has considered a massive reform of the act, pushed by the state Chamber of Commerce and the homebuilders.

Rail Council
The state-sponsored body has created a subcommittee to review Act 250. The Rail Council will hear its recommendations as soon as completed. {ANR&P discussion with rail lobbyist Anthony Otis}

VERMONT RAIL SYSTEM

Correction: In the 12 February issue, the amount per ton paid by OMYA to repay the RRIF loan should have been 60 cents, and the amount by VRS 30 cents. My error.

18 February, Rutland. POSSIBLE FUNDING FOR THE RUTLAND YARD RELOCATION would fit into a project looking at the rail corridor from Rutland to Middlebury, as described by Matthew Sternberg, head of the Rutland Redevelopment Authority, who is managing the yard project, and Lee Khan, who is handling the corridor planning for OMYA.

Khan said that once the various players had figured out how each project would support the others, “we have got many supporters” because so many stakeholders will benefit from this. Estimates indicate improving the entire rail corridor from Rutland to Middlebury would cost $145 million:

Funds now available
The legislature appropriated $400,000 for the Act 250 permitting [see 14 June 2002 issue], and the US Congress earmarked $0.5 million for an environmental study [see 26 July 2002 issue].
The RRIF program

For the Middlebury Spur, VRS plans to apply for a $11 million loan under the Railroad Rehabilitation and Infrastructure Finance program [see 12 February issue]. VRS would pay back the loan over 23 years, as well as another $11 million in interest.

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<td>Post Street connector</td>
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<td>Center Rutland connector* 14 million</td>
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<td>federal earmark</td>
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<td>Total Middlebury 35.6 million</td>
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*Consultants have presented two options for the yard, one costing $70.3 million, another $45.5 million. Center Rutland has three options: $14 million, $7.2 million, and $6.8 million. This table uses the higher figures. See map of yard and Center Rutland options in 31 August 2001 issue.

The figure does not include a price for cleaning up the old yard.

** These figures, from Middlebury to Rutland, would come from the project to upgrade the entire rail corridor from Albany to Bennington to Rutland to Burlington.

*** This project would involve moving the entire GMRC corridor, rather than just building a connector, around the Howe Center.

More funds and a possible match

Vermont argues that the two large projects in Rutland and Burlington, plus improving the connecting trackage, support each other in an effort to improve rail transportation in the corridor running down the west side of the state [Sternberg won an award for this large-scale approach, see 6 December 2002 issue.] Khan and Sternberg pointed out that once the Middlebury spur starts operating, OMYA will increase output, overtaxing the current Rutland yard.

Given the corridor approach, Khan said the funds expended by OMYA and VRS could match federal funds. The $11 million RRIF loan repayment will definitely qualify. The $7.3 million investment by OMYA, and the $11 million interest payback by OMYA and VRS could qualify. If all $29.3 million qualified for federal dollars requiring a 20% match, the state could obtain $117.2 million. Some of that would pay for the three Rutland projects totalling $100.3 million.

The balance would go toward the corridor improvements between Middlebury and Rutland: bridges, grade crossings, and track. More money would be needed to clean up the old Rutland Yard.

Khan said the stakeholders hope that when Congress passes TEA-3, the successor to the current T-21 federal transportation program, it will have a program to support corridors and the stakeholders can apply under that one program. If not, they would seek the funds under several different programs.

EIS and permitting

Khan pointed out that the Middlebury spur project would not begin permitting for six months, while the Rutland yard project has already begun. For the state Act 250 development permit, the stakeholders are hoping that the Act 250 officials will view all the corridor as one project. To do that, the developers must pace the individual projects to reach the same stage at the same time. “We’re not there yet,” she noted.
Next step on the rail yard
Sternberg said two meetings would occur on 6 March in conjunction with the EIS scoping: stakeholders will meet during the day, and in the evening the public will have a chance to comment. Following the meetings, the US Army Corps of Engineers and the FHA will decide how complex the process must be. {ANR&P discussions 18&20.Feb.2003}

OMYA heavier cars
In the past year, OMYA has acquired new slurry cars weighting 286,000 pounds when full. According to Dave Wulfson, VRS president, the bridges between Middlebury and Rutland and indeed many of them elsewhere on the system are built to bear the older standard of 263,000 pounds. Not only OMYA, but other customers are moving to the 286-standard.
Khan said the project will seek to include funds to upgrade the bridges to the 286-standard. At this point, OMYA is sending out their new cars not filled to capacity.
Railroads are already acquiring cars at the even heavier 315,000-pound standard. Wulfson said any bridge in Vermont needing replacement is built to the 315-standard, but repairs are done to the 286-standard. {ANR&P discussion 25.Feb.03}

WACR CONN RIVER
25 February, Burlington. **THE RAILROAD HAS INCREASED OPERATING FREQUENCY** in an effort to give reliable service to existing customers, and attract new ones. Dave Wulfson, VRS president, said WACR is running northbound to Newport three days a week, and southbound to White River Junction three days a week. The previous service, out of St.Johnsbury, had three roundtrips to Newport per week, and one to White River Junction per week.
The train is running whether it has any cars or not, said Wulfson. At minimum, it keeps the track open in winter. But “we are moving a bit of overhead stuff with MMA, and NECR traffic through there. The customers are pretty happy” and VRS is talking to two possible new customers as well.

Can the railroad win permanent operating status?
Wulfson and VRS Vice-president Jerry Hebda argue that VRS deserves an immediate award of permanent operating status. WACR has only a six-month status, ending in June [see 23 December 2002 issue]. If the railroad does a poor job, then customers will stop using the railroad and no one will want it. If the railroad does a good job, other potential bidders will want to become the operator, and VRS will not benefit from its hard work.
Wulfson indicated his company is asking VAOT to move up the deadline to award the permanent operating contract. Moreover, VRS should receive the contract as it finished second in the 2000 bidding [see 20 October 2002 issue]. IRR subsidiary Northern Vermont Railway finished first but then collapsed, so VRS should step into NVR shoes. {ANR&P discussion 25.Feb.2003}

QUEBEC/MARITIMES

CANADIAN NATIONAL
21 February, Dartmouth. **CN UNIT GYPSUM TRAINS WILL DECREASE IN CARS**, following a decision by National Gypsum to purchase its own 100-tonne bottom-dump hoppers from Johnstown America. Up to this point, National had used CN cars, most of which were built in 1964; these were emptied by rotating them, but the dumper has worn out.
In May, after the change, CN will run 66-car trains instead of 74-car trains. {Atlantic Rails}

The gypsum move
Pat Mills, plant manager, said 2-2.5 million tonnes goes to the United States each year in long-term charter bulk vessels (40,000-50,000 tonnes) out of Wright’s Cove in Halifax harbor. The product is received from Portsmouth NH to New Orleans LA, as well as central Canada and Bayside NB [see NBSR]. {ANR&P discussion 5.June.02}

NEW BRUNSWICK SOUTHERN
24 February, McAdam. **WESTROC IS RECEIVING GYPSUM BY RAIL AS A TRIAL.** Rail may provide less expensive transportation, and improved dryness. Each handling of the gypsum rock results in its breaking and exposure to more moisture.
History
Westroc has received its gypsum by ship over the Bayside wharf, usually originating at National Gypsum [see CN], moving by rail to Wright’s Cove in Halifax harbor, and then by ship to Bayside. NBSR had tried in 1999 to convince Westroc to use rail, but that had proved more costly than ship, especially since Westroc had no means to unload gondolas.

Then CN changed its price, based in part on the fact that its gondolas used by National Gypsum would become available this year. Westroc agreed to test the rail mode for feasibility, price, and quality, and received its first trainload in October.

The logistics
The trial moves of 15 to 18 carloads to McAdam have occurred when National does not need all available cars for the move to Wright’s Cove. When the cars reach McAdam Yard, Westroc arranges for emptying by excavator and drayage to the plant. The rail move requires three handlings; the rail/ship move requires four.

Officials at Westroc declined comment, except to emphasize that the move is only a test. {ANR&P discussions with various sources}

Impact on Bayside
[See Bayside.]

BAYSIDE
25 February. PORT TRAFFIC INCREASED OVER 2001, according to David Seman, port manager for Bayside Port Corporation. He replaced former manager Milton Cross in October 2000. Some 67 ships called in 2002, and moved 1.5 million tons of product. Some 85% of that was outbound aggregate from the adjacent quarry; 10% was gypsum inbound; outbound potatoes made up 1.5%, and inbound fish 1.5%. Bayside Stevedoring handles some of the potatoes, and all of the fish.

Impact of the gypsum move
Not landing the gypsum on his wharf [see above] would decrease the occasional interference with the food storage facility operated by Bayside Stevedoring, said Seman. Seman emphasized that the interference does not always happen, only when the unloading of the gypsum rock coincides with activity at the storage facility. When a breeze is blowing during the unloading, the dust can spread.

On the other hand, Seman did not like to see that amount of traffic leave. {ANR&P discussion}

CAPE BRETON & CNS
13 February, Sydney. ENTERPRISE CAPE BRETON ISSUED A TRANSPORTATION STUDY put together by KPMG in connection with RGF Associates and Dan White and Associates. For rail, it reached this conclusion:

The needs of existing rail users are being satisfactorily addressed by the current level of service. While existing users anticipate future growth in rail usage, projected growth would not significantly offset the shortfall from traffic levels of the recent past. In addition, based on a review of near-term traffic opportunities from proposed developments, a market-driven solution for a sustainable, viable rail service across Cape Breton is not evident in the short term (within the next two years). {study on Enterprise website}

26 February, Cape Breton. THE PROVINCE PLANS AN ANNOUNCEMENT ABOUT THE FATE OF THE LINE HERE within two days. Economic Development Minister Cecil Clark is meeting with the stakeholders, and has briefed the local governments.

Stakeholders Group
Clarke is meeting privately with representatives of businesses, headed by COPOL’s Karen McPherson and David Sauler, and including representatives of CN and Emera.

Legal action by CBRM
According to John Whalley, economic development officer for the Cape Breton Regional Municipality (CBRM), the municipality appealed the decision of the URB setting the abandonment date [see 19 November 2002 issue], and asked for
a stay of the board decision. The court denied the request for a stay, but has not decided the appeal itself. Whalley hoped for a decision before 28 February.

Protest meeting in Sydney
On 13 December, over 200 people attended a rally, with some chaining themselves to a locomotive. {Train Scan 1.03}

Regional meeting in Sydney
On 27 January Clarke met with the regional council for two hours Monday in a closed session. Afterwards, CBRM Mayor John Morgan told reporters he's still not sure what that plan involves. “There's been no substantive information provided to us. I can't say that there's anything that we've received from the minister that would give us confidence.”

The regional council consists of members of the municipalities CBRM, Victoria County, Inverness County, Richmond County, and Port Hawkesbury.

Regional meeting Victoria County
On 14 February, Clarke again briefed the regional council, saying negotiations with the power company have been positive. He pointed to a $2-million offer put on the table by the utility several months ago [see 19 November 2002 issue]: “If they weren't the key stakeholder, why would they have come before the community and indicate an interest in providing some support for the line if they themselves saw no strategic advantage to rail?”

But Clarke does not want to accept the investment in the line; he's trying to get Nova Scotia Power to move its coal on the railway instead. He expects to find a solution by the end of February. {ANR&P discussion 17.Feb.2003; CBC webposted 28.Jan.03 and 14.Feb.03}

STRAIT OF CANSO

February. SOME $5 MILLION WILL PAY FOR A BUILDING AND OTHER IMPROVEMENTS to the Mulgrave wharf, owned by the Strait of Canso Superport Corporation. Mulgrave Mayor Leonard MacDonald said the wharf had “supplied probably four companies during the 1970s and 1980s” for the offshore oil and gas industry. The new facility will better position the port to compete for supply facilities. “There are people available, there is expertise available, and we have some pretty strong training facilities here in the Strait area.” {CBC webposted 3.Feb.03}

Funding components
Tim Gilfoy, CEO of the Superport, said $2.5 million came from his corporation’s “loans and equity we have.” Enterprise Cape Breton and the Cape Breton Growth Fund, both federally funded, supplied the balance.

Gilfoy added that the contractor has finished redoing the wharf face at Mulgrave [see 12 July 2002 and 13 September 2002 issues]. The asphalt surfacing will be done when the building is completed. {ANR&P discussion 24.Feb.2003}

HALIFAX

20 February. HALTERM ANNOUNCED A QUARTERLY INCREASE IN CONTAINERS, up to 47,340 containers compared to the fourth quarter 45,118 in 2001, reflecting a recovery late in the year [see overall Halifax results in 12 February issue]. For 2002, containers came to 174,163 versus 181,493 last year.

The company generated EBDAT of $10.3 million in 2002 compared to $8.4 million in 2001. “This earning improvement was attributable to operating efficiency gains, an increase in roll on / roll off business and a reduction in borrowing costs,” said Patrick Morin president of Halterm Limited, adding. "The company's investment in new post-Panamax cranes, a new terminal operating system and the continued hard work of its employees all combined to lower operating costs and improve service levels.”

Halterm ascribed the drop in container volume mainly to a continued slowdown in economic activity, particularly in the first six months of the year. Due to an improvement in operating efficiencies operating costs per unit were reduced to $208 per unit down from $216 per unit in 2001.

Negotiations with carriers
‘Halterm has a very narrow customer base, which is common within the container terminal industry. In 2002, three customers represented 76% of the terminal's overall volume. If the volume from one of these customers were to vary materially or they
were unable to meet their financial obligations, Halterm's financial performance would be materially affected. In 2002 one of these customers operated under a continuation of their contract without concurrence on rates and another customer's agreement expired at the end of 2002. Discussions are ongoing with these customers and it is anticipated that these negotiations will be completed in the near future.”

**Negotiations with workforce**

‘Halterm operates with a unionized workforce. Agreements with three union locals expired at the end of 2002. A conciliator has been appointed to help reach a new agreement. There has not been a work stoppage in the Port of Halifax during the negotiation of a collective agreement since 1976 and it is anticipated that new agreements will be reached without any disruption or material change.’

**Increased lease payments**

‘The Company entered into a 20-year lease with the Halifax Port Authority in 2000. The lease allowed for a phase-in of increases with the full effect of the increase in 2003. This was timed to coincide with the expiration of the lease for the other container terminal in Halifax.’ [See 28 November 2002 issue.]

**Rail car supply problem**

‘The Port of Halifax has been built on the efficient and timely flow of cargo to inland markets. A change in the supply of rail cars occurred in the latter part of the third quarter [see 12 February issue] resulting in delays to cargo being shipped from Halifax to inland destinations. This also increases handling costs and creates congestion on the terminal. Should this situation continue, the competitive position of the Port and Halterm may be affected. A new rail car supply initiative has since been implemented and may alleviate the situation.’ {Halterm release}

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**PEOPLE**

David Cole was nominated by Governor John Baldacci on 19 February to serve as the MDOT commissioner. Cole currently serves as executive director of the Eastern Maine Development Commission. He faces review by the Legislature's Transportation Committee and a Senate confirmation vote. He will seek to strengthen Maine's transportation links with Canada, Cole said, including railroads and intermodal facilities. Cole was a member of the Task Force on Rail Transportation and is treasurer of the Maine Port Authority. EMDC “has been crucial in supporting the East-West Highway,” Baldacci said. {AP}

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**RAIL SHIPPERS**

*The companies discussed in this issue.*

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