Helping to move rail and port traffic through New England, the Maritimes, & eastern Québec.
A twice-monthly trade newsletter.

Issue 03#10B 2 November 2003

*Article unchanged from e-bulletin.

**REGIONAL ISSUES**

**GRS/NS**: Schneider begins Ayer intermodal service.

**Cousineau**: Begins wood moves from Connecticut and Massachusetts to Maine.

**Federal pre-emption**: New Jersey case bars shippers from qualifying.

**Lowe’s**: Still seeking lumber transload.

**CONNECTICUT**

**CSXT**: Circle of Life to start late November?

**GRS**: AmeriGas receives first cars.

**Bridgeport**: Feeder barge financing nearly done.

**New London & New Haven**: Saga calls these ports as well.

**MAINE**

**Calais Branch**: No bill to transfer ownership.

**GRS**: Re-open track to North Anson?

**B&A/MMA**: Details on Fraser, GNP traffic.

**Portland**: Merrill wants another warehouse.

**MASSACHUSETTS**

**CSXT Massachusetts**: New Sulco Warehousing facility in Springfield.

**GRS**: Switch for Fletcher by 1 November?

**MCER**: Description of capital projects.

**PW**: Files to abandon Southbridge branch.

**NEW HAMPSHIRE**

**GRS/NEGS**: Huge circus train jams Manchester yard.

**TSRD**: Some progress on Gilman VT mill.

**RHODE ISLAND**

**PW**: New customer Northeast Environmental.

**VERMONT**

[No report.]

**MARITIMES/QUÉBEC**

**Halifax**: CN spending nearly $30 million to improve rail service. Montreal no threat. Traffic increase.

**Strait of Canso/CBNS**: Logistec will build terminal for NSP.

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

Thomas Klemm.

**FROM THE PUBLISHER**

**Vote in Maine!**

Question 6 on the ballot, the transportation bond bill, will provide funds for the Industrial Rail Access Program. Both Cousineau [see this issue] and Boralex [see last issue] need the funds. If you are a Maine citizen, vote yes!

**New customers**

Perhaps just happenstance, but maybe the number of new rail customers mentioned here, four, portends well for the region’s railroads.

- Chop Hardenbergh

Next issue: 12 November

Common abbreviations:  
BCLR - Bay Colony RR,  
BML - Belfast & Moosehead Lake RR,  
CBNS - Cape Breton and Central Nova Scotia Railway,  
CCCR - Cape Cod Central Railroad,  
CCRR - Claremont Concord Railroad,  
CFQ - chemins de fer Québec System,  
CN - Canadian National Railway,  
CP - Canadian Pacific Railway,  
CSO - Connecticut Southern RR,  
EOTC - Mass. Exec. Office of Transportation & Construction,  
GRS - Guilford Rail System,  
FHWA - Federal Highway Administration,  
FRA - Federal Rail Administration,  
FRTC - Fore River Transportation Company,  
FTA - Federal Transit Administration,  
HRRC - Housatonic RR,  
MBRX - Milford-Bennington RR,  
MBTA - Mass. Bay Transportation Authority,  
MCER - Massachusetts Central,  
MDOT - Maine Department of Transportation,  
MMA - Montréal, Maine & Atlantic,  
MPO - Metropolitan Planning Organization,  
MTQ - Québec Ministry of Transport,  
NAUG - Naugatuck Railroad,  
NBSR - New Brunswick Southern Railway,  
NECR - New England Central RR,  
NEGS - New England Southern RR,  
NHCR - New Hampshire Central Railroad,  
NH DOT - NH Dept. of Transp.,  
NEPRA - Northern New England Passenger Rail Authority,  
NSDOT - Nova Scotia Department of Transp.,  
PVRR - Pioneer Valley Railroad,  
PW - Providence & Worcester RR,  
Seaview Transportation Company,  
SLQ - St.Lawrence & Atlantic RR (Québec),  
SLR - St.Lawrence & Atlantic RR,  
SRP - Safe Handling Railroad (coastal Maine),  
TIRR - Turner’s Island railroad,  
VAOT - Vermont Agency of Transportation,  
VRS-VT Rail System (Green Mt),  
GMRC - Vermont Ry,  
CLP - Clarendon & Pittsford,  
SLQ - Washington County Railroad (WAC),  
WHRC - Windsor and Hantsport Railway

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GRS/NS INTERMODAL

17 October, Ayer. SCHNEIDER HAS BEGUN TO USE NS INTERMODAL FOR NEW ENGLAND SERVICES, according to Tom Bartel, vice-president for premium service (intermodal division).

Intermodal services offered by Schneider
Schneider ranks third in the nation among intermodal companies in terms of intermodal units moved, after Hub and J.B.Hunt, and “we’re the fastest-growing,” said Bartel. The company offers three services:

TruckRail Express. This premium service uses BNSF in the West, and both NS and CSX on selected Eastern routings, in combination with truck on other lanes. Bartel wrote: “We plan additional Eastern lane expansion in 2004. To a large degree, our Express network mirrors the LTL and Parcel intermodal system.

TruckRail. This service uses BNSF, UP, CSXI, NS, CP, CN and TFM to provide TOFC service to North America.

OPSU. Also called OptiModal, this container service uses EMP containers (reporting marks OPSU), meaning that UP and NS, the two major members of the EMP pool, provide service in West and East respectively.

Services offered for Ayer
Bartel said Schneider is offering both TruckRail and OPSU in the Ayer-Chicago lane. From Chicago, cargo moves into the Midwest, the West, or the Southwest. Schneider does not offer service to the Southeast to/from Ayer.

OPSU for Ayer. At the beginning of September, Schneider began offering service in the Chicago lane to customers who use containers. Although CSXI can offer a one-day quicker service from its terminal in Worcester, Schneider is satisfied with the consistency of service from Ayer. Schneider customers who want faster service use TruckRail Express, with drayage to Chicago.

TruckRail for Ayer. At the beginning of October, Schneider began testing the service reliability of TOFC in the Chicago lane. Thus far, said Bartel, “our expectations have been met.” For TOFC customers “who need a speedy product,” Schneider will use the CSXI ramps in Worcester or West Springfield. If the customer is satisfied with reliable service, albeit one day longer, Schneider will use Ayer.

How Schneider chooses rail lines
The company “develops long-term relationships” with its suppliers, said Bartel, “some contract, some handshake.” It does a competitive assessment of the railroad offerings, and will share that with the railroad. “We have not done a formal bid for four or five years.”

In choosing Ayer, Schneider evaluated the performance numbers of NS, which indicated a reliable and viable product, and then decided to test out the Ayer ramp. {ANR&P discussion 17.Oct.03}

Waterville service?
Although Schneider used that some years ago, currently it serves Maine with Schneider drivers draying to Ayer.

Handling of accounts at NS
NS intermodal account managers handle customers with headquarters in their region. Hence, although Tom Reese handles Northeast intermodal [see 17 October issue: Region], the Schneider account is handled by Ryan Houfek at NS headquarters in Norfolk, VA. {e-mail to ANR&P from NS Tom Reese 6.Oct.03}

C O U S I N E A U W O O D M O V E S

15 October, southern New England. PULP LOGS WILL MOVE FROM SOUTHERN NEW ENGLAND INTO MAINE, to receiver MeadWestvaco’s paper mill in Rumford. The move was put together by Cousineau Forest Products, headquartered in Henniker, NH working...
with its consultant Stephen Chute of ISHOFN, LTD. Trade Development. Chute was putting together such a move as long ago as 2000 [see 00#10 issue].

**Palmer origin**

Using five GMRC bulkhead flat cars, NECR will pick up pulp logs in its Palmer Yard and run them north to Brattleboro. There, GRS will pick them up and move them to Rumford. The first outbound test shipment was scheduled for 17 October. If it proves satisfactory, NECR will obtain more equipment.

**Willimantic origin**

If the Palmer test succeeds, Cousineau will consider using NECR’s Willimantic Yard beginning in November. [text of NECR 15 October announcement supplied by Chute]

**Forestville CT origin**

On 16 October, GRS picked up one car of pulpwood to move to Rumford, as a test, from its bulk track on the Waterbury Branch. On 18 October, Chute said ‘this yard will be ramped up as more cars become available.’ [e-mail to ANR&P]

**Other Cousineau moves**

In May 2000, Cousineau handled the following [see 00#10 issue]:

- **Chips from West Springfield.** Chips were railed to Norfolk. This move stopped when the Asian market dried up, Chute said.

- **Roundwood to New York.** International Paper mills in Erie Pennsylvania and Fort Ticonderoga New York received logs. This move stopped at the end of the contract with IP.

- **Madison Maine shuttle.** Cousineau moved bark from the Madison Paper mill via GRS and CSXT to West Springfield. The cars were then loaded with sawlogs, and railed to Madison. The logs were drayed to Cousineau’s sawmill in Strong, Maine. This move ended because Cousineau needed all three West Springfield customers to keep the facility there open.

- **Chips from Henniker.** Cousineau continues to dray chips from its Henniker yard to papermills in Berlin and Gorham NH, Rumford and Jay Maine, and Ticonderoga NY. [ANR&P discussion 31.Oct.03]

**FEDERAL PRE-EMPTION**

17 October, Newark NJ. **SHIPPIERS SEEKING FEDERAL PRE-EMPTION WILL BE DISAPPOINTED**, under a preliminary decision by the Surface Transportation Board in June. Shipper Hi Tech Trans has appealed the decision to the full Board.

*While this location lies outside the region, the decision may affect many shippers in the region which try to look like railroads to gain freedom from state regulation.*

State regulators and prospective rail shippers are fighting a war about the limits on state power to regulate rail activities. In general, under the Interstate Commerce Commission Termination Act of 1995, railroad activities are exempt from state regulation - the ‘federal pre-emption’ doctrine. But, and here’s where the battles are occurring, states are permitted oversee health and welfare issues, and are permitted to control non-rail activities.

The latest battleground is New Jersey, which has been trying, as yet unsuccessfully, to regulate the activities of Hi Tech Trans, LLC at Oak Island Yard property in Newark NJ leased by Canadian Pacific Railway (CPR) from Conrail. In September 2001 Hi Tech opened the facility, which collects construction and demolition debris (C&D), and loads it into railcars for CPR to ship out of New Jersey.

Fighting to stay free of state regulation, Hi Tech has raised two separate issues about pre-emption. The Board has settled one, and is in the process of settling the other.

**No pre-emption for the collection of goods to be shipped**

Under New Jersey law, Hi Tech needed a permit to operate the transfer station, but believed, because it was operating the facility inside a rail yard as a truck-to-rail transload, it was exempt from state regulation. Local waste authorities thought otherwise, because they already had a solid waste plan in place involving truck to truck transfer. One, Hudson County Improvement Authority (HCIA) demanded that Hi Tech provide it with the identities of transporters so New Jersey could fine the violators.

To clarify the jurisdiction, Hi Tech in 2002 filed a petition with the Surface Transportation Board (STB) asking the Board for a declaration that the Board, and not New Jersey, had exclusive jurisdiction over the Hi Tech C&D facility and the activities of its customers
which deliver C&D to the site. In November 2002, the Board denied Hi Tech’s request, stating that the pre-emption theory does not cover ‘state and local regulation of activities that occur before a product is delivered to a rail carrier for transportation.’ However, the STB reaffirmed earlier holdings that the facility itself, as a truck-to-rail transfer facility, may be subject to pre-emption. The New Jersey Department of Environmental Protection (NJDEP) initiated proceedings to shut down Hi Tech’s facility and collection system.

Pre-emption does not extend to non-railroad facilities
In June 2003, Hi Tech returned to the STB, to argue that NJDEP did not have the authority to shut the Oak Island facility, even if the Board had decided that truck delivery to the facility was not pre-empted. The STB’s director of the Office of Proceedings, David Konschnik, declined to accept the new Hi Tech case. The Board, he wrote, has long held that activities “integrally related to the provision of rail services’ are pre-empted from state and local permitting. But Konschnik rejected the contention of Hi Tech that no legal distinction exists between a transloading facility operated by a non-carrier licensee and one operated by a rail carrier. In every case before the Board, Konschnik found, local regulation was pre-empted ‘only when those facilities have been operated or controlled by a rail carrier.’ The activities of a mere shipper are not pre-empted, and since Hi Tech is only a shipper, not a railroad, it is subject to state regulation.

In August Hi Tech appealed this new interpretation to the full Board, calling it contrary to statutes, precedent, and the policy underlying ICCTA. Moreover, if the interpretation is allowed to stand, it ‘may have significant industry-wide implications.’ NJDEP, on the other hand, was delighted with the ruling, and cited it in the final order telling Hi Tech to close shop.

Railroad support and opposition
In September, Norfolk Southern filed a petition to intervene at the STB agreeing with the director’s reasoning. Not surprisingly, Canadian Pacific Railway, also an intervenor, supported Hi Tech because, it argued, the pre-emption test is not whether a facility has a certain level of involvement from the serving railroad, but whether the activity is ‘an integral part’ of the provision of rail transportation. Canadian National supported CPR, noting that ‘most...Class I carriers often enter into arrangements with independent third parties’ to operate transload operations. If the third parties no longer benefitted from pre-emption, that would ‘chill such arrangements.’ {filings from STB website, Finance Docket No. 34192 (Sub-No.1)}

What’s next
One veteran STB watcher, Marty Bercovici, noted that in general the Board will not overrule its senior staff, such as Konschnik. Another veteran, transportation writer Larry Kaufman, said: “There is no agent connection between the C&D hauler and CPR, just...a shipper-carrier relationship.” He does not believe Roger Nober, the sole STB board member, wants to extend STB jurisdiction, and predicts the Board “will leave Hi Tech to the tender mercies of NJ state government.” Meanwhile, Hi Tech continues to operate. On October 17th, a New Jersey judge stayed the NJDEP order, probably to await the STB ruling. And if Hi Tech appeals the STB decision to the courts? “Nice try,” said Kaufman, “but if the Board says it doesn’t have jurisdiction here, the courts will uphold that.” {ANR&P discussions 23.Oct.03}

LOWE’S
28 October.  **LOWE’S WANTS TO BUILD A SECOND, RAIL-SERVED FACILITY IN NEW ENGLAND.** Responding to the announcement about the truck-served facility in Plainfield, Connecticut [see 17 October issue], two well-connected rail sources said the company wants also to build a 250,000SF lumber transload somewhere in Massachusetts or Connecticut. {e-mails toANR&P} Lowe’s itself will decline comment until facility construction is well underway, said spokesperson Jennifer Stanbery. {e-mails to ANR&P; discussion with Stanbery 23.Sept.03}

CONNECTICUT

CSXT
30 October, New Haven.  **CIRCLE OF LIFE EXPECTS TO START “SHAKEDOWN OPERATION” AT THE END OF NOVEMBER.** The project manager is expecting the first 120 cars of perhaps 460 cars for the C&D shipping [our Directory #647–see 20 May 2003 issue] by the second week of November. {ANR&P discussion}

GUILFORD RAIL
28 October, Southbridge.  **AMERIGAS HAS RECEIVED CARS, BUT HAS NOT YET PERMISSION TO UNLOAD THEM.** The company will become a new customer on the GRS Berlin Branch. {ANR&P discussion}
**BRIDGEPORT**

28 October. **BRIDGEPORT IS TAKING STEPS TO START UP THE BARGE FEEDER SERVICE.** Joe Riccio, executive director of the Bridgeport Port Authority, said his agency had “submitted a variety of budgets, operating plans, and profit-and-loss statements to the Connecticut Department of Economic and Community Development (DECD).” That department has approved the financial plan, and sent it to ConnDOT. Once there, ConnDOT will submit it to the bond commission for funding.

Then the Port Authority needs to enter formal agreement with state for the money. “We will be able to set up systems, and solicit a tug and barge operator, and a ‘master operator.’” By ‘master operator’, Riccio means a company which will handle terminal relations, the steamship lines, trucking companies, and so forth. “We have the funds to start up the service and subsidize it for a time.”

**Bridgeport location**
The Port Authority owns 15 acres on Seaview Avenue [see map in 14 July 2000 issue (missing from website)], part of the Bridgeport Maritime Complex. Riccio anticipated the feeder service would use a few acres initially; “as service grows, it could add more.”

**Some doubt**
Connecticut DOT officials told the Connecticut Post last week that the project would not help reduce I-95 truck traffic very much. ConnDOT spokespersons told MTR the decision to release the money to Bridgeport will be approved in the next few weeks. A Post editorial this week urged the state DOT to “act swiftly” to approve the first installment of $1.5 million. Some $7 million total is available for the barge facility.

**WHAT’S THE ARRANGEMENT FOR THE ALBANY SERVICE?**
Barge feeder service to Bridgeport has one precedent: the feeder service to Albany [see 18 July issue]. Tom Delaney of Columbia Coastal Transport (CCT), which handles the Albany service, explained the arrangement CCT has with the Port Authority of New York and New Jersey.

- CCT operates the Albany service, doing all of the coordination with the lines and importers/exporters/brokers as well as the stevedores and terminal operators.

- CCT provides the barge.

- Moran Towing is the tug operator.

Delaney added he was glad to hear Bridgeport’s understanding that ‘there is more to running a service than just providing a tug and a barge. The coordination is the most critical step as well as the most time consuming one.’

**NEW LONDON & NEW HAVEN**

20 October, Connecticut. **SAGA ALSO REGULARLY CALLS NEW LONDON AND NEW HAVEN** on its northern Europe-East Coast service [see 17 October issue, Maine]. At the Logistec terminals, ships discharge packaged KD Lumber in New London, and both lumber and steel products in New Haven. Jim Schine, director of marketing and sales Logistec USA, acknowledged that steel imports in New Haven remain very low, pending a US government decision about import tariffs [see 21 August issue: Regional].

**MAINE**

**CALAIS BRANCH**

22 October, Augusta. **THE LEGISLATIVE COUNCIL TURNED DOWN BILLS TO GIVE THE CALAIS BRANCH** to a local authority (Legislative Reference #s 23 and 533) [see 12 March issue for earlier attempt]. The Council has met and approved new bills for introduction in the 2nd Regular Session.
GUILFORD RAIL

28 October, North Anson.  **Cousineau is considering re-opening the rail line to this town.**  Track, now out of service, exists 4.5 miles to North Anson from Madison, the location of Madison Paper [see above], reached by GRS’ Madison Running Track. Jim Beatey, executive director of the Somerset Economic Development Corporation, said his agency’s regular monthly meeting on 30 October would discuss the project. In addition to Cousineau, which has recently re-opened a wood mill here and is sawing hardwood, other businesses including a trucking company are potential users.

The track is rough, and the rail bridge over the Kennebec River needs repairs. Beatey is considering three sources of funding; MDOT’s IRAP [see 17 October issue], the federal Economic Development Administration grants, and Community Development Block Grants.

B&A/MONTREAL, MAINE & ATLANTIC

7 October, DC. **The B&A estate filed the adverse application for discontinuance of trackage rights** held by CN from Madawaska Maine, to St. Leonard New Brunswick, to serve Fraser Paper. [STB Docket No. AB-279 Sub-No.3] [See 18 July issue.]

*What’s at stake*

In 2001, CN paid the BAR $5 million for the trackage rights. The BAR bankruptcy estate wants to cancel the deal. US bankruptcy law permits the trustee to cancel ongoing contracts, like the one between CN and the BAR. However, in the case of railroad bankruptcies, section 1170 of the Bankruptcy Code requires that the bankruptcy court rule that cancelling the deal is in the best interest of the estate and ‘consistent with the public interest.’

Section 1170 also requires the trustee to apply to the STB for the discontinuance of the trackage rights. [Note: CN and the trustee disagree on whether section 1170 applies here. If it does not, then the trustee wants a straight decision from the STB under 49 USC 10903 about the adverse discontinuance.]

If the trustee gets the trackage rights cancelled, MMA will pay the BAR estate $5 million for the unencumbered right to serve Fraser.

*Trustee argument for public interest*

‘The trustee respectfully submits that, under either 11 USC 1170 or 49 USC 10903, the public interest will be served by discontinuance of the CN trackage rights and abandonment of the WRC easement. As more fully set forth herein and in the supporting Verified Statements, the potential harm to the BAR estate, the new owner of the former BAR System (Montreal, Maine, & Atlantic), and its shippers and the communities it serves from the continued existence of the CN trackage rights and WRC easement substantially outweighs the potential harm to Fraser Papers and CN (if any) from discontinuance of the trackage rights and abandonment of the easement.’

The filing described the sale of trackage rights thus: ‘In March of 2001, in the midst of the most financially tumultuous time for the BAR System, BAR’s parent company made a deal with CN the likes of which would never be seen in normal times and which was a huge mistake.’

The deal included:

- BAR agreeing to move cars of its second-biggest customer under a haulage agreement, for approximately $500 per loaded car. ‘The $500 per car payment was less than 50% of the approximately $1065 per car that BAR earned on this traffic....’

- CN acquiring trackage rights to serve Fraser direct; CN would pay BAR $200/car.

- BAR granting the Waterloo Railway Company (WRC) a non-exclusive freight easement which could be used for the same purposes as the trackage rights agreement.

*Results in terms of traffic*

For the first 12 months, BAR hauled 3712 cars for Fraser at a rate of $503 per car for revenue of $1,867,136, or about $2 million less than would have been generated by a division of revenue. ‘The [CN agreement] continues to shift approximately $175,000 per month in freight revenue on Fraser traffic from MMA to CN.’
Procedure

‘Under 49 USC 10903, the Surface Transportation Board must decide whether the present or future public convenience and necessity require or permit the proposed discontinuance. Under 11 USC 1170, the Board must advise the District Court whether the proposed discontinuance would, in the Board’s opinion, be in the public interest. In assessing the proposed discontinuance under either statutory provision, the Board must weigh the adverse effects on Fraser and CN (if any) from discontinuance of the trackage rights against the adverse effects on the BAR estate, MMA, and the other shippers and communities that are served by MMA from retention of the trackage rights.’ The filing noted that under the trackage agreements, Fraser is the only shipper CN may serve under those agreements.

Public harm: abandonment of CDAC line and Portage line

The BAR estate argued that ‘MMA most likely will be compelled to abandon the former BAR rail line between Madawaska and Portage’ and ‘the former CDAC rail line between Brownville Junction and the US/Canada border if the CN trackage rights are retained.’

Abandonment of the Portage line would cause a reduction of routing options for about 52 shippers and receivers of approximately [this figure redacted from public version] carloads, and abandonment of the CDAC line a reduction of routing options for 196 shippers and [this figure redacted from public version] carloads and intermodal units.

Fraser and Great Northern traffic

The table below shows traffic handled by BAR for Fraser and Great Northern Paper. CN indicates traffic interchanged with CN at St.Leonard; CDAC, traffic moving on the line between Brownville Junction and Montreal; and NMJ, traffic interchanged with Guilford at Northern Maine Junction. ‘Due to the recent acquisition of the [Great Northern] Millinocket and East Millinocket paper mills by Fraser’s affiliate, Katahdin Paper Co. LLC. MMA has even greater incentives to provide excellent service and competitive routing options to Fraser.’

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{filing in STB Docket No. AB-279 (Sub-No.3) 6 October 2003}

Note: Future issues will contain addition details from the filing.

PORTLAND

29 October. **MERRILL WOULD LIKE ANOTHER WAREHOUSE AT HIS TERMINAL.** The pulp business boom required he lease a warehouse off-site [see 17 October issue], which adds to trucking costs. He would like to construct one on-site of about 100,000SF, nearly twice as large as Rubb VI, the warehouse completed with state funding in November 2002 [see 28 November 2002 issue, which includes map].

The amount of Maine and New Hampshire wood pulp exported out of Merrill’s facilities has doubled, and is expected to double again in 2004.

Where would another building go?

P.D.Merrill, the principal, said his company is currently analyzing the answer. “It’s too early” to pick a location, but he noted that the Rubb buildings already on-site can be re-arranged readily; the company has moved some in the past.

Will Saga continue calls?

Saga Forest Carriers discharges lumber (“We just unloaded 1000 tons of dimensional lumber yesterday, said P.D.Merrill.) and loads pulp for shipment to the Far East. How much inbound or outbound traffic is required before Saga calls? “That’s not my decision,” said Merrill, declining to speculate on the volume. Sources said Saga is working on getting a contract to ship pulp out of Portland, which would ensure a regular call. {ANR&P discussion; Matt Wickenheiser in Portland Press Herald 29.Oct.03}
GUILFORD RAIL
29 October, North Chelmsford.  **GRS HAS PROMISED TO INSTALL A SWITCH HERE BY 1 NOVEMBER**, said Dave Psaledas, plant engineer for Fletcher Granite [see 8 August issue - our Directory #111]. The spur from the GRS main line to the facility is now complete; tamping is occurring this week. “We’re dependent on Guilford now,” Psaledas concluded, to complete the access so that Fletcher can receive stone direct, instead of transloading in North Billerica. {ANR&P discussion}

CSXT - MASSACHUSETTS
27 October, Springfield.  **SULCO WAREHOUSING AND LOGISTICS NOW HAS THREE RAIL-SERVED SITES IN SPRINGFIELD**, described by Joe McDowell, general manager of Sulco Warehousing and Logistics and R.M.Sullivan Transportation. Both are subsidiaries of R.M.Sullivan Inc. along with Sullivan Consolidation; all are labelled the ‘Sullivan Companies.’

655 Page Boulevard. (Our Directory #379.) Decades ago the Westinghouse Complex, this now has 2 million square feet of storage and 27 car spots. Rail access comes off the Athol Industrial Track.

Progress Avenue. (Our Directory #373.) This has 120,000SF and 7 car spots, with access off the CSXT Boston-Albany main line.

311 Industry Avenue. This new facility was acquired by Sullivan in August from MeadWestvaco. In 2002, that company moved the former Westvaco envelope manufacturing housed here, along with another Springfield facility, to Enfield Connecticut at a non-rail-served location.

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MeadWestvaco kept the office part of the facility with the address 2001 Roosevelt Avenue, which continues to serve as the envelope division headquarters.

McDowell said the first customers are using the new facility, which has 282,000SF. When bought it had six car spots; Sullivan hired D’Amour rail construction to build a second track, so that workers could load or unload a second set of six cars through the doors of the first. Rail access comes off the CSXT Boston-Albany main line.

McDowell said the three facilities are treated separately. He estimates overall that 50% of his traffic moves by rail, 50% by truck. {ANR&P discussion 27.Oct.03; MeadWestvaco website for 2002 announcement}

MASSACHUSETTS CENTRAL

16 October, Palmer. GENERAL MANAGER MIKE SMITH DESCRIBED THE CAPITAL PROGRAM OF THE RAILROAD.

Maintenance work
The railroad continued its maintenance program this year, including renewing two bridges. Smith said Finger Lakes Railroad workers accomplished it, with Wayne Duffett of South Portland as bridge consultant. [Wayne Duffett’s small business is called TEC Associates. It is closely allied with Randy Pike’s Maine Track Maintenance. Editor] Duffett also has worked for Smith’s Finger Lakes Railroad.

Capital program
In 2002 and 2003 MCER has spent its capital budget in part on improving the facilities for existing lines of business. Smith ranks “the stuff already moving, bulk transload” as the best growth possibility. “MCER has a limited traffic base with few on-line opportunities.” Bulk transload, especially the plastic pellets which form most of the MCER transload, is “very competitive. We need to upgrade and expand our [two] facilities,” both directly owned by MCER.

That includes expanding the transload spots, and surfacing the truck loading areas. The plastics industry is particularly concerned about spillage, so railroads need to show potential customers that “we care about what we are doing.” Under MCER’s annual paving program, it surfaces a certain number of spots each year.

Gibbs Crossing. About halfway between Palmer and Ware, this facility has 100+ car spots, with all of them accessible for truck transload; 25 are paved.

Ware. This facility has 200 car spots [see 99#24], but the entire facility is used by A&R (our Directory #s 364 and 365). At Ware in 2002 the railroad installed heavier rail and renewed ties, and paved half of the yard, some 18-20 car spots.

Trucks may access only 36 car spots (eight were added this year) at one time; for customers to access the rest, the railroad must switch cars in and out. So MCER is engaged in providing access to, and paving, additional spots. Expansion is “critical,” said Smith, and the railroad added eight car spots this year.

In 2004, the paving will shift to Gibbs yard, and in 2005 MCER will pave the rest of Ware. The railroad is also installing more lighting, to aid transloading at night.

Wildwood Reload
The railroad also serves a breakbulk transload in Barre, Wildwood Reload (our Directory #366) [see 8 April issue]. The poor road network heading east out of Barre handicaps inbound transload; Smith would like to develop it as an outbound origination point, for hardwood lumber [see 17 October issue, Vermont: Cersosimo] and other products out of western Massachusetts, southern New Hampshire, and southern Vermont. {ANR&P discussion 16.Oct.03}

PROVIDENCE & WORCESTER

15 October, DC. PW FILED A NOTICE OF EXEMPTION TO ABANDON THE SOUTHBRIDGE BRANCH, from Milepost 0.18 in Webster, Massachusetts, dipping down into Connecticut, and ending at MP10.98 in Southbridge, Massachusetts. The railroad is holding onto the stub and installed a new bridge there in summer 2002 [see 12 July 2002 issue].

No traffic has moved on the line since 1988. PW stated it did not intend to remove the rails, but hanging onto the line and continuing to maintain it would pass maintenance costs onto PW customers. {STB Docket No.AB-254 (Sub.No-7X)}
EOTC will buy the branch
Maeve Vallely Bartlett, manager of rail, said on 28 October that the agency will write to the STB to rail bank the branch. “We will enter into negotiations to buy it.” EOTC needs a title search, an environmental study, and an agreement with the Department of Conservation and Recreation (formerly Department of Environmental Management) to manage it. {ANR&P discussion 28.Oct.03}

Past reports about trails
PW stated in the notice that the line may have other applications, but be subject to reversionary interests. In July 2002, PW was hoping the state would purchase the line for a path [see 12 July 2002 issue]. In 1999, the state and PW were exchanging proposals [see 99#24]. ConnDOT in 2000 was willing to let Massachusetts buy the loop into Connecticut, but resented having spent $250,000 to improve grade crossings just before PW made the line inactive [see 00#01].

The local transportation plan included the branch as a possible rail trail, but no state funding to purchase the line is currently available. {STB Docket No.AB-254 (Sub.No-7X)}

Craig Della Penna, New England representative of Rails to Trails Conservancy, said (before he knew of the EOTC interest in rail banking) he was “saddened that the railroad merely abandoned it, rather than railbanking it, as other forward-thinking railroads do.” Railbanking keeps the chain of title intact. {ANR&P discussion 27.Oct.03}
23 October, Manchester. **THE CIRCUS TRAIN COULD NOT ALL FIT IN THE MANCHESTER YARD.** Ringling Brothers Barnum and Bailey moves by train, using in this case four stock cars, 34 coaches, and 19 flat cars, totalling 57 cars 5044 feet long. According to Pete Dearness, president of NEGS, GRS power left the coaches in Nashua, parked the stock cars on one side of the Manchester yard, and the flat cars “on #2 track in the woods.” That forced his switching crew “to be a little more innovative” in Manchester, but NEGS was able to provide all the service his customers needed. Business “is holding strong.” {ANR&P discussion}

### TWIN STATE RAILROAD

23 October, Lunenburg VT. **DIRIGO PAPER’S HANSON EXPLAINED THE STATUS OF THE MILL** to 15 local residents and former mill workers at the Lunenburg Town Hall [see 17 October issue]. Peter Hanson called the meeting to keep people informed, as he said he would do when he started the process. He has put over a year into the project and explained step by step the work and planning put into trying to get the mill up and running. These steps included in the spring seeking out Community Development Block Grants through Vermont and New Hampshire and working to get private investment. He planned to lease the mill from Dalton Hydro with the option to buy it within a few years. Then, Hanson's original backer, Siman Paper Group of Miami, backed out in early June due to financial trouble.

The loss of Siman made seeking financing more difficult, Hanson said, especially to set the plant up for operation. A delay in receiving the CDBG loan through Vermont jeopardized the plan to open the mill. Unlike a similar loan that would be funneled through Dalton, Vermont required that instead of buying the mill, Hanson should get a long-term lease. Also, Vermont wanted a feasibility study conducted to see if the mill could be restarted and paper sold from the facility. The delay caused some lenders over the summer to hesitate about giving him money as they want to see the state is on board.

In late August, Dalton Hydro sent Hanson a notice of default, requiring him to comply with the lease, which included preparing the plant for operation. Hanson said he worked to get the plant ready though there were some issues over the electric bill. After that, Dalton Hydro told him they were showing the plant to other buyers. He objected, saying that could jeopardize his funding.

Other potential buyers, Keating Fibre and Marquette Paper [Bob Hunt of Marquette said his company, a paper broker, would sell the output of the mill if it did start up. {ANR&P discussion 30.Oct.03}] were shown the plant, after which Hanson was told Dalton Hydro was waiting on an offer from that company. He has received no direct word from Dalton Hydro that the deal is off, though he has heard that indirectly through the press. {Arthur McGrath in Caledonian Record 24.Oct.03}

**Dalton still awaits deal**

Roger Evershed, who works with Dalton, hoped to conclude a deal by mid-November. {ANR&P discussion 30.Oct.03}

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### RHODE ISLAND

#### PROVIDENCE & WORCESTER

27 October, Slatersville. **PW’S NEW CUSTOMER WILL MOVE TO A NEARBY CITY** in 2004. Bob St.Jean, sales manager for Northeast Environmental Services Inc. (NES), explained that his company had rented a spur in Slatersville from the railroad to ship out tank cars of remanufactured anti-freeze, 21,500 gallons at a time. For the past few months, it has trucked product, 2100 gallons per trip, two miles from its production facility in Smithfield. By moving into a facility right on rail nearby (St.Jean declined to name the city pending completion of the lease), NES will save the drayage.

He anticipates rail traffic moving at the rate of under 25 a year, ‘for right now.’

**MORE ABOUT NORTHEAST ENVIRONMENTAL**

Eight years ago, the company was founded by two partners from Cumberland RI, Peter Beauregard and Todd Smith. NES collects used antifreeze–about two million gallons a year–from dealers all over New England, from gas stations, and from Safety-Kleen [our Directory #329] which provides a “good portion” of the raw material. Using a reverse osmosis process, NES can pull out ethylene glycol (antifreeze) and water. “We can then re-constitute 11 different kinds of anti-freeze” by using different additives, said St.Jean.

NES also recycles oil filters, by crushing them into scrap metal. The scrap does not yet move out by rail, but NES has one possibility
to do so.

Markets
Much of the product is trucked to companies for re-sale, in southern New England, Long Island, eastern New York and New Jersey, and into Pennsylvania. The tank cars carry the product to a user in Louisiana. St.Jean pointed out that he sells custom blends to the National Guards in New England, who need a product which can remain liquid down to -70 Fahrenheit. “We also pick up their waste antifreeze.” {ANR&P discussion 27.Oct.03}

QUEBEC/MARITIMES

CANADIAN NATIONAL/HALIFAX
23 October, Halifax. **CN ANNOUNCED INVESTMENTS IN RAIL SERVICE** for the port, during a visit by CN President and CEO Hunter Harrison. Michelle Peveril, Halifax Port Authority spokesperson, said the chief had met with the chair of the Port Authority, and with a representative group of users to talk about short-term and longer-term plans. “We have wanted him to visit since he took over.”

Port and rail productivity
As far as CN performance, Peveril said that while “we have not solved all service issues, we have no current major congestion as we did earlier in the year [see 8 August issue]. But we see the need to continue to work with those in the supply chain, to prevent another occurrence.” The stakeholders, as part of the SmartPort project, are talking about developing a winter plan together. The group has also drafted the service metrics to measure performance. “Not every one is final” yet. {ANR&P discussion 28.Oct.03}

Montreal-Halifax sidings
In 2003, CN will spend $9.2 million to extend four key sidings, all in Quebec. Three are finished, and the last will be done at the end of November, said spokesperson Pierre Leclerc. “We have already witnessed an improvement to schedule time.” Sidings were extended from 6000 to 12,000 feet, and improved so that trains could run on them at 25 miles per hour, instead of the current 10-15.

Keith Heller, CN’s senior vice-president, Eastern Canada Region, said: “We also know the siding extensions have real value to VIA Rail, one of our valued customers. The on-time performance of VIA passenger trains running in the Halifax-Montreal corridor should improve thanks to this initiative, and we anticipate further improvements as this program is completed this fall.”

Other structures
CN is also investing $15 million in tracks, bridges and signals and communications.

Autoport
CN is also investing an additional $4.5 million in the reconstruction of the wharf area of the auto compound in Halifax. Leclerc described it as a two-year project on which work had already started. That figure does not cover the cost of repairing the track to the Autoport, much of which was washed away by Hurricane Juan in late September. {ANR&P discussion with Leclerc 23.Oct.03; CN press release}

25 October. **HALIFAX TRAFFIC INCREASED AGAIN** [see 21 August issue]. Patrick Bohan of the marketing department at the Halifax Port Authority said, “We had a reasonably good nine-month period. By the end of September, overall traffic was up 10.1% on tonnage, 6% in TEUs; import traffic rose 14.2%, 6.7% in TEUs. {ANR&P discussion 28.Oct.03}

28 October. **HALIFAX SEES MONTREAL SHALLOW-DRAFT SERVICE AS NO SIGNIFICANT THREAT**. Referring to the initiation of 4200-TEU vessels between Montreal and northern Europe [see 30 September issue], Bohan said that would constitute a “small adjustment to the trade.” He understood that 90% of the Montreal traffic moves in the north Europe lane, while for Halifax it’s only 32%.

Halifax attracts the northern Europe traffic for three reasons, per Bohan. First, ships will call because of the base export trade from the region. Second, certain port pairings have an advantage to move via Halifax, and Halifax offers the feeder services to Boston, Portland, St.John’s, and Corner Brook. Third, Halifax offers faster service inland: two days quicker to Chicago (though more expensive). {ANR&P
STRAIT OF CANSO/CBNS

23 October, Point Tupper. **Logistec will construct a coal unloading facility for NS Power** here, according to Archie Collins, manager of the Point Tupper power plant [see map in 02#01B]. Logistec will then own the facility, estimated to cost $25-$30 million, and operate it after startup, scheduled for 1 March 2005. The terminal will have a storage area and a pier extending about 365 metres into the Strait of Canso with cranes and conveyors.

Rationale

NSP currently uses the Martin Marietta out-bound cement facility in Auld’s Cove to bring in the coal. But, said Collins, because Auld’s Cove has no coal unloading machinery, “We are almost exclusively restricted to belted self-unloaders and this is a vessel you pay premium to move product because the vessel comes with all its own gear. What we are building into the terminal is cranes so we can unload vessels, simple bulkers with no gear.”

Not only will NSP then use a less expensive ship, but it can shop around more for the coal source. The new capability will “really open up markets so you are not just getting markets that require belted self-unloaders.” Also, Collins said, NSP will have the flexibility to buy cleaner coal. *Halifax Herald* 24.Oct.03

No contract in place

Madeleine Paquin, Logistec president, cautioned that no agreement yet exists. “We were chosen to negotiate with NSP...and I have confidence we will conclude the deal,” but she did not want to presume Logistec has the contract. She noted that NSP wants the facility by March 2005, so the contract should come within a reasonable time. “The announcement [about the agreement] will come from the customer.”

At the end of the second quarter of 2003, Logistec had net assets of $112.4 million. Existing plant and equipment came to $48 million, and long-term debt was only $5.3 million. The quarterly report anticipated increasing long-term debt by the end of 2003. “I am confident that we can finance the project,” Paquin said, noting the low long-term debt. “I am assuming it will be debt but we could go to the market.” *ANR&P discussion 29.Oct.03*

What will happen to the CBNS deal?

In March, NSP announced an agreement with PEV to move coal during the year 2004 from Sydney to Trenton by rail [see 26 March issue]. However, that deal will last only one year, meaning CBNS—as Minister of Economic Development Cecil Clark said at the time—has until March 2005 to “reposition and get a solid plan.”

NSP has not contracted to use the line after March 2005, said spokesperson Margaret Murphy. However, the power company views the development as “neutral as far as impact on the rail line. We will continue to look at cost-effective ways to support the line,” including ways to send coal to Sydney.”

NSP continues to “like the idea of flexibility.” Its power plants *in toto* burn 70-80% solid fuel, brought in primarily by ship, and it wants “more than one port usable,” said Murphy. “We see them as mutually supportable: two ports work well together.” *ANR&P discussion 24.Oct.03* [Prediction: little coal will run over the CBNS line. Editor]

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RAIL SHIPPERS

Described in this issue. Our *Directory of Rail Shippers & Receivers in Southern New England* has more information on the companies denoted with their directory number.

A&R (MCER #364, 365), AmeriGas (GRS CT #625), Circle of Life (CSXT CT #647), Cousineau (NECR MA, GRS CT and ME), Fraser (MMA ME), Hi Tech (CPR NJ), Katahdin (MMA ME), Lowe’s (Region), Merrill (GRS ME), Northeast Environmental (PW RI), NSP (CBNS NS), Schneider at Ayer (GRS MA #124), Sulco (CSXT MA #373 & 379), Wildwood (MCER MA #366)
Montreal, Maine & Atlantic Railway announced the appointment of Thomas R. Klemm as vice-president of engineering, succeeding Ray Goss who became general manager of the SLR. Klemm worked with Wisconsin Central and then Canadian National, last as CN’s manager of technical services in Homewood, Illinois.

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PEOPLE

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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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