GRS: Thriving. Some data from NEARS. MMA: Recovering. The NEARS presentation. PW: Facts from the annual meeting.

New Haven: Subsidy for rail to reappear?


Connecticut

BCLR: Three new traffic possibilities. No decision on Millis yet.


GRS: Snafu over Eastman acid delivery. HRRC: New customer Oldcastle.

Massachusetts

BCLR: Three new traffic possibilities. No decision on Millis yet.


GRS: Snafu over Eastman acid delivery. HRRC: New customer Oldcastle.

New Hampshire

GRS: Hampshire Chemical closing. RHODE ISLAND

ProvPort: Agreement with Morton Salt.

Vermont

Vermont Rail Council met yesterday.

Maine


Rhode Island

ProvPort: Agreement with Morton Salt.

Vermont

Vermont Rail Council met yesterday.

Maritime/Québec


Gulf Island Rail System

30 April, Hyannis. GRS IS NOT “JUST SURVIVING, IT IS THRIVING,” according to Mike Bostwick, vice-president of sales at GRS, in his presentation to the North East Association of Rail Shippers. He had “a positive story to tell.”

North East Association of Rail Shippers

This spring’s session at Hyannis, Massachusetts, proved the most interesting in quite some time. In addition to presentations about the status of railroads [MMA, NBSR, and Guilford], we were treated to discussions of car supply and accessorial charges. I especially enjoyed the presentation about peat moss from northern Maine, and booze [see Maine].

Many of those stories appear in this issue.

- Chop Hardenbergh

Next issue: 27 May

FROM THE PUBLISHER

Regional Issues

Guilford Rail System

30 April, Hyannis. GRS IS NOT “JUST SURVIVING, IT IS THRIVING,” according to Mike Bostwick, vice-president of sales at GRS, in his presentation to the North East Association of Rail Shippers. He had “a positive story to tell.”
**Performance figures**
After growing 7.6% in 2003, Bostwick reported that in the first quarter of 2004, volume grew by 15.6%, and revenue by 15.4%. Intermodal grew 13% in the first quarter.

**Capital expenditures**
The system has taken possession of 300 TTX Plate F boxcars, and has purchased 141 Plate C boxcars, which will be rehabbed at the General Electric Juniata shops in Pennsylvania.

**Improved connections**
With CSXT, GRS runs a daily paper train in the I-95 corridor. Once a month it runs a 30-car train to Kentucky, taking 5-6 days.

With Norfolk Southern, it runs coal trains to Mt. Tom. The intermodal service the two run to Ayer and Waterville has now become balanced; earlier, it was overloaded east-bound. [See below for three new customers.]

With Canadian Pacific Railway, GRS takes cement originated on its system and delivers it to four different destinations [Lafarge Cement, our Directory #133, in Shirley Massachusetts; Glenns Falls Cement originating at Catskill NY plant--see 03#02B–173, in Wilmington Massachusetts; St.Lawrence Cement to Everett, Massachusetts (inactive by rail); Ciment Quebec to Bow NH on NEGS] plus one on the SLR [St.Lawrence Cement in Portland, Maine].

With CN alone, GRS can interchange in Saint John, “but that’s not very active,” said Bostwick. With CN and NECR, GRS has a two-line haul to mills in Wisconsin. GRS is also working with CN and NECR to bring propane to AmeriGas in Plainville [our Directory #625–see 5 March issue]. “In the next fuel season we think this will be a blockbuster move.”

With MMA, Bostwick mentioned receiving McCain cars for delivery further south. Also, he had just begun to talk with Dana Burleigh, traffic manager of Katahdin Paper, about a move between MMA and CSXT. In addition, Bostwick mentioned the logs off MMA which GRS is delivering to SAPP.

With VRS, GRS interchanges at Bellows Falls. He acknowledged “some hiccups last year.” With NBSR, Bostwick listed Corona beer traffic with Mexico, and Irving pulp and paper to Merrill’s in Portland.

**New business**
Bostwick reported three new customers off NS: Guilford would start railing granite inbound [presumably a reference to Fletcher Granite, see Massachusetts]. GRS will also get a transload to handle ferric chloride for the paper mills in Maine, and a distribution center to handle machinery inbound from the Midwest.

**PanAm Airline**
This subsidiary of Guilford Transportation Industries, the parent company of the railroads making up the Guilford Rail System, is “picking up,” and Guilford sees opportunity here. {ANR&P coverage}

**Other evidence of traffic growth**
NERAIL reported a 92-car westbound Northern Maine-Portland (NMPO) train on 1 May. However, May 11 NERAIL reported no NMPO at all, and the last few NMPOs had usually less than 30 cars, sometimes less than 20.

Enroute back from NEARS, I found at the two customers in Wilmington whose sidings were visible: Glenns Falls Cement a total of eight cars on three sidings; Wilmington Cold Storage three refrigerated boxcars filling the siding there. {ANR&P on-site visit 1.May.04}

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**MONTREAL, MAINE & ATLANTIC**

30 April, Hyannis MA. AN UPDATE ON THE STATUS OF THE RAILROAD was presented by Bill Schauer, vice-president marketing, at the North East Association of Rail Shippers’ spring meeting. He began by noting the uniqueness of the Atlantic Northeast region. Regional and short lines in other territories are feeders to Class Is, which provide primary service. In this territory, the primary service is formed by the regional and short lines, “Working with this band of Class IIs and Class IIIIs. is more invigorating than dragging a Class I into something it does not want to do.” But it also means approaching neighboring railroads both as a competitor and as collaborator: one day Schauer and the neighbor will compete for business, the next day the two will collaborate to provide a good connection.
Some figures

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<th>MMA 2003 actual</th>
<th>MMA plan for 2003</th>
<th>IRR 2001 year</th>
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<td>300</td>
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The locomotive failure
Schauer acknowledged that during the first quarter of 2004, the railroad’s locomotive fleet experienced a nearly complete meltdown. The operating plan called for 27 locomotives, but due to failure of some components, at one point MMA had only a fraction of that operating. And, Schauer admitted, “we were giving crappy service.”

While the railroad was tracing the problem back to some faulty components, MMA was able to “get by with a little help from our friends”: it had as many as 51 locomotives at one point. Now, General Electric, the manufacturer of the locomotives MMA uses, tacitly admitted the problems, by having “given us one extra locomotive as a backup” free, so MMA has 28 locomotives.

Traffic up in 1st quarter
Despite the locomotive problems, other traffic growth and the re-opening of one of the two Katahdin Paper mills meant that first quarter volumes increased 31% over 1Q03 and revenue went up 22%. Not counting the Katahdin Paper, the railroad had percentage traffic growth “in double digits in both volume and revenue.”

Review of 2003 business plan
At startup, MMA intended to do better than IIR in operating the 745 miles of track in three areas. But the shutdown of its major customer the same day MMA opened changed that.

Fleet costs. While IRR experienced negative car hire (it had lease payments for cars exceeding the funds it was receiving from other railroads for using BAR and other cars), MMA wanted to, and has achieved, positive car hire.

Staff costs. This MMA has done even better than expected, but only because it had to reduce staffing due to the lower than expected traffic levels.

Increase revenue. Here, Schauer noted, MMA did worse than the plan.

Positive points going forward
Schauer ticked off these points:

- Katahdin Paper will restart the Millinocket mill by the end of June [see 14 April issue].

- Mack Point: The interim warehouse for maritime/rail movements was completed in March, and Maine provided funds to rehabilitate the F track to the warehouse on the waterfront [see 27 April issue].

- Two new intermodal moves: the exclusive Sunbury Express move to Farnham, and the Aroostook Flyer traffic to Palmer.
- The MMA has completed and filed an application to the Federal Rail Administration for a Railroad Infrastructure Fund loan. Schauer said if approved, the money would permit the railroad “to become a 286,000-pound line” and to “restructure our debt.”

New customers
Schauer believed the new limit on truck drivers’ hour of service has helped the railroad. Several shippers are looking to the MMA for forward placement of inventory to mitigate the trucking.

Also, the railroad is working on permission for Cuban goods to transit Maine. The US Treasury Office of Asset Control has okayed it; MMA is now awaiting permission from the Department of Commerce. \{ANR&P coverage\}

PROVIDENCE & WORCESTER
28 April, Worcester. THE ANNUAL MEETING PRODUCED SOME INTERESTING FACTS. Below are comments by Board Chair Robert Eder, President Orville Harrold, and Director of Marketing and Sales Frank Rogers, as heard at the meeting or immediately afterward.

Reopen rate for access to Amtrak track
The agreement with Amtrak for use of its lines provides for a re-opening of negotiations about the fee this summer, Eder said. “We have given notice that we want to discuss the rate. The process will take probably a couple of years, but the new rate will apply retroactively to this summer.” As for the outcome, “our attorneys have assured me that we will win this time.” [PW lost the last arbitration with Amtrak. Editor]

Interchange with Canadian railways
Harrold pointed out that interchange with Canadian railroads had increased many-fold. Frank Rogers said CSXT formerly provided 90% of PW interchange. Now, that has decreased considerably. At the New London interchange, traffic has increased ten-fold. Rogers said, “The Canadian business is mostly new business. The Canadian railways have become time- and price-competitive into New England. For example, CN is offering time- and price-competitive service into New England from the Texas Gulf Coast.”

Buy CSXT trackage?
Eder said that if CSX were divesting lines contiguous with PW, “We would look into it.” He noted that in the 1990s PW was negotiating with Conrail (CR) about the Boston Cluster, but that ended when CSX and NS divided CR between them.

Harrold noted that CSX has its own kind of problems. Compared to the major problems, “We are small fry.” But PW would not accept the kind of deal which CR was offering toward the end of the negotiations about the Boston Cluster: CR wanted to control the interchange [a paper barrier]. “We want to control our own traffic, and decide with whom we will interchange it.”

South Quay
The 45 acres which PW owns on the waterfront in East Providence constitutes the main portion of the commercial/residential development East Providence is proposing. The city will put out at least three bids for highway access ways over the next two years. The railroad will participate in the development of the South Quay, Eder said.

Preserving route through East Providence
PW will retain its trackage through East Providence, because the use of the East Providence and East Junction secondary provides PW access to eastern Rhode Island. “We still have trackage rights to Tiverton, even though we have no customers there, and then across to Aquidneck Island.”

PW has agreed with East Providence to shorten up the East Providence Secondary and to connect with the East Junction Secondary with a new track [see 02#06B, 03#05A]. Eder said: “That track is half-built, as far as Dexter Road where we have a new crossing.” That will give PW future access to the Cape lines. Eder said PW has no concrete plans for the South Coast, but would be interested in that area.

Coal
In 2003 PW moved almost 3,000 carloads of coal, and anticipates moving 4,000 this year. Rogers reported that the coal situation is very fluid right now. China has bid up the price tremendously, while domestic coal demand exceeds the domestic
Rob said that ProvPort will accept two ships, in May and June, for more test coal burns at Bow. He also anticipates, though the deal is not yet complete, raling coal to a New York State utility.

CSX and NS, noting the competition offered by overseas coal in this competitive environment, are trying to protect their own coal hauling. They are asking utilities and other coal users to invest in scrubbers in order to burn the Appalachian coal, or to use the cleaner Western coal, rather than import coal.

Power plants which have access to alternative sources of coal, via ships, barges, or truck are exploring those alternatives, forcing the railroads to compete to supply coal.

Eder noted that on the East coast, only ProvPort offers the chance to rail coal from the port, except for Charleston, South Carolina and Portland.

**QPD and autoracks**
The railroad anticipates the ability to handle tri-level autoracks for North American Distribution (NORAD) at Quonset Point/Davisville [see 02#10B], Rhode Island, by the end of 2005 or early 2006. PW hopes for one of the big three auto makers to move to NORAD. Containers will not happen there.

**Re-opening Willimantic-Plainfield**
Tony Wagner, head of the Union of Railway Signalmen for the PW, asked about re-opening the yard in Willimantic, and interchanging with the Canadian railways via Willimantic, instead of running all the way to New London, and paying Amtrak high rates to use the NEC.

Eder responded that in New London, the track fee did not amount to much since PW ran less than a mile from Groton to New London. “The New Haven business [when PW must run from Groton to New Haven on the NEC] is much more serious.”

Eder said later that when PW begins auto traffic, it will need to reopen the Versailles route, because the Taft Tunnel on PW below Versailles, the oldest still-operating rail tunnel in the United States, does not have the clearance for tri-levels. So auto traffic from the Canadian railways will move Willimantic-Plainfield-Worcester-Providence-QPD.

**RRIF?**
Eder said that PW, alone among publicly-held railroads, has no debt and wants to stay that way. So it is not looking to use the federally-guaranteed funds offered under the RRIF program [see MMA].

**CSX interchange problems**
This Class I, PW’s major interchange, is causing PW and PW customers problems at this point. “Many days freight has not arrived on-time to the Worcester interchange,” Harrold said. The cars must then wait there until the next day. The priority trains, auto and container, do run, but that leaves the carload freights on the sidings.

Problems stem from power and crew shortages, not from capacity. Harrold noted that the Worcester-Albany line is single-tracked, for the most part, but sees only 24 trains a day (12 in each direction), or one train an hour.

Or trains are held in Selkirk, awaiting power. Director of Operations Dave Fitzgerald said “CSX is now holding eight to 12 trains a day, for lack of power, and there’s no end in sight.” The inbound traffic to PW is affected, “not the outbound.” Two or three days a week, CSX misses the interchange with PW.

Harrold noted that when CSXT took over the Conrail operation, CSXT officials said Conrail had gold-plated the railroad. CSX was going to “slow down the speed of the trains to offer better service”, Eder found that paradoxical. Harrold noted that “the CSX railroad has never been well-maintained.”

**Run-through trains or power to Mt.Tom?**
Eder said PW had talked intermittently with GRS about either possibility, but had not gotten very far. Harrold noted: “They are not easy to deal with. Talk to Northeast Utilities. They are ready to jump out the window” over the service GRS is providing.

**Buying D&H**
PW participated in the restructuring of the D&H after it ended up in bankruptcy most recently in 1988, said Eder. It was willing to purchase the D&H in an all-stock transaction in order to ensure it would not be abandoned, but CP Rail bought the railroad instead, and PW was satisfied with that resolution.
Asked why PW wanted to avoid the abandonment, Eder said New England needed access from more than one rail line. Harrold did not think purchasing it now worthwhile. First, it does not connect with PW. Second, half of its revenue comes from bridge traffic.

**Intermodal**
Harrold reported intermodal up 10%, but still not to the peak of a few years ago, when PW handled 73,000 containers. At that point, Rogers said, PW handled all international containers. Now, it has competition from CSX Intermodal at Beacon Park, which American Presidential Lines uses, and Guilford’s terminal at Ayer, which K-Line uses.

“Our customers anticipate international containers could double over the next ten years,” Rogers said.

**Construction and demolition (C&D) debris**
PW started waste by rail with the soil facility in Worcester [MHF Logistics Solutions, our Directory #442]. Now it has three C&D facilities: Providence [Coastal Recycling #489], East Providence [Pond View #473], and Portland Connecticut [Mid-State Recovery #554]. {ANR&P coverage}

**CONNECTICUT**

**NEW HAVEN**
10 May. CONNDOT AND THE FEDERAL GOVERNMENT HAVE AGREED TO RESUME THE RAIL SUBSIDY for facilities on Water Street. Since rail access was cut off as part of rebuilding the Tomlinson Bridge [see 02#10A and map 13 February 2001 issue], a subsidy for transloading was provided to terminals at the port. But after completion of the bridge, reconstruction of the rail was still blocked by the Q-bridge (I-95 over the Connecticut River) project, yet the terminals lost the subsidy. Now, said Judy Gott, executive director of the South Central Region Council of Governments (COG), ConnDOT and the federal government have a verbal agreement to restore the subsidy. This helps the entire region, because the COG will not need to pay the roughly $9 million cost of rail restoration via its regional urban Transportation Improvement Program. Instead the subsidy and the restoration of rail will be paid for from the Q-bridge project budget. {ANR&P discussion}

**MAINE**

**AMTRAK**
20 April, DC. THE DC CIRCUIT COURT OF APPEALS RULED IN FAVOR OF 79MPH for the Downeaster. More precisely, the Court declined to overturn the Surface Transportation Board’s ruling that Guilford had to permit the train to operate at 79 miles per hour [see 8 April 2003 issue–so the Circuit Court took one year to decide–editor].

The Court based its decision on a common court practice: not deciding a question if no party has incurred any harm. ‘Because Guilford has not demonstrated that it suffered injury as a consequence of the Board’s decision, we conclude that it is not a “party aggrieved by the final order” of the Board under 28 U.S.C.§2344 and that we therefore lack jurisdiction to review the Board’s order. Cf.Pub.Utility Dist.No.1 of Snohomish County,Wash. v.FERC, 272 F.3d 607,617 (D.C.Cir. 2001) (construing challenged order as inflicting no injury on petitioners so they were not “aggrieved” parties entitled under 16 U.S.C.§825 to seek review of order).Accordingly, the petition for review is Dismissed.’ {text of decision}

**Next step**
Asked by reporter Tom Bell whether the ruling meant the end of the dispute, your editor stated: “With Guilford? Are you kidding?” {Tom Bell in Portland Press Herald 23.April.04}

However, the Northern New England Passenger Rail Authority, which handles the service, had a different take. Executive Director John Englert wrote: ‘We have no specific comment as we continue our productive discussions on a number of fronts with a number of interests. We have an obligation to our customers and stakeholders to view the 79mph matter within the context of the entire service package, and not get blindsided by a single service element. GRS is not holding anything up as we continue to develop a coordinated and effective response that delivers the best service to our passengers and communities within available resources.’ {e-mail to ANR&P 12.May.04}
GUILFORD RAIL SYSTEM

5 May, Old Town. GEORGIA-PACIFIC PURCHASED THE WOOD BOILER, owned by Boralex and currently in Dexter, as a part of the deal to keep the G-P tissue production [see 11 February]. {G-P press release}

Boralex and other Maine power producers will benefit from New Brunswick’s upcoming power shortage. The Point Lepreau nuclear station is going off line for eighteen months, and the lack of Orimulsion for the Coleson Cove plant means less production there [see 5 March issue]. {Tux Turkel in Maine Sunday Telegram 9.May.04}

MONTREAL, MAINE & ATLANTIC

18 April, Millinocket. A PULP PIPE REPLACED ABOUT 6,000 CARLOADS when Katahdin Paper installed the pipeline from Millinocket to East Millinocket [see 14 April issue]. According to former Iron Road Railways official, Karl Ziebarth, IRR excluded wetlap from the carloads reported starting in 1996, so it became only a revenue item (switching revenue).

Switch revenue was based on about $99 per car, and ran approximately $600,000 annually, implying about 6,000 loads. ‘Toward the end of our active management, spring of 2000, we were looking at the pricing vs. costs, and had concluded that we probably were just about breaking even on avoidable cost basis, but that the contribution was minimal. But we had to keep the line open anyhow for other, lucrative, traffic.’ {e-mail to ANR&P}

MONTREAL, MAINE & ATLANTIC/BANGOR & AROOSTOOK

3 May, DC. THE STB DENIED THE BAR APPLICATION TO TERMINATE THE TRACKAGE RIGHTS AGREEMENT OF CN over the now-MMA lines to reach the Fraser Paper mill in Madawaska, Maine. The B&A estate stood to gain $5 million if the agreement, made in 2001 by the Bangor & Aroostook Railroad in an effort to raise cash and stave off bankruptcy, could be annulled; the MMA would pay the estate $5 million if it could resume revenue division on the traffic, instead of receiving only a per-car fee.

Next steps

Jim Howard, trustee for the B&A estate, on 7 May said: “We put in a case that the Board could have gone our way on. While the Board said it took into account the bankruptcy issues, it did not understand the bankruptcy issues. In our view, the bankruptcy court” is the place to decide this question. He listed the three options he is considering:

- Ask the Board to review its decision. The Board has a high standard of review; the estate would have to show that its decision was arbitrary, capricious, or not supported by the evidence.

- Move ahead on the case pending against CN in US District Court. The estate would ask for authority to appeal the District Court’s decision that section 1170 of the Bankruptcy Code does not apply to adverse abandonment. [See 20 January issue.]

- Finally, the estate could pursue its other claims in court on preferences and fraudulent conveyances, claims currently subject to a stay order in District Court. {ANR&P discussion 7.May.04}

ST.LAWRENCE & ATLANTIC

29 April, Hyannis, Massachusetts. WHITE ROCK DISTILLERIES HAS HAD DIFFICULTY WITH INTERMODAL. Harold Jones, traffic manager for the company, described his company’s use of rail to the North East Association of Rail Shippers spring meeting.

About White Rock

This family-owned, Lewiston-Maine-based company manufactures its own hard liquor, and distributes other brands, such as products of Morrison Bowmore Distilleries Ltd. of Scotland, Louis Royer Cognac of France and Quintessential Gin of England. Ranking #73 of the top100 beverage companies in the United States, it has revenue of $40 million and employs 80 people. {company and other websites} Inbound, it receives bulk spirits by tank car (arriving on a siding at Empire Road, Auburn) and by intermodal, both domestic- and foreign-produced. Outbound, it ships some of the bottled liquors intermodally, to domestic, Canadian, and overseas. Most moves truckload and less-than-truckload.

For the past five years, the business has grown by 10% a year, through acquisitions and added production. All intermodal moves are booked through third-party logistics companies. These companies use SLR for inbound intermodal; for outbound, they primarily use SLR, Ayer and Worcester but on occasion may use West Springfield.
Desire to ship intermodally
Jones underscored his desire to ship intermodally, because of the lower expense, but also his aggravation with the railroads, because of the lack of consistency. “Our truck movements are 96% on time; our intermodal is 67% on time.”

More aggravating: the desire of the railroads to charge him detention because the railroad could not meet the delivery day. For example, Jones cited his intermodal shipments to the State of Washington Liquor Board. The railroads have given him delivery times of seven to ten days. “I don’t want seven to ten days. I want an exact day, but I am willing to live with the seven to ten days.”

The exact day is needed because the unloading dock at the Liquor Board has only so many unloading times. So Jones will schedule the loading dock arrival at twelve days, giving him two extra days beyond the scheduled arrival in Seattle. Unfortunately, sometimes the container moving from Lewiston will arrive beyond the twelfth day, which requires Jones to call the Liquor Board and schedule a new day and time for the drayman to deliver the container to the Liquor Board building.

The delay means that the container must remain at the railroad’s Seattle intermodal terminal. The railroad will normally give the shipper one to two days to pick up the container, and beyond that will charge the shipper “detention,” a per diem rate to store the container.

When asked to pay detention, Jones has strenuously demurred, arguing that the railroad caused the delay and therefore should not charge White Rock for the delay.

Thus far, he has successfully avoided incurring the charge. Unfortunately, the detention threat lost him the possibility of shipping to the Iowa Liquor Board intermodally. A zealous drayman once called the traffic manager at the Iowa Liquor Board, about a container which had arrived too late to meet the unloading dock date. The drayman warned the manager that unless he accepted the container earlier than the reschedule hour, the Liquor Board would have to pay the detention rates.

That prompted the traffic manager to call Jones and say, “Don’t ever send anything here intermodally again.” Despite Jones’ effort to explain the error, he thenceforth has had to truck the liquor to Iowa.

CN intermodal service not doing well
Jones said inbound intermodal was not doing well: the cars move well up to Montreal, “and then they drop into a black hole” not arriving at the SLR Auburn terminal on time.

Jones underscored, however, that the inbound tank car service via CN and SLR is going well.

Another participant at the NEARS conference described the CN intermodal service as “terrible”. He does not use CN at all, and noted that both MeadWestvaco and International Paper are not now using the terminal. At Waterville, the GRS terminal equipment is employed entirely by SAPPI Hinckley, so “even if I had a customer who wanted to ship 100 loads out of Maine, I could not do it from Maine.”

10 May, Auburn. THE INTERMODAL TERMINAL SHOWED A DRAMATIC REVENUE INCREASE, according to the 1Q04 10-K report to the Securities and Exchange Commission. Genesee and Wyoming, the SLR parent, has only one intermodal terminal so the figures reflect the Auburn traffic [see 17 March issue]. They show that in the first quarter the terminal earned $552,000, about 1% of total company revenue, on 1,364 carloads versus $357,000 on 1,296 carloads in 1Q03. Reason? The average revenue per carload jumped from $275 to $405. {text of 10-K report}

MASSACHUSETTS

BAY COLONY RAILROAD
11 May. THE RAILROAD IS LOOKING AT THREE NEW TRAFFIC POSSIBILITIES, according to marketing and sales honcho Bernie Reagan:

- Gallo Construction in Sagamore [our Directory #305]. The facility already handles fly ash from the Mirant power plant [see 03#03A]. Gallo has extended its siding and installed a truck scale. It is talking to possible new customers.

- Dartmouth Building Supply [our Directory #296] in Dartmouth. The company is constructing a new facility the other side of the tracks from its existing building, and plans a siding there as well. DBS would then no longer need to use the Colonial loading dock.
Maritime International in New Bedford. The company, which ships bait to the West coast in reefers, is searching for a decent facility [awaiting the return of rail to New Bedford–see below]. {ANR&P discussion 11.May.04; on-site visits 30.April.04}

7 May, Boston. **THE GM OF THE MBTA WILL GET A BRIEFING** on 11 May about the bidding on the Millis et al tracks [see 27 April issue]. Lorna Moritz of Transit Realty, who is handling the bidding for the T, said General Manager Mike Mulhern will make the decision [presumably about the qualifications] or seek more assistance. {ANR&P discussion 7.May.04}

Still waiting
As of 13 May, Moritz could not announce a decision about the qualifications. {ANR&P discussion}

**CSX TRANSPORTATION**

3 May, Middleboro. **MARITIME INTERNATIONAL IS NOW MOVING PRODUCT** through the Nichols Trucking and Warehouse here. Nichols provides the trucking, while Maritime does the loading and unloading. {ANR&P discussion with Nichols employee}

Until the line to New Bedford became out of service, Maritime had received at its waterside facility [see map]. It continues to search for an appropriate transload, including sites on BCLR. {Old Colony e-mail group; ANR&P discussion with Bernie Reagan}

6 May, New Bedford. **GIOISO HAS RECEIVED THE CONTRACT TO REBUILD THE NEW BEDFORD RAIL YARD** and has already started work, according to Bob Luongo, general manager of the New Bedford Redevelopment Authority [see 14 April issue]. {ANR&P discussion}

According to the bid package, Gioiso will cap the brownfields site, rebuild and add trackage, and fill a culvert [see 20 January issue].

**Rail work in yard**

Northeast Railroad Construction of Woburn, Massachusetts was selected by Gioiso as the subcontractor for the trackwork, which consists of the EPA spur track and tail track 8 (but not the sidings inside the EPA property), industrial lead track 7 and six storage tracks, and mainline tracks 9 and 10 [see 2 February issue]. John Scalley, president of Northeast, anticipated starting work in “a couple of weeks.” Among other projects in New England, his company relaid the track on the Cape Cod Canal rail bridge (while it was raised in the air!) and built the yard for the Champion City C&D facility [our Directory #313]. {ANR&P discussion 11.May.04}

**Status of dewatering facility**

The track work will initially serve the EPA facility which is dewatering and sending out contaminated spoils from the dredging of the harbor [see 14 November 2003 issue]. J.F.White [which failed to win the bid to do the railyard work] has the contract with EPA to build the dewatering facility and the sidings in it.

EPA will reimburse New Bedford for the cost of the EPA spur and tail track.

**RFP for transportation of spoils: $70 million contract**

According to Dave Dickerson at EPA’s Boston office, the RFP (issued by the Army Corps of Engineers) for transportation and disposal (T&D) of the dewatered PCB-contaminated sediment is still open, with a scheduled closing date of 25 May. {e-mail to ANR&P}

The Corps website, New England District, Bid # W912WJ-04-R-0003, lists ‘Transportation and Disposal of Contaminated Waste in Support of the New Bedford Harbor Superfund Site’: ‘The U.S. Army Corps of Engineers, New England District plans to enter into a Waste Transportation and Disposal (T&D) Contract. Up to Two (2) Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts may be awarded utilizing Multiple Award Preference to meet waste transportation and disposal project requirements to support the New Bedford Harbor Superfund Project. The scope of the T&D contracts is to provide a “cradle to grave” approach that utilizes the most effective and efficient means to dispose of New Bedford Harbor remediation waste. This includes all transportation logistical support and coordination necessary to the anticipated project schedule including the acceptance of waste shipments at the facility, transportation of waste to the disposal site, and off-loading waste at the receiving landfill for final disposal. This work will be accomplished on a Firm-Fixed Price basis. The
maximum amount of this multiple award contract will not exceed $70 million over an eleven-year period (base period five years with two (2) three-year additional award terms).’ {website}

**GUILFORD RAIL SYSTEM**

14 April, Boston. *A TANK CAR WITH HYDROCHLORIC ACID LEAKED HERE*, evoking a flurry of comments about responsibility among shipper PPG Industries, the receiver Eastman Gelatine Corporation (a subsidiary of Eastman Kodak) [our Directory #201], and Guilford Rail System. The Massachusetts Department of Environmental Protection counted it as the third hydrochloric acid leak on the Guilford rail system in Massachusetts in the past six years.

**What happened**

Paul Carter, the Eastman Gelatine services manager who handled the company's response on 14 April, said days later that Guilford discovered the leak around 9AM at its Boston yard and called him around 10AM. The rail firm should have called an 800 phone number on the leaking rail car that would have mobilized an emergency response team under contract with PPG Industries, the acid manufacturer and shipper. At that point in the delivery, he said the acid is the responsibility of the manufacturer, the company that leases the tank car and the rail system, not Eastman Gelatine.

Carter continued, “I called the shipper (PPG) to see if they were notified. Apparently they weren't.” When emergency officials at the scene told him the leak was getting worse, Carter said he called in Clean Harbors Inc., an emergency response team under contract with Eastman Gelatine. “That's something Guilford should have done at 9 in the morning.”

With one of his workers, Carter then went to the scene, bringing along a band, or patch, which was used to stop the leak. The two stayed well into the night to assist with the transfer of the hydrochloric acid, which was done by Boston emergency personnel.

“I don't know what more we could have done,” Carter said. “We actually mobilized the emergency response team and sent materials to seal the leak.”

**The Guilford belief**

In a 29 April letter to Salem Mayor Usovicz about storage of hydrochloric tank cars in Salem, Guilford President Thomas F. Steiniger said such incidents are ‘largely out of Guilford's control....You should know ... that the release of hydrochloric acid on April 14 was not the result of any act or omission on the part of Guilford, and that Guilford's immediate response was a critical factor in ensuring that the safety of the public was not compromised....Moreover, I should also point out that this response was unnecessarily delayed because Eastman Gelatine Corporation was not willing to provide its expertise and equipment to assist in the response until much later in the day. As a result, Guilford and state and local responders were unable to immediately contain this release, although, luckily, this delay did not cause any injuries or property damage.’

Steiniger went on to say that GRS had embargoed shipments of hydrochloric acid to Eastman Gelatine: ‘... Once the last of these cars that were already on-line are delivered, there will be no more movements of this commodity unless certain conditions are met,’ Steiniger wrote, ‘for the protection of the public.’

**Eastman inbound traffic**

Steiniger wrote that Eastman Gelatine receives an average of seven rail tank cars a week, each with 20,000 gallons of hydrochloric acid. The last car already on the rail line will arrive in about two weeks, Carter said. In addition, two to three trucks arrive daily in Peabody, each carrying about 6,000 gallons.

Carter said the company has been told of Guilford's plan to stop shipments; lawyers from several companies are discussing the issue. If the rail deliveries are stopped, Eastman Gelatine would have no choice but to order more trucks.

**Emargo issued**

As stated by Steiniger, GRS embargoed ‘Hydrochloric (Muriatic) Acid (STCC 4930228)’ traffic on 20 April, ‘Consigned or Reconsigned To, or Intended For: Eastman Gelatin Corp. Cause: Heightened security and safety risks in the movement of Hydrochloric (Muriatic) Acid to Peabody, Massachusetts due to delays in responding to releases of product as a result of inadequate response plans in place with shipper and receiver. See, 49 C.F.R. # 174.20.’ {AAR Embargo Notices for: 04/20/2004 Consecutive Sheet:062}

**Where to store the cars?**

These developments come as a Salem City Council committee plans to meet tonight to discuss Guilford's storage of rail tank cars at the North Street Yard. Although there is some confusion whether the tank cars are full or empty when they sit in Salem, Police Sgt. Michael Andreas, the city's anti-terrorism officer, said he believes they still contain the highly toxic acid.
Neighbors and city officials have complained for years about the potential hazard of the railroad cars, and their fears were only heightened after the incident. Salem officials have been urging Guilford to store the cars at the Salem Yard, off the MBTA Eastern line between Canal Street and Jefferson Avenue.

Usovicz said he met with Carter from Eastman Gelatine. Carter said Eastman could store more cars on site at the plant. He believes the situation can be improved if his company, the rail carrier, and shipper work together to limit the number of rail cars arriving at Eastman Gelatine at one time, thus avoiding "bunches" of cars that have to be stored outside the plant. “We can't take six in one day.”

On 25 April, at a meeting of the Salem City Council's Committee on Public Health, Safety and the Environment, a federal official said Guilford is not breaking any laws by using the Bridge Street land (North Street Yard). “As long as Eastman Gelatine cannot accept cars for delivery, (Guilford) has the option to store the cars on Bridge Street,” said Les Fiorenzo of the Federal Railroad Administration. Public Health Chairman Michael Bencal said the committee will reconvene 26 September to give the parties a chance to work out a solution. Residents are hopeful that will happen. {Tom Dalton in Salem Evening News 25&26.Apr.04}

Followup
On 5 May, the Guilford train to Eastman, sitting at the Wallis Street crossing in Peabody, had three boxcars for Liberty Carton, three bone cars for Eastman, and five acid cars for Eastman. On 6 May, the GRS train from Lowell to Salem had one acid car. {NERAIL5& 6.May.04}

12 May, North Chelmsford. **FLETCHER GRANITE’S NEW SPUR IS COMPLETE** but not yet used, reported plant engineer Dave Psaledas. The company [our Directory #111] is negotiating with the railroads involved to get appropriate rates. {ANR&P discussion}

**HOUSATONIC RAILROAD**

28 April, Lee. **HRRC HAS BEGUN A SHORT-HAUL, SHORT LINE-TO-SHORT LINE MOVE** this month. Rian Nemeroff, head of marketing for the railroad, said Oldcastle Stone Products is sending decorative limestone aggregate from its quarry in Thomasville, Pennsylvania, to its facility in Lee. The product moves in bags, palletized and loaded into boxcars directly at the quarry, and unloaded at Lee directly at the facility.

There, Old Castle mixes it with other materials and sells the result to major retailers such as Home Depot, Walmart, and Lowe’s.

In Thomasville, the State of Pennsylvania assisted with rehabbing the siding into the Oldcastle facility. In Lee, the siding ran right through the Oldcastle facility, but had not been used for freight for seven years.

The railroads involved
Nemeroff noted that York Rail handles the initial move, interchanging the cars to CSXT, which moves them to Pittsfield, Massachusetts. HRRC then hauls them to Lee. Nemeroff reported that CSXT was “very helpful in making this work. It’s a good news story all around.”

Especially, he underscored, because the traffic originates and terminates on a short line, and because it only moves about 300 miles, much shorter than the 500 miles stated as a rule of thumb short of which trucks can do the move more cheaply. He hopes for 150 carloads a year. {ANR&P discussion}

**MORE ABOUT OLDCASTLE**

Oldcastle Stone Products is a subsidiary of Atlanta-based Oldcastle Inc, the North American subsidiary of CRH, plc, a publicly-held international building materials company headquartered in Dublin, Ireland. Oldcastle is the leading producer of aggregates in the USA; it also owns (within the Oldcastle Materials group) Tilcon, the leading customer for the Providence & Worcester Railroad. {company website}
NEW HAMPshire

Guilford Rail System
27 April, Nashua. **Shipper Hampshire Chemical Will Close This Year.** A division of The Dow Company, the company was on the market in 2001. Dow Chemical officials at that time said the company must be sold in the next two to three years or be shut down. Hampshire spokesperson Rosemarie Rung said that talks with other chemical companies didn’t produce a buyer. The high fixed costs of running the plant, such as maintaining chemical-related equipment and the amount of electricity needed to keep the plant running, were too high for the low volume of work the plant was doing.

The company manufactures sarcosinate-based surfactants known in the industry as "HAMPOSYL," which are the ingredients used to make shampoo, toothpaste and shaving cream. Hampshire Chemical Corp. will continue to operate plants in Waterloo, N.Y., and Deer Park, Texas.

The company started as Hampshire Chemical Co. in Hollis in 1957, and moved to its current location in 1958. W.R. Grace & Co. bought the plant in 1966, and ran it until 1992, when it sold the plant to group of employees and investors who revived the original name. Hampshire Chemical Corp. was sold to Sentrachem, a South African conglomerate, in 1996 and Dow Chemical bought it in 1997.

Rail use
[In 1999, Hampshire Chemical handled 500 carloads. Due to declining production, that number may have decreased by 2004. See 99#12.] {Andrew Wolfe in Nashua Telegraph 29.Apr.04; Rebecca Lipchitz in Lowell Sun 30.Apr.04; Michael Cousineau in Manchester Union Leader 28.Apr.04}

Rhode Island

Provport
April. **The Port Recently Signed An Agreement With Morton Salt** to handle and store inbound salt. According to spokesperson Joe Wojtonik, the agreement covers four years and does not exclude other salt companies from using the port. {ANR&P discussion}

Vermont

Vermont Rail Council
12 May. **The Council Is Holding A Meeting This Day.** [Report in a future issue.] {notice from VAOT}

Quebec/Maritimes

Halifax
12 April. **Montreal Won a North Atlantic Service Over Halifax.** In early May three major lines—Zim-Israeli Navigation Co., CMA CGM, and Lloyd Triestino—will launch a new weekly service linking Montreal with Hamburg and Antwerp. The vessels will have an average capacity of about 1,500 TEUs. Logistec and Cerescor, its 50-50 partner in operating Montreal’s Maisonneuve terminal, have just signed a 20-year agreement to continue operating it. The new Europe-Montreal service operated by Zim, CMA CGM and Lloyd Triestino will become the first to use that now-out-of-service terminal. {Courtney Tower in Shipping Digest 12.Apr.04}

Halifax had wanted the service, as it might lead to more business from Evergreen, which owns Lloyd-Triestino. Michele Peveril, Halifax spokesperson, noted Montreal was developing a niche for fast North Atlantic service. But Halifax is growing
without the new service: to the US Midwest, traffic is up 17% in the first two months of 2004. {Roger Taylor in Halifax Herald 30.Apr.04}

28 April. **THE MUNICIPAL COUNCIL APPROVED AN AGREEMENT TO STUDY RAILING OUT LOCAL BOXES FROM HALTERM.** Staff headed by Dave McCusker, Halifax Regional Municipality (HRM) transportation planner, proposed that HRM put up $40,000, the Halifax Port Authority $40,000, and the federal government $80,000 for a $160,000 study. [Staff were looking at the idea a year ago. See 8 April 2003 issue.]

**Reason for the study**

Nearly 600 trucks a day haul containers to and from Halterm, creating huge problems for the downtown. McCusker stated truck traffic affects the downtown core in several ways, including noise and exhaust emissions, wear and tear on the roadway surface, added traffic congestion, and risk from collision and spill. Staff would like to consider railing the containers to an inland multi-modal terminal off the peninsula.

If the new method speeds up movement, by eliminating the time the containers are stuck in downtown traffic, that could offset any increased handling costs, McCusker said, so perhaps the rail method could pay for itself. Alternatively, the city may have to pay to get those benefits. “If we can demonstrate the penalty is more than offset by what we gain in our downtown environment, then it's got to be considered.”

Moving to an inland terminal would also free up valuable waterfront lands for the Halifax Port Authority. The proposed study would examine the best location for the new terminal and possible operators, its economic feasibility, as well as trying to quantify possible reductions in emissions, noise and transportation risk.

**Federal program**

HRM will now apply under the federal government's new Freight Incentives Program (FIP), a competitive grant program to fund the purchase and installation of technologies that will help companies in the marine, rail and air freight transportation industries reduce greenhouse gas (GHG) emissions. Over the next three years, the Freight Incentives Program is making $5 million available for this purpose. Due date 31 May. [For more information go to Transport Canada website.]

McCusker said HRM would like to get a decision by October or November, in order to fit the grant into the budget for fiscal year 2005, which begins 1 April. If HRM does not receive an FIP grant, the municipality and port authority may go ahead anyway.

**Passenger study?**

HRM is now studying whether commuter rail or bus rapid transit could help highway congestion [see 03#10A]. McCusker hopes for completion of the study, which examines corridors on both sides of the harbor, by August. **ANR&P discussion 11.May.04; Halifax Daily News 28.Apr.04**

4 May. **HALTERM ANNOUNCED QUARTERLY RESULTS:** a drop to 28,835 containers, down 37% from last year's comparable volume of 45,795 containers. [See 17 March issue.]

**Newfoundland Capital rejects claim**

‘In connection with the original acquisition of the terminal assets by Halterm in 1997, Newfoundland Capital Corporation Limited ("NCC") agreed that if there was a material increase in the base rental fee payable during the renewal term of Halterm's lease with the Halifax Port Corporation (now the Halifax Port Authority ("HPA")), which results in a decrease in Halterm's distributable cash below a base level calculated in accordance with the indemnity, NCC will indemnify Halterm for the amount of such decrease. Distributable cash in 2003 totaled $3.6 million. This represented a decrease of $4.2 million below the base level of distributable cash of $7.8 million calculated in accordance with the indemnity. An amount of $1.8 million of this decrease in distributable cash is a direct result of an increase in the annual base rental fee payable to the HPA. During the quarter, Halterm submitted a Notice of Claim in the amount of $1.8 million pursuant to the indemnity. NCC has since advised that it has rejected the claim. Halterm will pursue its legal options in this matter.’

**Outlook**

‘The Fund remains profitable and generates more than sufficient cash flow to cover its operating, capital replacement and debt service obligations. The first quarter is traditionally the lowest volume and earnings quarter of the year and results should strengthen over the balance of 2004. With improved operating efficiency, the Company is well positioned to benefit from any resumption in volume growth.’ **Halterm press release**
New trustees
The Halterm Income Fund announced the same day that it had elected an entirely new board of trustees. {Halterm press release}

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.

AmeriGas (GRS, regional, #625), Dartmouth Building Supply (BCLR, Massachusetts #296), Eastman Gelatine (GRS, Massachusetts #201), Gallo (BCLR, Massachusetts #305), Georgia-Pacific (GRS, Maine & below), Hampshire Chemical (GRS, New Hampshire), Katahdin Paper (GRS, regional, & MMA, Maine), Maritime International (BCLR & CSXT, Massachusetts) Northeast Utilities (PW, regional, #166), Oldcastle (HRRC, Massachusetts), White Rock (SLR, Maine).

Georgia-Pacific Building Products - BlueLinx
On 5 May, the name of the company owning the former G-P distribution facilities was announced as BlueLinx [see 17 March & 1 April issues for details on the four facilities in New England] BlueLinx Corporation is a new company indirectly owned by members of the BlueLinx management team and Cerberus Capital Management L.P., a private New York-based investment firm. "We are a new company, with a new name and ownership, but the things that are important to customers and suppliers haven't changed," said Chuck McElrea, CEO of BlueLinx, and former president of building products distribution for Georgia-Pacific. BlueLinx has a multi-year agreement to purchase structural panels, lumber and other building products manufactured by Georgia-Pacific and will be the exclusive distributor for select Georgia-Pacific-branded products. {BlueLinx press release}

PEOPLE & EVENTS

Allan Bartlett retired at the end of April, after 35 years of serving Maine people at the Department of Transportation. He didn’t want a big sendoff, so his colleagues treated him to dinner.

Jim Schine was let go at Logistec USA, where he had done marketing based in New Haven. Low traffic required cost-cutting at the company.

TRAIN SAFE 2004 PUBLIC EXPOSITION
May 16th, in Buckland

PHOTO OPPORTUNITY: Emergency Hazmat Teams, Regional Firefighting Teams and special railroad and firefighting equipment on display

When: Sunday, May 16th, 12 noon — 4 pm
Where: Buckland, (MA) railroad yard/Shelburne Falls Trolley Museum

Contact: Lisa White, FRCOG Co-Director of Community Services, 413-774-3167 ext. 106
The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

Frequency and the e-bulletin

*ANR&P* appears at least four times a month. We send a formal issue twice a month, via post or e-mail. Between the issues, we send out the e-bulletin, only by e-mail. All information in the e-bulletin is included in the issue.

Pricing

Subscriptions cost $375 for professionals, $105 per year for students, young and old. Introductory prices available. The e-bulletin, sent by e-mail as needed between issues, is free of charge to all subscribers.

Advertising

Subscribers may purchase half-page ads for $50 per issue. Non-subscribers, $100.

Purpose

*Atlantic Northeast Rails & Ports*, née *Maine RailWatch* (1994-1997) and later *Atlantic RailWatch* (1998-1999), is dedicated to the preservation and extension of the regional rail network. The editor believes that publishing news on railroads and ports spotlights needed action to preserve the rail network. The publication also imbues the region with a sense of an interdependent community, employing the network to move rail and port traffic. ‘No railroad is an island, entire onto itself.’

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**E-ISSUE**