

ATLANTIC NORTHEAST RAILS & PORTS

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A weekly trade newsletter.

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Issue 06#05A 15 May 2006

*Article unchanged from e-bulletin.

REGIONAL ISSUES

MMA: Reduces service, seeks voluntary layoffs, due to Tafisa and Georgia-Pacific shutdowns.

PW: Annual meeting produces interesting facts.*

CSXT: Selkirk yard worst-congested in system.

PW: Improved service from CSXT.*

GRS: Carload receivers get consistent service?*

CSXT/MMA/VRS: Seven railroads interested in buying CSXT's line NY-Quebec.*

CONNECTICUT

[No report.]

MAINE

Lewiston Lower: Service start June?

SLR: Mulch marketing award.

MASSACHUSETTS

BCLR: Millis branch agreement with MBTA done.

BCLR: EOT will bid out Cape lines this year.*

CSXT: Harvard seeks Allston MBCR stop.*

GRS: C&D facility to build in Ayer.*

NEW HAMPSHIRE

Pan Am: Satisfied customer in Manchester NH.*

NEGS: Coal train not blocking main. Details on PSNH rail operation. *Map.*

RHODE ISLAND

PW & MBTA: Woonsocket commuter rail?*

VERMONT

NECR: Tunnel work late June? Trackwork too.

WACR-CCRR: New move of stone.*

MARITIMES/QUÉBEC

Forest products: High loonie does damage.*

CBNS: New customer Federal Gypsum.*

CBNS: \$65 million to keep Stora; still no union deal.*

MMA: No Quebec tourist train; trackwork needed.

Halifax: First Maersk ship calls.*

Halterm: Net income doubles for 1Q06.*

Saint John: Possibilities to increase traffic.*

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Gary Hogg, Tom Delaney.

FROM THE PUBLISHER

BOOK REVIEW

Yesterday I saw the best book title ever: *Allies of the Earth: Railroads and the Soul of Preservation*, Al Runte, 2006. Each word evokes so much: allies, Earth, railroads, soul, preservation. You readers know that I publish to foster railroads as the environmentally-preferable way to move goods.

Now the bad news: I was very disappointed in the content, a paean to passenger rail. I enjoy passenger rail for all the reasons described. But a whole book?

Such a book could have talked about how railroads must expand to furnish transportation, probably by electric wire, as fossil fuel becomes more and more scarce.

Big issue

Even so, mostly repeats from the e-bulletins.

- Chop Hardenbergh

Next issue 31 May

Common abbreviations: **BCLR** - Bay Colony RR, **BML** - Belfast & Moosehead Lake RR, **CBNS** - Cape Breton and Central Nova Scotia Ry, **CCCR** - Cape Cod Central RR, **CCRR** - Claremont Concord RR, **CFQ** - *chemins de fer Québec* System, **CMAQ** - congestion-mitigation or air quality (money from the US federal government for these purposes), **CN** - Canadian National Ry, **ConnDOT** - Connecticut Department of Transportation, **CPR** - Canadian Pacific Ry, **CSO** - Connecticut Southern RR, **CSRX** - Conway Scenic RR, **EOT** - Mass. Exec. Office of Transportation, **GRS** - Guilford Rail System (Maine Central RR, Portland Terminal RR, Boston & Maine, all leased by **ST** - Springfield Terminal Ry), **GTI** - parent to GRS, **GW** - Genesee & Wyoming Inc, **FHWA** - Federal Highway Admin., **FRA** - Federal Rail Admin., **FRTC** - Fore River Transportation Co., **FTA** - Federal Transit Admin., **HRRC** - Housatonic RR, **MERR** - Maine Eastern RR, **MBCR** - Mass. Bay Commuter RR, **MBRX** - Milford-Bennington RR, **MBTA** - Mass. Bay Transportation Authority, **MCER** - Mass. Central RR, **MDOT** - Maine Department of Transportation, **MERR** - Maine Eastern RR, **MMA** - Montréal, Maine and Atlantic Ry, **MPO** - Metropolitan Planning Organization, **MTQ** - Québec Ministry of Transport, **NAUG** - Naugatuck RR, **NBDOT** - New Brunswick Department of Transportation, **NBSR** - New Brunswick Southern Ry, **NECR** - New England Central RR, **NEGS** - New England Southern RR, **NHCR** - New Hampshire Central RR, **NHDOT** - NH Department of Transportation, **NHN** - New Hampshire Northcoast RR, **NNEPRA** - Northern New England Passenger Rail Authority, **NSDOT** - Nova Scotia Department of Transportation, **Pan Am** - new name for GRS, **PVRR** - Pioneer Valley RR, **PW** - Providence & Worcester RR, **QCR** - Quebec Central Ry, **RIDOT** - Rhode Island Department of Transportation, **Seaview** - Seaview Transportation Company, **SLQ** - St. Lawrence & Atlantic Ry (Québec), **SLR** - St. Lawrence & Atlantic RR, **TIRR** - Turner's Island LLC, **TEU** - twenty-foot equivalent unit (measure of container traffic, equal to a 20x8x8 foot box), **VAOT** - Vermont Agency of Transportation, **VRS** - Vermont Rail System (Green Mt. RR Company **GMRC** + Vermont Ry **VTR** + Clarendon&Pittsford RR **CLP** + Washington County RR **WACR**), **WHRC** - Windsor and Hantsport Ry.

REGIONAL ISSUES

MMA: SERVICE REDUCTION

9 May, Northern Maine Junction. ***THE RAILROAD WILL REDUCE THE LEVEL OF TRAIN SERVICE DUE TO A TRAFFIC DECLINE***, according to a letter to all MMA employees from Vice-president Human Resources Gaynor Ryan. The new, reduced service plan will take effect on 22 May. Workers affected by the cutback have the chance to move to vacant positions, such as in track gangs, or to take a voluntary (unpaid) layoff with six months of health insurance continuing. {text of letter}

Because MMA has about 20 open positions within the company, all the affected employees could take other positions, according to President Bob Grindrod. He acknowledged that the jobs being offered do not pay as much as those that will be vacated, but indicated that the job shifts are intended to be temporary and the changes are necessary to maintain the financial health of the company.

The largest single expense comes from unanticipated repairs to remove slow orders on about 65 miles of the company's rail line in Canada, according to a Grindrod memo [see *Quebec*]. {Rich Hewitt in *Bangor Daily News* 12.May.06}

Temporary traffic problems

Ed Burkhardt, company board chair, listed three factors in the traffic downturn.

Georgia-Pacific mill closure. In March, G-P shut the mill in Old Town pending possible sale [see 06#03B]. While GRS, not MMA, directly served the mill, MMA's chip move of 20 cars a day to South Lagrange was stopped. Burkhardt expected either that the mill will re-open [observers in Old Town expect an announcement this week—*editor*] or that the chips will move to other destinations given the demand for biomass in the Atlantic Northeast. The chip move accounts for about 4% of monthly revenue.

Tafisa fire. An explosion 17 April at Tafisa Canada's particleboard mill in Lac-Megantic, Quebec, idled production. The explosion and ensuing fire caused extensive damage to the mill's 10-foot continuous press line. Estimates indicate the line may be down for two to four months. The plant's 9-foot line was also damaged, and the mill's melamine production was interrupted. Tafisa is Canada's largest particleboard manufacturer, with an annual capacity of 547 million square feet on a 3/4-inch basis. {*Random Lengths* Daily Wood Wire, Curtailment Watch 19.Apr.06}

While immediately after the fire officials predicted a quick restart, Burkhardt reported that the 10-foot line, constituting 70% of production, could take up to six months to restart; the company had not even yet decided to do so. The other two lines can start up more quickly.

MMA provides primarily outbound rail service; if Tafisa's other lines restart, then it would recover about 30% of the mill's rail traffic. Burkhardt said that the total traffic was a "bigger piece than the chips," making up 6% of MMA's monthly revenue.

Soft paper business. At the same time, outbound rail from the paper mills on MMA are "soft," he stated. Some "small spot shipments move by truck. This is not a long-term problem, but short-term things need to be dealt with."

Burkhardt summed up: "Fundamentally there is nothing wrong, this is a short-term blip. This is life in business." {*ANR&P* discussion 11.May.06}

PW ANNUAL MEETING

26 April, Worcester. ***MORE EXPLANATION ABOUT COMPANY OPERATION AND FUTURE*** was provided by company officers after the formal annual meeting. As at past annual meetings, Bob Eder, chair of the board and owner of the majority of the preferred shares (77.5%) and the largest owner of the common shares (19.5%), opened the floor to questions from those attending. The session produced the following stories:

The constituencies of the railroad

In memorializing Orville Harrold, the former president of the railroad who died in November 2005, Eder recalled that Harrold and he had explained to dissident shareholders some years ago [see 01#04B] that the railroad served more than just the

shareholders. He reiterated this, saying that while shareholders were a major constituency of the railroad, it also served its employees, the states in which it operates, the cities and towns which “helped free the railroad from the ownership of the Penn Central,” the unions which also supported the independence effort, and the support of the shippers.

This philosophy, Eder argued, had kept the railroad in the *Boston Globe* list of top 100 companies to work for in Massachusetts.

“Orville felt very strongly about this,” Eder concluded, “and if [new president] Scott Conti is ever not doing this, “you have my permission to get on his tail.”

The Freight Rail Improvement Project, Rhode Island

In presenting a review of the year to the meeting, Conti said that after many years of work to create a rail line with clearance of 19'6" between Davisville and Boston Switch, “we can see the end of the tunnel.” He estimated completion at 30 June. RIDOT work [the bridges and track substructure—see 06#01A] is “substantially complete” and Amtrak is working now, completing the track laying. The total cost of \$148 million came from \$100 million federal and Rhode Island funds, plus \$48 million in a RIDOT bond.

East Providence and the South Quay

Eder pointed out that the railroad had pursued the South Quay in East Providence [see map in 05#07A] as a possible port for the railroad, when it had only 47 miles of track. Now that PW has ready access to Provport, Quonset Point Davisville, and New Haven with Bridgeport “someday” and New London “if we wanted to” [NECR serves New London—*editor*], it has no need for the East Providence site and is cooperating with the East Providence plan to develop the waterfront.

PW owns the 33 acres of the filled South Quay, and 12 acres landside of that, out of the total 300 acres poised for development. The development will end in the “highest and best non-rail use” though that term is not defined.

In phase 1, workers will extend Warren Avenue from the interchange with I-195 to the South Quay; bids for that work will be opened on 1 May, and work to be completed within one year. In phase 2, scheduled for 2007, workers will redo Warren Avenue to Dexter Road.

Amtrak track fees

Conti said that PW had renegotiated the fee to access Amtrak lines, but had no success in lowering the fee, which now stands at 99 cents per car mile.

Bridge painting

One shareholder called the condition of the paint on PW bridges deplorable. Conti agreed that painting would improve the looks, but maintenance had discovered that providing a traffic detail to keep the painters safe costs three times as much as the painting.

Willimantic Branch and Norwich clearances: why?

During 2005 and early 2006, PW finished clearances on the ‘Willi’ and did maintenance work on the ties and bridges; it is now in active service. Workers will complete the clearance work on the Norwich branch in 2006. “This is now a dimensional route,” said Conti, meaning that traffic larger than normal (overdimensional) could use the route to reach NECR and then move out of New England.

Asked why PW had done the work without a definite contract to move autoracks [the intended traffic for the FRIP, the Willi, and the Bellows Falls tunnel work—see 06#04A], Eder said Kevin Costner had the answer in *Field of Dreams* [Build it and they will come. *Editor* (supplied for the benefit of future generations of *ANR&P* readers who will not have seen the movie)]: “It’s very important in this case. With the FRIP, QPD “can become the largest auto port in the country, and very likely will.”

Will CSX offer the Boston Cluster for sale?

Eder said that he had heard plenty of “vibes” about a sale, “but no one knows when it might happen.”

Why did intermodal shrink?

The Annual Report stated that intermodal loads shrunk by 3.0% (though revenue for that sector grew 15.2%). Your editor asked why this happened, when nationwide intermodal loads are growing on every other railroad.

Frank Rogers handled the question, explaining that when Conrail served New England, PW experienced double-digit growth every year. However, in 1999 with the Conrail split, NS and CSXT divided the intermodal traffic into New England,

with CSXT aligning with PW, and NS with Guilford.

Most ocean carriers award intermodal contracts nationally, so that an award to either NS or CSXT east of the Mississippi a contract will include all the ramps. Thus NS wins means CSXT losses. And NS has grown with the cooperation of Guilford [see 29 April issue].

That said, Rogers sees an opportunity for growth with NECR. Because Halifax is becoming the first port of call for not only traffic from Europe, but also Suez traffic from Asia which is increasing, CN could deliver some of this traffic to NECR which could hand it to PW using the newly-opened Willimantic route.

Asked whether Quonset Point-Davisville could serve as an intermodal port for PW, Conti said that Rhode Island, at least the current administration, “is not interested” in such a port.

CSX interchange

Conti confirmed that congestion in CSXT’s Selkirk Yard has had a negative effect [see below]. He hoped that the yard would improve, but noted that the congestion “goes in waves. For the last month or so, it’s been consistent.”

More coal traffic?

Conti noted that PW had no coal plants on its own lines, but via Provport is now serving Mt. Tom and Bow on Guilford. “If we get a chance to, we will serve power plants in New York.”

Rogers explained that the coal comes from 12 or 13 mines in Venezuela and Columbia, plus some from Russia. Whether PW can deliver more of that [it delivered to Johnstown NT—see 06#01B] depends on many factors, but at bottom the off-shore coal is competing with the Powder River Basin (PRB) coal from Wyoming. PRB coal burns clean, and provides 8,000 BTUs per ton. Offshore coal, particularly from Venezuela, burns nearly as cleanly and provides 14,000 BTUs per ton.

In general, offshore coal can only penetrate so far west to before the cost of transportation makes it more expensive than PRB. Because of high demand for PRB coal, and problems experienced by UP and BNSF getting the coal out, the geographic line dividing cost-effectiveness for PRB from cost-effectiveness for off-shore coal “is moving west,” said Rogers.

Because of recent dredging at Provport, the piers can now accept 65-70,000 Panamax bulk carriers.

However, PW—despite the test burn going well—does not yet have a contract with a New York plant. PW started off moving coal only on the spot market six years ago to Mt. Tom, and three years ago to Bow. Now both are moving under contract. “Ask me in three years” whether he had contracts with any New York plants.

Why doesn’t coal move over CSXT west?

While a direct line to New York would make sense in terms of delivering the coal from Providence, Rogers explained that the route did not make commercial sense, because CSXT would not even provide a price [it feared competition with the mines on its own lines—*editor*]. When he had visited Columbia and Venezuela, he was introduced as “the only railroad which liked import coal.”

Plastics

One stockholder noted that of all commodities, PW shipped the most plastics [31.4% of 2005’s total carload revenues of \$22.082 million per the *Annual Report*], and asked about the future. Rogers noted that, “It used to be, if you had a siding in the woods, you could put a plastics car on it.” But plastics traffic into New England has dropped to half the level of 10 years ago. “We have more capacity than business,” even after attracting the Nova Chemical business from MCER [see 06#03A].

Ethanol

Bringing this corn product into New England for mixing into gasoline is a possible source of traffic for the railroad, said



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Rogers. He is talking to terminal operators.

Operating ratio

While the Class I railroads brag about how low they have pushed their operating ratio [operating expenses as a fraction of operating income], Eder said, in a conversation after the meeting with a few shareholders, that “we don’t care about operating ratio.” PW does not defer maintenance, but does it on a regular basis. “We could defer maintenance and push our operating ratio down,” but PW officers do not want to do that.

[The Annual Report lists operating expenses as \$26.044 million, and operating revenues as \$26.734 million. The operating ratio then comes to 97.4%. *Editor*]

CSXT: SELKIRK YARD

25 April, Selkirk NY. ***THE DWELL TIME FOR THIS YARD REMAINS JUST ABOVE 30 HOURS.*** According to statistics posted on the American Association of Railroads website:

Week of	March average	April average	4/21 2006	4/28 2006	5/05 2006
Hours dwell	35.7	33.1	29.0	27.6	30.4

The 35.7 hours for March ranked Selkirk worst among all CSXT yards; in April, the 33.1 hours put it second-worst after Nashville, and far above the system average of 25.2 hours. {AAR website}

PW: SERVICE FROM CSXT

20 April, Newport RI. ***PW’S FRANK ROGERS COMMENTED ON SERVICE IMPROVEMENTS*** which his railroad is experiencing from CSXT, during a panel of rail executives at the North East Association of Rail Shippers semi-annual meeting.

The Conrail operation

Before the Conrail split in 1999, Conrail provided a single manifest train from Selkirk to Worcester for PW, called ‘SEPW’, which had all PW’s inbound traffic plus local traffic for Conrail. It arrived at 4PM. By midnight, PW workers had shuffled the cars into four blocks: two for WONR to Plainfield (formerly Norwich, hence the NR), and two for WOPR to Providence.

Both trains arrived at 4AM. Because of the preblocking, PW could send off locals NR-2 and NR-3 out of Plainfield by 7AM, and PR-2 and PR-3 out of Providence by 7AM.

Since SEPW ran daily and regularly, PW could tell a customer that PW would spot its car within 48 hours of arrival in Selkirk. “We have been a scheduled railroad for 30 years,” Rogers noted afterward.

Selkirk improvement

After NS and CSXT split up Conrail, SEPW disappeared and PW struggled without a consistent interchange from CSXT. Some problems were encountered because of congestion in Selkirk. Dwell time during the past winter rose as high as 53 hours [see 31 January issue]. By this month, CSXT has gotten it down to the low-30s [see above].

Interchange improvement

Using its ONE plan, designed to provide scheduled service, two daily manifest trains, Q422 and Q436, the interchange “has gotten back to Conrail time,” Rogers told the audience. If cars don’t get on the first, they get on the second. As before, PW workers shuffle the cars into as many as eight blocks.

“We have established a system of locals so that the customer receives a switch within 24 hours of interchange in Worcester.”

Working with Amtrak

“Over half of PW’s business goes over Amtrak,” Rogers said [either from Boston Switch south to Kingstown, Rhode Island, or from Groton west to New London (NECR interchange) and New Haven and beyond to Long Island—*editor*]. Customers served off Amtrak know that PW locals only have certain windows on the Northeast Corridor in which to operate, and that

“we need to switch him within a narrow window.” Customers have gotten used to this. {ANR&P coverage and interview}

CAN GUILFORD DELIVER SERVICE?

20April, Newport RI. *SHIPPERS COMMENTED ON GUILFORD SERVICE* during sessions of the North East Association of Rail Shippers meeting here.

SAPPI

Dan Hamilton, director of logistics for Sappi Fine Paper North America, made a presentation, as part of the ‘Three Shippers Speak Out’ panel, with suggestions on how to improve rail service. Because Sappi has two major Maine mills (Sappi Westbrook and Sappi Somerset) using Guilford, the company chose the route of collaboration with Guilford to improve service, rather than the confrontation chosen by other shippers [see 05#10A—the effort includes outsourcing the logistics to Unyson]. Hamilton said Sappi had chosen to lease its own cars, because of the nationwide shortage of railcars.

Later in the day, sitting on the railroad executive panel, David Fink, executive vice-president of Pan Am Railways, gave more details about the collaborative approach, noting that senior officials—Mark Gardiner, executive vice-president of Sappi and Tom Steiniger, Guilford (Pan Am) president—met on a monthly basis. Sappi, the largest producer of coated free sheet in North America, is the largest shipper in Maine.

GRS has instituted two steps to help Sappi. First, “a very inexpensive effort,” it installed a car reader at the entrance to the Somerset mill. This provides mill managers with the car size and car type, so it knows what is resting in its yard. [Sappi has hired Randy Pike’s Cascades Transportation to switch the Hinckley yard. See 02#07A.]

Second, it has made inbound empties visible to Sappi, by telling the mill how many empties are sitting in South Portland, how many in East Deerfield, how many in Selkirk, and so forth. [But how does either step, which only provides information, actually improve service? *Editor*] Fink concluded his remark by saying, “We have taken this model to other customers.”

Improvement. In the past year, due to this collaboration, Hamilton said that Sappi has increased outbound loaded boxcars by 1000, translating into an increase for Sappi’s three mills (it has one in Cloquet, Minnesota as well) for rail from 30% outbound to 34% outbound.

In some lanes, service has improved dramatically; for example, two or three days is cut off transit time to Chicago. Nevertheless, said Hamilton, “we still have a long way to go” on the improvement. Overall, he mentioned several areas in which the railroads could improve.

Price increases. In some lanes, rail is now costing 20% more than truck because railroads have increased their rates. Lanes “in which we would not even earlier have questioned” whether trucks would cost less are now open to truck competition.

Variability. Sappi and many other shippers complained about the variability of service, not only by Guilford, but by all the railroads across the country. Hamilton said that his customers wanted only a four-day window, and some are now demanding a two-day window, into which a rail delivery must fit.

But rail cannot perform well in that department.

Mode	% on time or early	% on time or 4 days early
truck	98	96
intermodal container	91	82
boxcar	86	40

Shipping sheeted product. Railroads, remarked Hamilton, suffer more damage to product enroute than trucks do. In particular, paper companies have found shipping sheeted paper (already cut into sheets) by rail suffers far too much damage, unless the product is already wrapped into reams. If the product is piled onto pallets and shrink-wrapped, it moves too much during the banging undergone by boxcars during their journey. Hamilton called on railroads to “innovate” in this and other areas to increase their traffic. {ANR&P coverage}

Irving pulpwood. Irving provides 40 carloads a week of pulpwood to Sappi Somerset, interchanged from MMA. If Guilford could improve service, Irving would up the volume to 80 carloads a week. That has not happened. In fact, often the cars get backed up so much that Irving chooses to transload them at Northern Maine Junction for drayage the rest of the way [see

05#08A]. {ANR&P interview with source close to MMA 20.Apr.06}

BLUE SEAL

Bill Whitney, who handles Blue Seal logistics including three feed mills in New England [Concord NH on NEGS but dependent upon GRS delivery; Augusta Maine GRS delivery; and Richford Vermont on MMA], said during the railroad executives panel that he could increase asset utilization significantly if he could get consistent transit time. His problem: his feed mills are old, and have short sidings; trying to sequence car deliveries of five or six different types of grain is difficult.

Fink response

Fink told Whitney, “I want your business.” The majority—60-70%—of GRS traffic consists of carload traffic. “Yes, we have transit time and delivery problems, for a myriad of reasons. You’re at the end of branch line [in Augusta] which has only two customers. We have said we will try to get you service three times a week, but sometimes that’s only two. But we communicate with you when that happens....

“If we had more traffic we would do the high dive. Twenty cars at a time, we could turn that into a mini-train, preblock it for NS or CSXT. We could make the transit time consistent and very quick....

“You are what keeps us going. We do not have huge trains [like those on Class Is]. We have a different type of railroading in New England. We want to take care of you in a consistent fashion.”

SPRAGUE

Armand Demers, who handles forest products for Sprague, described the difficulties with consistency which his Portland terminal encounters. “We serve most of the region’s major presses, including the *New York Times*, the *New York Post*, and the *Boston Globe*. But only one press is receiving by rail.”

The newsprint foremen at the plants are looking for consistent delivery time. They don’t have storage to keep a substantial amount on hand. “We have one rail move of about three cars [to New York City] and the rail movement varies from three days to 10 days.” Demers explained later the move involved an interchange with CSXT: “Transit time is not bad if we make phone calls when we know the car is hung up somewhere.”

Fink response

“Sprague is a good customer, we do lots of business with Armand,” said Fink from the panel. “We tried to deliver at night, so that the terminal could go to work in the morning.” But the train at night woke neighbors [presumably in the upscale West End—*editor*] one of whom “called my father at night” at his home in Exeter, New Hampshire [Fink *pere* serves as president of Guilford Transportation Industries—*editor*] to complain. Furthermore, the caller said he would call every night unless the train stopped.

“Now my father is 70 years old and wants to sleep at night,” continued Fink He sent to the railroad police to the caller because Fink *pere* “felt threatened.”

Fink *filis* continued: “I know have the rights to do this” despite what the city says. “Armand and I have gone to the City Council, to explain why GRS cannot do the switching during the day.”

Unfortunately, in general, “people have gotten close to where we work.” But they don’t understand, Fink continued with his voice sounding angry, “if we don’t run, their toilets don’t flush, their lights don’t go on, and they don’t eat!”

Demers said later that Sprague has testified to Portland city officials that the company does not care what time of day GRS switches its terminal, as long as the switch happens at a consistent point in each 24 hour period.

No longer just-in-time

Denis Smith, on the panel as BNSF vice-president for industrial products marketing, responded to the Blue Seal and Sprague comments with the iconoclastic remark: “Maybe it’s just not fixable!” Maybe producing a consistent delivery time for single-carload traffic cannot be done. He noted that the turn time for box cars has remained the same at one month for the last 30 years. Moreover, carload traffic is not growing as are the coal and intermodal sectors. Railroads might prefer to use the crew and power for big trains, rather than dedicate them to local switching.

So rather than focus on fixing the unfixable, he suggested, consider alternatives such as warehousing the paper near the presses. While that flies in the face of the just-in-time practice, “the lines crossed on that in 2000-2001,” because the costs of trucking direct increased more than the cost of railing and then warehousing.

To Blue Seal’s Whitney, he suggested that “maybe you need to consolidate” the mills so the serving railroad could build larger trains. {ANR&P coverage; ANR&P discussion with Demers 25.Apr.06}

CSX/MMA/VRS: SYRACUSE LINE

3 May, NY-Quebec. *CSX IS OFFERING ITS MONTREAL LINE ON LEASE TO SHORT LINES OR REGIONALS.* According to spokesperson Bob Sullivan: ‘CSXT has solicited bids from several shortline or regional railroads for the Massena Cluster, which includes all or parts of the St. Lawrence, Montreal, and Fulton Subdivisions. The 240-mile cluster encompasses [the line] from Syracuse, NY, to Beauharnois, Quebec.

‘Bids are due at the end of May. Any decision with respect to the line would be made during the summer. Appropriate notifications will be made once a decision is made.

‘CSXT believes the customers and communities on the line would be better served by a smaller carrier that can offer a more tailored local service and access to CSXT. The terms of any transaction would be part of a negotiation.’ {*e-mail to ANR&P 8.May.06*}

On 3 May, seven hi-rail vehicles, each belonging to a different interested party, travelled over at least part of the line.

The line from Syracuse to Montreal¹

The line is an interesting mixture of ownership, lease, and rights.

Syracuse, at milepost CP-291, to Massena. CSX owns the entire line of 160 miles.

Massena to Huntington. CSX owns this 40-mile section. CN had trackage rights 1982-1989. The section from Fort Covington to Massena was built in 1883 by CN predecessor Grand Trunk, which track was extended south of Fort Covington in 1889. In 1982 the New York Central abandoned its line from Malone to Huntington, and bought Massena-Huntington from CN.

Huntington to Valleyfield. CSXT owns this 12-mile section. In 1892 St.Lawrence & Adirondack built to Valleyfield. In 1986 the New York Central bought the St.Lawrence & Adirondack, thus ownership passed to Conrail and then CSX.

Valleyfield to Beauharnois. CN owns, CSX leases this 13 miles from CN. In 1896 CN predecessor Grand Trunk leased this section to CSX predecessor St.Lawrence & Adirondack. In 1986 the New York Central bought the St.Lawrence & Adirondack, thus ownership passed to Conrail and then CSX. The lease has remained through these changes in ownership.

Beauharnois-Adirondack Junction. In 1892 St.Lawrence and Adirondack completed its connection to Montreal by building this 13-mile section. CSXT, as the successor, still owns it. {*Lines of Country*, Christopher Andreae, 1998}

Not the whole thing: Indians and other problems

Per one source, CSXT wants to lease only the line from Syracuse to Valleyfield. He hears that CN may not want to extend its lease from Valleyfield to Beauharnois to the new purchasers [though CN has continued the lease through the transfer to Conrail and then to CSXT—his fear may be unfounded—*editor*].

Beauharnois has the last two customers on the line [see below]. The track continues to Chateauguay, but from that point to Adirondack Junction, the tracks are cut. The Mohawk Council of Kahnawake, through whose territory the right-of-way passes, have torn up the rails and ties and removed the track materials. In 1999, the Council presented a claim to CSXT for the land.

Even if the Council permitted restoration of the tracks, the source said that considerable funds would be needed for major grade crossings and bridge work.

¹Ownership and trackage rights in Quebec

When CSXT acquired part of Conrail in 1999, it sought operating authority over the Quebec portion of the line. In its application to the Canadian Transportation Agency, it wanted authorization for its subsidiary ‘the St. Lawrence and Adirondack Railway Company to operate, by virtue of an operating agreement, a line of railway owned by New York Central Lines LLC’s subsidiary the St. Lawrence and Adirondack Railway Company, between the Canada/USA border near Fort Covington, New York and Valleyfield, Quebec and between Beauharnois and Adirondack Junction, Quebec; and through a lease agreement with Canadian National Railway Company, a line of railway between Valleyfield and Beauharnois, Quebec.’ {Decision No. 559-R-1999}

Other parts of the cluster

CSXT is also offering the 33-mile Fulton Secondary, which leaves the main line at Woodard and runs to Oswego.

Traffic and trains on the line

According to one source close to the project, on-line customers generate about 22,000 carloads a year. About 10,000 of that is generated by Alcoa, which has two plants [see box] served by a RailAmerica short line which interchanges with CSXT in Massena. The traffic is handled by two CSXT daily trains.

In addition, CSXT moves a “very heavy” CN train [presumably from Cecile Junction in Valleyfield–*editor*]. “This is the primary route for eastern Canada CN traffic, including the Maritimes, Quebec, and Montreal...”

“But no lessee should count on the CN business. Rumors circulate about CN using the CPR gateway at Rouses Point, New York.”

MORE ABOUT ALCOA

Alcoa’s Massena Operations is the oldest continuously-operating aluminum facility in the world. Serving customers in the automotive, transportation, aerospace, and industrial distribution markets, it is one of Alcoa’s approximately 360 locations in 38 countries. Currently employing 1492 people, Massena Operations is the largest private employer north of Syracuse, contributing \$250 million dollars annually to the local economy in payroll, local purchases and tax payments. Alcoa employs 127,000 worldwide.

Today, Alcoa operates two facilities in Massena; an integrated aluminum smelting/ fabricating facility and smelting/casthouse facility. Electrical power is purchased through a long-term contract with the New York Power Authority which uses the St. Lawrence River to generate power, the reason for the location of these facilities, including two smelters. What was once Alcoa’s Massena Smelter and Reynolds Metals St. Lawrence Reduction Plant were organized as one facility when the two companies merged in 2000. They are now operated as the West Plant and the East Plant of Massena’s Smelting Operations. {ALCOA website}

Bauxite arrives from overseas to Quebec points and reaches Alcoa by rail.

A customer at the end of the line

Valleypac, a warehousing and transload customer, lies at the end of active track in Beauharnois. Mike Milton, president who succeeded his father in 1999, called CSXT service “disappointing. For the past two or three years, I have not been marketing for new clients. It’s useless when I cannot get enough cars for my existing customers.” However, he did not fault local people. “The local crew is great, and my local rep out of Montreal is fine.”

A new rail user moved nearby which directly competes with Valleypac in centerbeam lumber car traffic. Milton said the new customer was basically given its site on CSXT land, so the new customer can charge lower rates than Valleypac. This frustrates Milton: “They can charge \$600-\$800 less per car. If they start serving boxcar traffic, I am out of business.”

He does use some CN service; CN interchanges with CSXT in Cecile Junction and CSXT brings the car the rest of the way. His neighbor, PPG, does get mostly CN cars.

Milton feared CN’s acquiring the line. “My basic advantage lies in my location on CSXT.” Most of his clients north of Montreal would use another reload much closer to them, directly on CN. Right now, by draying their products to Beauharnois, they avoid the higher rate charged when two railroads interchange cars. {ANR&P discussion 5.May.06}

CENTERBEAM CAR SHORTAGE

On 20 April, during a conference call about company earnings, CN CEO Hunter Harrison said that CN’s only capacity issue involves connecting lines’ extended turnaround times on centerbeam cars for lumber loading. Asked whether this situation was getting better, he responded, “It’s getting worse... I’m not trying to be critical, I’m just stating facts. Something has to change, and something’s going to change. We’re trying to work with all of our partners to improve the situation. But on a gross average, it’s gotten to the point where we’re carrying the stuff 63% of the haul in 37% of the time... Just take the miles per day per car... Our speed doubles the speed of any U.S. carrier, and that’s a lot of opportunity. Now, are there some reasons for that? I am sure there are, but I have not seen any improvement yet. I still hold out faith and hope that it will improve, but I have not seen it yet.” {Tom Murray’s *Rail Stockwatch* 11.May.06}

Condition and operations

The source, who had taken the 3 May hi-rail trip, called the line “long, and in basically good condition.” Some rail and tie problems exist, though.

The current workers on the line operate it “very efficiently,” he continued. Conrail before it, and now CSXT, “have done a good job, providing high service with low costs. Everyone is impressed with the local people, a good and dedicated bunch.”

Drawbacks

Again, according to the source, the major difficulty stems from the thin traffic on the line. [Using the rule of thumb of 100 carloads per mile per year, and 200 miles of track, this line at 20,000 carloads just meets that rule. *Editor*] Contrast that with the mid-1950s, when 442,000 carloads [sic!!] moved on the New York Central's St.Lawrence Division to Adirondack Junction.

Furthermore, he characterized New York state as a “terrible location for industry” because of punishing taxes and regulations.

And because the operation is already so lean, he saw little in the way of savings from operating perspective. Toss in the fact of operating in what another source called “the blizzard belt” of very cold winters, and the challenge is there. {*ANR&P* discussion 8.May.06}

THE HI-RAILERS**Montreal, Maine, and Atlantic**

Ed Burkhardt of Rail World, one of the owners of the MMA, wrote: ‘We are looking at this situation, but have formed no conclusions as of this time....This is going to be a tough one to see as generating value.’

No paper barrier exists to prevent interchange with CSXT. ‘Our agreement with CPR permits a connection at Adirondack Junction should we acquire the CSXT line.’ {*e-mail to ANR&P* 5.May.06}

RailAmerica

In autumn 2005, RailAmerica acquired the Massena Terminal Railroad in Massena, along with three other short lines, from ALCOA. The Massena short line serves the ALCOA plant there, and RailAmerica signed a long-term service agreement with ALCOA. {*Rail Business* 19.Sept.05}

Vermont Rail System

VRS includes the New York and Ogdensburg Railway, which it acquired in 2002. This interchanges with CSXT on the subject line at Norwood, NY.

Finger Lakes Railway

FGLK operates into Solvay, NY and would need trackage rights through CSXT's Syracuse Junction to reach the subject line. Mike Smith, who manages the railway, said FGLK could definitely offer the customers on the subject line something. “We will be a local company focused on the local economy.” Finger Lakes can help them lower costs and expand their markets. “The transportation dollar can take the product much farther than by truck.” {*ANR&P* discussion}

New York, Susquehanna, and Western

This carrier operates between Little Ferry, New Jersey and Syracuse Junction, and would also need trackage rights.

Genesee & Wyoming

The railroads of this short line operator do not touch the subject line, but do operate in southwestern New York, coming closest in Rochester.

Livonia Valley

The Livonia Valley group of railroads operates in southwestern New York. Like GWI, it does not connect to the subject line; it comes closest in Rochester. {websites}

MAINE

GRS: LEWISTON LOWER

2 May, Lisbon. **GRS CAN BEGIN SERVING CUSTOMERS ON THE LEWISTON LOWER**, according to Nate Moulton, MDOT rail coordinator. Maine Track Maintenance should be ‘substantially finished’ by then.

Celotex rates

John Robinson, who manages the Knight-Celotex plant in Lisbon said this day that in mid-May, GRS officials talked to him about traffic, and he gave them his needs, volumes, and expectations.

He did not know if Pan Am was speaking with Grimmell. If Grimmell does not ship [Grimmell fought a long battle with GRS to get rate quotes—see 05#07B], he was uncertain whether enough traffic would develop for Pan Am to serve him. {ANR&P discussion and {e-mail to ANR&P}}

SLR: MULCH MARKETING AWARD

10 May, DC. **ASLRRRA PRESENTED A 2006 MARKETING AWARD TO THE RAILROAD** at its annual meeting at the end of April. SLR won bark mulch traffic, which typically doesn't move by rail, by turning 40-foot containers into gondolas and moving the materials like intermodal loads [for Morse Brothers in Auburn, see 06#02A]. In conjunction with CN, SLR modified the containers by removing tops and extending sides to 13 feet high. In 2005, the SLR moved 42,500 tons of bark mulch. Its officials estimate the railroad could move 250,000 tons annually to serve the biomass and mid-Atlantic landscape markets. {Progressive Railroading daily bulletin}

MASSACHUSETTS

BAY COLONY: MILLIS BRANCH

5 May, DC. **THE STB GRANTED THE PARTIES ANOTHER EXTENSION OF TIME**, to 7 July, to conclude a trackage rights agreement on the Millis branch, owned by the MBTA and now operated by BCLR [see 06#03A]. The two parties said in a filing that they had concluded a trackage rights agreement, which requires approval by the MBTA board of directors. If approved at its 5 May meeting, the parties will dismiss the petition for a declaratory order and file appropriate notices of exemption for BCLR's operation on the Millis Industrial Track. {STB website, Docket Number FD No. 29963 & 34698}

The MBTA board did approve the agreement. {e-mail to ANR&P from Jim Howard, BCLR attorney, 12.May.06}

BCLR: CAPE LINES BIDDING

3 May, Boston. **EOT DOES PLAN TO PUT THE CAPE LINES OUT TO BID THIS YEAR**, said Mike Gleba, manager of rail. [Observers have known for some time that the lease expires 30 June—*editor*.] He declined to specify any date for the bidding. {ANR&P discussion 3.May.06}

CSXT: ALLSTON ACCESS

8 May, Allston MA. **HARVARD UNIVERSITY PROPOSES A COMMUTER RAIL STOP IN ALLSTON**, near the Turnpike exit ramps, on the CSXT line, west of the railroad's Beacon Park Yard. Rail users would be able to take a newly-rerouted Harvard bus shuttle to the western end of Boston. "This is a pretty big idea and no one has said yes yet, but we think it makes a lot of sense," said Harvard's Director of Physical Planning Harris Band at a meeting of the Harvard-Allston Task Force Monday night. He added that the plan had been "gently discussed in a lot of different circles." {Natalie I. Sherman in Harvard Crimson 10.May.06}

Note: I included this report as it reminds us of the persistent belief that CSXT will leave Beacon Park when Harvard pays it enough money. Editor

GRS: C&D COMPANY STARTUP 2007

5 May, Ayer. **THE DEVENS ENTERPRISE COMMISSION SOLD 11 ACRES FOR A TRANSFER STATION** to W.K.Macnamara, which will operate as Devens Recycling Center LLC. Kurt Macnamara, the owner, plans to build a 90,000-square-foot, \$12 million recycling plant capable of receiving 1,500 tons of waste per day from construction and demolition sites [see 05#03A]. Recyclables such as cardboard, wood, and metal would be shipped to facilities that re-use the materials. Dammon Frecker of ESS Group, the company serving as W.K. Macnamara's project manager, said construction will begin later this year on the building, and the facility should be up and running in early 2007.

Macnamara said he had not decided who would build the spur track to the building; he is talking to several subcontractors. The land, in the West Rail Industrial Park, cost \$1.2 million.

Permits

Macnamara has completed the streamlined 75-day permitting process with the Devens Enterprise Commission, and he has the Department of Environmental Protection permits necessary to operate. {ANR&P discussion; Tom Spoth in Lowell Sun 4.May.06}

NEW HAMPSHIRE

PAN AM: SATISFIED CUSTOMER

5 May, Manchester NH. **SUMMIT PACKAGING RECEIVES PLASTIC PELLETS IN COVERED HOPPERS** from Exxon in New Jersey. Michael Conway, chief financial officer, said that Summit bought the 200,000SF building from Solo Cup in 2002 [see 02#05A], and migrated into the building from a 160,000SF building at the Manchester airport. It manufactures aerosol valves and the cups covering the valves atop cans.

Use of rail

Per Conway, the covered hoppers arrive one every two weeks, within three days of scheduled delivery. He rated the rail “very, very effective.”

Conway would like to try receiving steel by rail as well. At this point Summit trucks imported steel out of a warehouse in the Port of New Haven, 100+ tons every week; since trucks can only move 20 tons at a time, he needs five trucks a week. {ANR&P discussion 5.May.06}

GRS COAL TRAIN: ANOTHER SNAFU

2 May, Bow. **A PAN AM TRAIN WAS BLOCKING THE NORTHERN MAIN.** According to reports from sources close to the scene, B&M GP-40 334 with 18 coal loads (repaired cripples and strays) arrived at Johnson Road the evening of 30 April, which lies just south of the Bow coal-fired power plant which is owned by Public Service of New Hampshire, subsidiary of Northeast Utilities. [The state forced deregulation of the power industry, but permitted PSNH to retain ownership of its existing power plants, per Martin Murray, PSNH spokesperson. {ANR&P discussion 5.Apr.06}].

At this time, PSNH is doing maintenance on the rotary coal car dumper which will last weeks. In the railyard, it has 50 loaded cars, ready to dump as soon as the maintenance is completed. But the yard cannot accept additional cars without blocking inbound ammonia cars, and ammonia is required for emission controls. PSNH repeatedly told GRS not to bring up the strays train.

Main line blocked

Not only are the 18 cars not moving, but GRS has left no way around the train; the ‘Perini track’ [see map] used by GRS to park empty trains no longer has a switch at the north end. That means the locomotive remains unusable to the rest of the power-short Guilford system. Moreover, the locomotive idled [polluting the air and using up diesel fuel—*editor*] from Sunday evening to Tuesday morning, meaning GRS needs to buy more of the auxiliary power units (if GRS was keeping it idling for fear of damage to the prime mover) GRS is purchasing [see 06#02A].

Worse, blocking the main prevents NEGS from servicing Ciment Quebec just south of the Perini siding, and interchanging with GRS in Manchester. {e-mails to ANR&P 2 May 2006}

2 May, Bow. **THE COAL TRAIN BLOCKING THE MAIN WAS MOVED** by NEGS, with the permission of GRS. The NEGS pulled the 18 cars of loaded coal north to Concord where it could run the GRS power around the train to the south end. Then, using the GRS and NEGS power, NEGS moved the train south past the Perini track, and backed the 18 cars onto it; they barely fit.

NEGS then returned the GRS power along with the regular NEGS train to Manchester so it could be used elsewhere on the system.

Operations at Bow

The power plant has three rail facilities, soon to be four:

Power plant: coal [our *Directory* #95]. PSNH receives unit trains of coal. If they come from the Appalachians via NS, then

the train has 90 or 105 cars. GRS switches the trains in. These cannot fit all on one track, so GRS splits the train in two, about 50 cars on Track 2 and 50 cars on the River Track. If the train comes from Provport, it normally has around 50 cars, and will fit on one track.

Normal locomotives will not fit through the rotary dumper shed. PSNH's existing switcher has a notch in the cab permitting it to run through the shed. NEGS's Peter Dearness plans to supply the company with a new switcher; PSNH is modifying the dumper during the shutdown so that the Dearness switcher will fit through.

Power plant: ammonia [our *Directory* #95-1]. GRS brings ammonia cars as far as Manchester in a manifest train for NEGS. NEGS then brings the cars to Concord, and parks them until operations in the plant permit access. Because the track north of Bow is maintained in an 'excepted track' condition, NEGS cannot move more than five ammonia cars—deemed hazardous material—at a time. Under the trackage rights agreement between NEGS and GRS, the latter has the responsibility to maintain the track.

The ammonia cars are too long to safely navigate the loop track, and NEGS locomotives cannot fit through the rotary dumper shed, so NEGS must use the 'River Track'. Either NEGS or the plant switcher will spot a car on the unloading track.

Fly ash; Reed Minerals [our *Directory* #96]. Unlike the ammonia cars, fly ash cars are short and can be moved on the loop track through the coal pile to the Reed Minerals location.

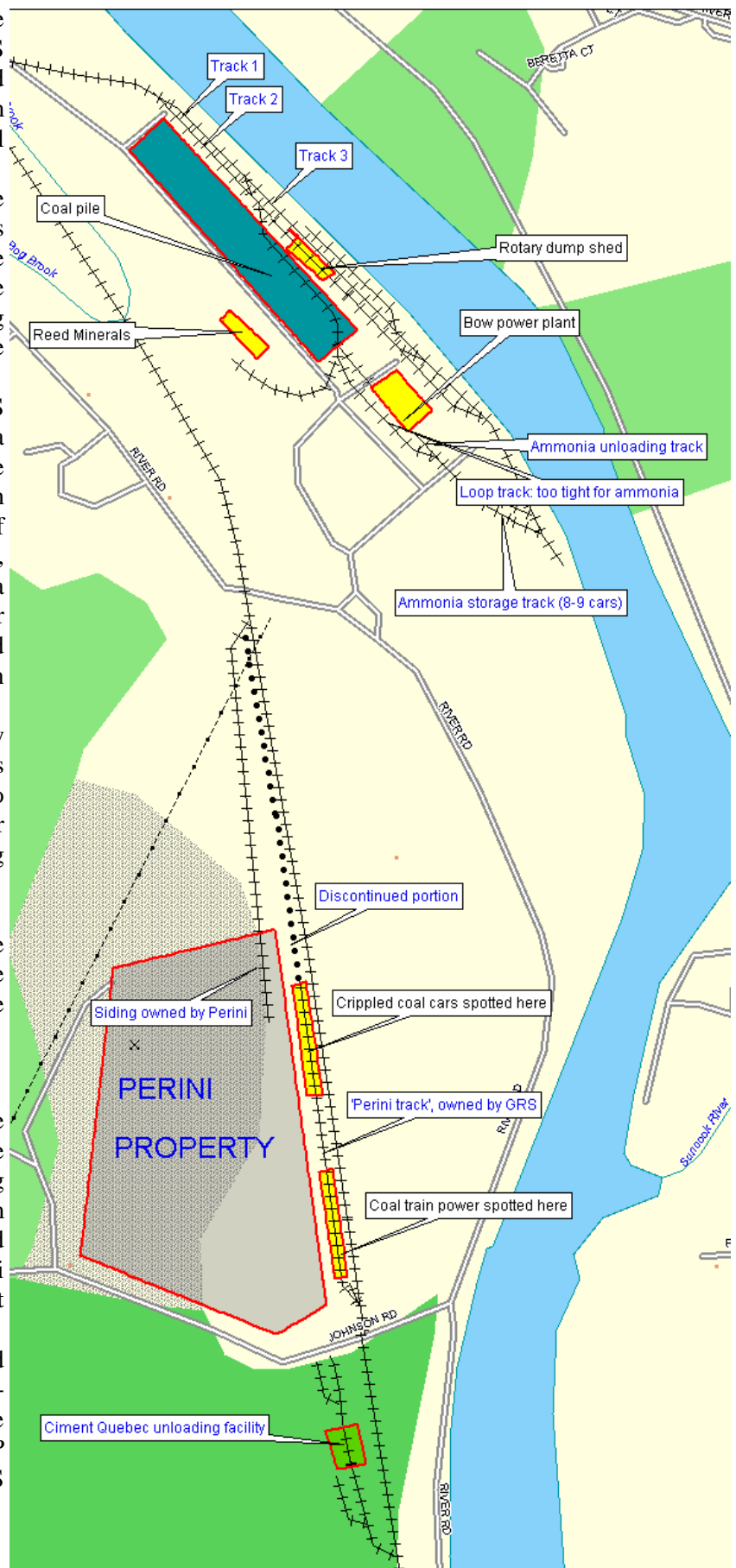
Operations at Perini

After the coal train is spotted in the plant, the power for the train normally is parked on the 'Perini track', a formerly double-ended siding owned by Pan Am. Some years ago, Pan Am removed the rail to the north end of the siding, and the switch connecting it to the siding into the Perini property. Pan Am uses the Perini track to spot crippled coal cars (once emptied).

Perini, a construction company headquartered in Framingham, has used its siding, the 'siding-owned-by-Perini', to handle construction steel [see 02#11A] and rail and track equipment. {ANR&P discussion with Peter Dearness of NEGS 3.May.06}

New traffic

PSNH will soon send out the detritus from the coal



Bow NH, showing tracks serving the PSNH power plant and Ciment Quebec.

burn (not the fly ash) by rail. *More in a future issue.*

RHODE ISLAND

PW/ MBTA: WOONSOCKET RAIL?

4 May, Woonsocket. **THE CITY HAS WON A \$40,000 STATE GRANT TO STUDY COMMUTER RAIL** from the Statewide Planning Program; 23 projects applied and 11 were funded. City Planner Catherine Ady said matching funds consist of \$5,000 from Community Development Block Grants and \$5,000 of in-kind services, including an historical analysis, data collection, and determining preliminary economic impacts.

The application further says the study would provide the state with a better understanding of commuter rail potential for this area. ‘Positioned at the crossroads of two rail lines, Woonsocket is the perfect place to begin this exploration,’ Ady wrote.

After city officials complete a cooperative agreement with the Statewide Planning Program, a division of the Department of Administration, Ady said her department anticipates seeking competitive bids to do the study, with an intended completion in early 2007. She will advertise for bids in the local paper and on the city website, at least.

Two routes

The study will look at both connecting Woonsocket to Providence via PW, and restoring service along the former line Woonsocket-Woonsocket Junction-Bellingham-Wadsworth-Franklin. Currently the T operates through Franklin to Boston, a distance of nine miles.

PW comment

In a letter supporting the application for planning funds, Bernard Cartier, PW’s director of engineering, said that his department was available to work with the city’s planning department on this study and that it ‘supports the efforts of the city of Woonsocket to commission a study to review requirements for establishing commuter rail service on P&W’s main line in Rhode Island.’ {Michael Holtzman in Woonsocket *Call* 4.May.06; *ANR&P* discussion 4.May.06}

VERMONT

NECR: TUNNEL AND TRACK

11 May, St. Albans. **NECR IS SCHEDULING THE TUNNEL WORK AND TRACK WORK** this summer. Charles Hunter, general manager, wrote that: ‘We do not have an exact start date for the tunnel. We are working on it, it may be late June.’

The railroad will also repair damage from 2005 flooding, replace 30,000 ties, and emplace seven miles of welded rail. ‘The welded rail train is here now and we plan to start unloading it next week.’ {*e-mail* to *ANR&P*}

The work delayed a North American Railcar Operators Association trip from Palmer, Massachusetts to the Canadian border; planned for the end of May, it will now happen in late August. {*NERAIL* post}

WACR-CCRR: NEW MOVE

5 May, West Lebanon NH. **TWIN STATE SAND AND GRAVEL HAS RECEIVED STONE FROM CALKINS ROCK PRODUCTS.** Over the winter, Calkins completed the work on its new 3/4-mile siding into its quarry in Lyndonville, Vermont, so it can directly load stone; it had loaded on the main line earlier [see 06#01A]. It can now also serve Gorman Brothers directly.

The stone now moves over WACR to White River Junction whence CCRR moves it to the Twin State siding in West Lebanon. An under-track conveyor pit, also used for the salt move [see 05#12A], permits Twin State to load its own tri-axle trucks to move the stone from the siding to the crusher. The crusher converts the 1.5-inch stone to three smaller sizes for use in concrete and asphalt.

Bud Ames, one of the partners in Twin State, wrote that moving the stone made sense: ‘we can turn it into a higher-value product.’ He is looking for 20,000 tons [about 200 car-loads—*editor*] to start with.

But the sand from the Twin State pit in Vermont which Twin State still wants to rail cannot be turned into higher value. That potential move remains on hold, awaiting an economic rate from NECR [see 05#12A, *New Hampshire*]. {*e-mail* to

ANR&P 9.May.06}

What about Gorman Brothers?

Gorman currently supplies calcium chloride to various Vermont customers by loading tank trucks from tanks at the Calkins property [see 05#05A]. Rick Lawrence, who handles the Vermont terminals for Gorman, said he cannot yet use the new siding. Because Calkins loads the stone cars past his CaCl tanks, any car spotted at his tanks would have to be moved every day as Calkins is loading two or three cars a day.

If the rail access situation became workable, Lawrence said he “would like to put a big tank, say 50-60,000 gallons” and eliminate the need for the drayage from the Lyndonville yard, where he uses a spot near Northeast Ag. “All is great with the railroad and I plan to continue.” {ANR&P discussion 11.May.06}

QUEBEC/MARITIMES

CANADIAN FOREST PRODUCTS

5 May. **THE APPRECIATION OF THE LOONIE WILL DECREASE EXPORTS**, which in turn will spell trouble for the railroads carrying product to the United States, and for the ports handling overseas traffic. The loonie is hitting 28-year highs, closing above 90 cents to the US dollar.

New Brunswick

David Plante, of the Canadian Manufacturers and Exporters association, said both the manufacturing and forest industries are hurting because of the high dollar. In 2005, 6,000 jobs were lost in the manufacturing sector in the province. Plante looks for another 1,000 people to lose their jobs this year.

Nova Scotia

MacTara Limited President Gordon Shupe saw bad news for the mill in Upper Musquodoboit, which sells about 95% of its wood products to the United States [and sends chips overseas through Halifax—see 03#10A and 05#12A on the need for more cars]. He's not certain how much longer the mill can keep its 200 employees working. “On a daily basis, we're watching where the U.S. price and dollars are transacting and at some point we're going to have make a decision to curtail if not a portion of the business all of the business.” {CBC webposted 4.May.06}

CBNS: NEW CUSTOMER

28 April, Point Tupper. **FEDERAL GYPSUM MAY OPEN IN MAY**, after experiencing delays obtaining equipment [see 05#12B]. {Steve Proctor in Halifax *Herald* 28.Apr.06}

Roy Budgell, manager of market development for the railway, wrote: ‘I have every indication that rail shipments will start fairly quickly once they get the plant up and running at full steam. Federal Gypsum has leased or purchased a number of center beam cars for rail shipments so rail transport is definitely in their plans. They have been renting the cars out since January to another party and I believe they will be setting the wheels in motion to start moving some of these cars in their direction very soon.’ {e-mail to ANR&P}

CBNS: STORA PAPER DEAL

9 May, Port Hawkesbury. **STORA AND THE UNION HAVE NOT REACHED AGREEMENT**, although the Nova Scotia government promised \$65 million. Under the deal announced 3 May, Stora Enso Port Hawkesbury will receive the money in seven annual payments as long as it continues to operate in the province. “We know that Stora wants to invest in more energy efficiencies and other improvements to the mill. This is an opportunity to use this money and become more competitive,” said Economic Development Minister Kerry Morash. The \$65 million is in lieu of 81,000 hectares of Crown land the province had agreed to give Stora in 1998.

Talks between the union and the company broke off again on 9 May. Liberal members of the legislature say the provincial government needs to do more for Stora, which has locked out more than 650 workers since January. {CBC webposted 3 & 9.May.06} The closure has affected CBNS traffic, as well as CN and NECR [see 06#04A].

Other efforts to keep the mill

Stora officials were hoping the province would eliminate its capital tax, paid whether a company is profitable or not. Stora is considering building a co-generation plant at the facility, which would gain a tax credit for energy efficiency. That would actually please Nova Scotia Power (NSPI). Stora is its largest customer, but the utility loses money supplying the power at below-cost rates, under a tariff approved by the provincial regulator. NSP, a subsidiary of energy holding company Emera Inc., reported a saving of \$10.2 million on the combined effect of Stora's shutdown and a mild winter in Nova Scotia.

One official said moving the entire plant to another location is an option the company is considering. {Nancy King in *Cape Breton Post* 11.May.06; Judy Myrden in *Halifax Herald* 11.May.06}

MMA: BAD TRACK, NO TRAIN

11 May, Sherbrooke. **THE ORFORD EXPRESS CANCELLED THE EXCURSION SEASON** because of track conditions. Transport Canada deemed the rails fit for only 10 miles per hour running, too slow for an enjoyable trip. The *Express* is offering on-board dining in stationary cars in Sherbrooke and Magog this year. {e-mail to ANR&P from Marie-José Maher, conseillère aux ventes 11.May.06}

Track upgrades underway

MMA President Bob Grindrod said that MMA 'inherited a very bad situation from Iron Road Railways' when it bought the property in January 2004. 'Repairs are already underway on portions of the track. Some of the slow orders will be easier to remove than other portions.' He promised further information on funding, contractors, and extent of the work later. {e-mail to ANR&P}

HALIFAX: FIRST MAERSK CALL

1 May. **MAERSK'S NEW MIDDLE EAST CONTAINER LINE SERVICE (MECL 2) TO THE EAST COAST OF NORTH AMERICA**, via the Suez Canal [see 06#02A], started. The *Maersk Duisburg*, one of eight vessels making up this weekly service, made its inaugural call to Halterm this morning. {Halifax Port Authority press release}

HALIFAX: HALTERM PROFIT UP

4 May. **HALTERM ANNOUNCED A 14% INCREASE IN CONTAINER VOLUME**, to 28,611 containers, in 1Q06 versus 1Q05, and a doubling of net income to \$0.8 million (\$0.09 per unit) versus \$0.4 million (\$0.05 per unit) for 1Q05. "Increased volume from the new China Shipping and Maersk business was the principal reason for the earnings improvement," said Doug Rose, president of Halterm Limited. China Shipping began calling at Halterm on 7 October 2005 and Maersk began an interim service to Halterm on 16 February.

'Capital outlays for the first quarter of 2006 were negligible, and compare to a total of \$0.1 million in cash for the acquisition of terminal equipment in the first quarter of 2005. As outlined in the Company's MD&A for the year ended December 31, 2005, the Company is committed to a \$10 million capital program which will be implemented through the remainder of 2006 and the first quarter of 2007. These capital expenditures will be financed by a combination of operating and capital leases at favorable rates over periods of two to seven years.'

Tentative labour agreement

'Halterm's workforce is unionized. The collective agreement between the employers in the Port of Halifax and the Council of Unions representing locals 269, 1341, and 1825 of the International Longshoremen's Union (the "ILA") and each of its respective bargaining units, expired on December 31, 2005. In March, 2006 the negotiating parties announced a tentative agreement had been reached and would be recommended for approval by the union membership. The tentative agreement is consistent with the Fund's expectations and will not materially impact the labour cost profile of Halterm Limited.'

Unused capacity

'Even with the recently acquired new services, the terminal remains less than 50% utilized, providing significant opportunity for expansion. Being able to offer this available terminal capacity is a significant market advantage at a time when capacity is constrained on other routes. Halterm will continue to aggressively market the terminal to potential new customers.' {Halterm report}

SAINT JOHN: POSSIBLE TRAFFIC

3 May. **LOGISTEC IS SEEKING A SECOND CONTAINER LINE TO CALL THE PORT**, said Curtis Doiron, marketing manager for the company, which operates Forterm (forest products), the Rodney container terminal and Autoterm. The pulp

business has resumed with AV Nackawic getting close to peak production. The task facing the port: diversify.

Doiron described two examples of the several ways the company is moving to grow traffic.

Project cargo

Logistec seeks to do the stevedoring for upcoming work, such as the LNG facility, the refurbishing of the Point Lepreau nuclear plant, and the renovation of the Irving refinery.

Containers

Logistec is now handling the Tropical service to Florida, the Caribbean, and Venezuela. Doiron pointed out that Star Shipping, which calls regularly to serve the pulp traffic, has vessels which take both break-bulk and containers. “We’re working with existing carriers such as Star Shipping and Indotrans to increase their container exports through Saint John.”

Generating the traffic

The local business community is supporting the port in the trade lanes the port now provides. In addition, Logistec can combine shipments from more than one company to get a ship to call on inducement. “We must stay close to the market and our customers in order to understand where opportunities lie such as inducement cargo whereby we sometimes work with several shippers to build volume with the goal to induce vessels to call Saint John,” noted Doiron. Often “we are the only ones who are aware” that more than one company wants to ship to the same region. {ANR&P discussion}

RAIL SHIPPERS

Described in this issue.

Our Directory of Rail Freight Facilities of New England has more information on the companies denoted with their directory number.

Blue Seal (NEGS, New Hampshire #99; GRS Maine; MMA, Vermont)
 Calkins (WACR, Vermont)
 Federal Gypsum (CBNS, Nova Scotia)
 Georgia-Pacific (GRS-MMA, Maine)
 Gorman Brothers (WACR, Vermont)
 Knight-Celotex (GRS, Maine)
 Macnamara (GRS, Massachusetts)
 Morse Brothers (SLR, Maine)
 Northeast Utilities (GRS-NEGS, New Hampshire #95, 95-1)
 Perini (NEGS, New Hampshire, 97)
 Reed Minerals (NEGS, New Hampshire, 96)
 Sappi (GRS, Maine)
 Sprague (GRS, Maine #48)
 Stora Paper (CBNS, Nova Scotia)
 Summit Packaging (GRS, New Hampshire)
 Tafisa (MMA, Quebec)
 Twin State Sand and Gravel (CCRR, New Hampshire)

New to the region? This helps:

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PEOPLE

Gary Hogg is managing the **New Hampshire Northcoast Railroad** while the company searches for a successor to Steve Arnold. Hogg also manages Manchester Sand and Gravel.

Tom Delaney, who worked hard but ultimately unsuccessfully to bring Columbia Coastal’s barge service to Portland, has become vice-president for labor relations at **APM Terminals** (Maersk’s Terminal Operating Company), working out of the APMT facility in Port Elizabeth, NJ.

ATLANTIC NORTHEAST RAILS & PORTS

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Coverage

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, and often updated, in the issue.

Stories not updated for the issue are noted with an asterisk. I urge readers to look at the issue's updated stories (those without an asterisk).

Readers building a personal archive of the newsletter should discard the e-bulletins. All subscribers have access to the newsletter archive on the web, via password, at www.atlanticnortheast.com. If you do not have a password, merely request one from me.

Pricing

Subscriptions cost \$395 for professionals, \$115 per year for students, young and old. (Subtract \$30/year for e-mail). Introductory prices available. The *e-bulletin*, sent by e-mail at least weekly between issues, is free of charge to all subscribers.

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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 unto itself.'

ATLANTIC NORTHEAST CONSULTING

Market analysis and project development for shippers and railroads, using proprietary database. Working relationship with all railroads, as well as state, regional, and local governments in New England.

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