

*Article unchanged from e-bulletin.

REGIONAL ISSUES

Pan Am: Railroad still funnelling \$1 million a month to airline.*

Halifax, Portland, Boston: Feeder vessel seized, temporary arrangements made.

Feeder: Can any service survive on its own?*

CONNECTICUT

Track work company: Northern Rail Services.*

Bridgeport: Feeder service still delayed.*

MAINE

Mountain Division/SLR: MDOT purchasing track.* A group wants to revive freight.*

GRS: Embargo of warehouse in Bangor. Box on rail-served warehouses.*

MMA: Louisiana-Pacific spends \$100 million.

Fraser Paper: Loses money in quarter, exploring buying Millinocket mills from former parent.*

SLR: GWI intermodal down again.

MASSACHUSETTS

GRS: Northeast Utilities will sell Mt. Tom plant.*

GRS: Track discontinued off Somerville Jct.*

NET C&D pre-emption: A plethora of entities file for and against the C&D facility.*

NEW HAMPSHIRE

[No report.]

RHODE ISLAND

PW: Ethanol move coming to Providence.*

PW: Two new C&D facilities?

PW: FRIP end of August? * Office car special,

PW talks to auto customers. NORAD gets ready.*

Quonset Point: Rail rehab bid out.* Will manage port itself.*

VERMONT

VRS: Possible New York C&D customer.*

MARITIMES/QUÉBEC

Halifax: Port Authority wins 3 marketing awards.*

Halterm: Throughput up again. *

Sydney: Port users form.* Possible containers.*

Strait of Canso: Anadarko sells LNG plant.*

CBNS: Federal Gypsum is starting to use rail.*

RAIL SHIPPERS/RECEIVERS

List of those discussed in this issue.

PEOPLE, POSITIONS, EVENTS

Ed Motte, Charlie Moore, Alexandra Schmit, Dawn Terrill, Neale Lunderville.

FROM THE PUBLISHER

Not much "new" news

Most of this issue has already appeared in the e-bulletin. *Remember* articles without an asterisk are new, or updated from the e-bulletin.

Rhode Island

For a small state, it certainly produced a lot of news this month.

- Chop

Next issue: 24 August (post-vacation)

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, **GWI** - 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, **NEPRA** - 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

PAN AM FINANCIAL UPDATE

24 April, DC. **GUILFORD TRANSPORTATION INDUSTRIES CONTINUED TO FORWARD MORE THAN \$1 MILLION A MONTH** to support the operation of Pan Am (operated by Boston-Maine Airways, BMAC), according to a filing of BMAC financial statements covering the year 2005 with USDOT.

[Statements filed in December 2005, covering 2003 and 2004, also indicated that GTI had forwarded BMAC more than a million dollars a month in 2004. See 06#01B.]

Balance sheet

Gray, Gray and Gray LLP of Westwood, Massachusetts, audited the BMAC financial statements [a change from Baker, Newman & Noyes of Portland—*editor*]. The audited 2005 balance sheet showed the company at the end of that year had cut the accumulated deficit from more than \$156 million, to under \$18 million. [I do not grasp how this was achieved, nor does the statement explain it. *Editor*]

LIABILITIES

	2005	2004	2003
Accounts payable	3,468,517	\$8,604,206	\$10,054,525
Cash overdraft	139,467	(not listed)	(not listed)
Accrued expenses	3,091,825	5,734,102	3,389,968
Unearned revenue	1,496,116	2,208,630	3,698,919
Due to related party	16,901,572	69,879,740	52,865,038
Total current liabilities	25,097,497	86,426,678	70,008,450
Stockholders' deficit			
Common	1*	\$4,491,000	\$4,491,000
Preferred	**	\$80,675,000	\$63,175,000
<u>Accumulated deficit</u>	(17,509,371)	(156,562,687)	(122,539,170)
Total stkhlr deficit	(17,509,370)	(\$71,396,687)	(\$54,873,170)

*Common stock. The 2004 audit stated: '10,000 shares authorized, 1,497 shares issued and outstanding, \$3,000 par value.'

**Omission of preferred stock. The 2005 statement made no reference to preferred stock. The 2004 statement said:

The preferred stock carries a dividend which increases by 1% each June 29 up to a maximum of 12% (8% at December 31, 2004). The dividend is cumulative with dividends in arrears of \$17,010,333 and \$12,639,667 at December 31, 2004 and 2003, respectively. No distribution shall be permitted with respect to common stock unless all current and accrued obligations pertaining to preferred stock have been satisfied.

In December 2004, the Company issued 17,500 shares of preferred stock to an existing common and preferred

stockholder in exchange for \$17,500,000 in cash. This capital infusion was used in 2004 for capital acquisitions and working capital for operations.

2005 profit & loss statement

This showed income of about \$19.5 million, and expenses over \$38 million, making an operating loss of \$18.5 million, including lease payments for the aircraft.

Uncollected lease payments

As in past years, the auditor noted:

Aircraft are leased from Guilford Transportation Industries, Inc. (Guilford), a wholly-owned subsidiary of the Company's parent. The Company leases aircraft on a tenant-at-will basis from Guilford on a month-to-month basis. The lease calls for monthly lease payments of \$90,000. A summary of the leased aircraft follows:

Description of Aircraft	Monthly Rent
3 Boeing 727's	\$60,000
6 Jetstreams	\$30,000

Total lease payments were \$1,000,000 at December 31, 2005.

HOW TO KEEP BMAC AFLOAT

Where did BMAC find the wherewithal to make up its \$18.5 million shortfall? In 2004, it received a \$17.5 million transfusion from a 'stockholder'. In 2005, the auditor listed no such transaction; instead, money came from the railroad.

Cash infusion from GTI

The auditor wrote:

Guilford provides operating subsidies in the form of cash advances to finance working capital needs. No interest has been charged on these advances. In 2005, advances from Guilford totalling \$16,204,183 consisted of \$15,247,104 in cash, \$957,079 of management services and deferral of lease payments due from the Company in the amount of \$1,000,000.

In 2005, Guilford distributed \$25,101,107 consisting of the existing advance of \$8,896,924 plus the current year advance of \$16,204,183 to the Company.

Unpaid bill

In early January 2006, BMAC General Counsel Rob Culliford received a letter from counsel for Robert Half International, which had sued Pan Am Airlines and Boston-Maine Airways for unpaid goods and services. The plaintiff requested a default judgement, because defendants had not responded to the summons. On 23 February, the Portsmouth NH District Court issued a writ of execution for \$5,920.83. BMAC paid this judgement on 3 March 2006.

Auditor's concern

As in 2004 [see 06#01B], the auditors made this statement:

The Company has suffered significant operating losses and negative cash flows since it began operations and at December 31, 2005 had an accumulated deficit of approximately \$17,510,000. Operating losses have been funded by capital contributions from the Company's stockholders and payments made on the Company's behalf by Guilford. In addition, Guilford has allowed the Company to defer the payment of certain expenses, including aircraft lease payments. Management expects the Company to require the continued support of Guilford while it restructures its operations to reduce operating costs.

The Company's restructuring plan includes increased scheduled passenger and charter service under its recently-acquired certificate to operate B-727 aircraft. The Company is currently operating three 727 aircraft and has a request pending with the U.S. Department of Transportation (DOT) to expand its service with additional 727 aircraft. As of December 31, 2005, the DOT has not made a decision on the Company's request. [Since denied. See 06#07A. *Editor*]

These conditions raise substantial doubts about the Company's ability to continue operating as a going concern. The combined financial statements do not include any adjustments that could be required if the Company is unable to continue as a going concern.

{USDOT website, document management system page, Boston-Maine Airways case, OST-2000-7668}

HALIFAX, BOSTON, PORTLAND

24 July, Halifax. **FEEDER CONTAINER SERVICE AMONG THESE CITIES WAS HALTED** when Canadian authorities seized the *K-Wind*, the vessel used by Halship, the operator of the service. [Halship took over from SPM, when the ship used by SPM, the *Shamrock*, was seized with containers on board in Portland. Halship acquired the former *Ossian* and renamed her the *K-Wind*. See 04#11A.]

Ship to Shore Disposal Services Inc. of Dartmouth, which provided waste and garbage removal services for the vessel, filed claim in Federal Court for \$89,000 against the ship's owners: Flores Navigation Limited, Halship, Eimskipafelag Islands, Philippe Paturel, and Eimskip Canada Inc. Halship went into receivership 21 July.

Halifax container company Cerescorp and Boston Line and Service Company both filed caveats to hold the ship until claims could be made against Halship. The boat was released by the sheriff's office 26 July after the caveat was lifted and the owners posted a security until the matter is heard in court.

The *K-Wind* was seized at the Fairview Cove container terminal, according to the provincial sheriff's department, which detained the vessel under a Federal Court order. It is now at anchor in Halifax Harbour. {Clare Mellor in *Halifax Herald* 28.July.06}

Temporary replacement

Jeff Monroe, transportation director for the City of Portland, said on 4 August that the ports affected and the main user of the service, Hapag-Lloyd, had arranged with barge operator Columbia Coastal Transit (CCT), to barge containers normally moved via Halifax to and from New York instead. [CCT provided similar emergency service in 2004, when the *Ossian* was seized. See 04#09A.] The barge will make its first call to Portland on 6 August, moving the containers it picks up there back to New York.

Longer-term

Monroe remarked that due to the past trouble with SPM, both Portland and Boston had kept an eye on the Halship operation. They had hoped that the *K-Wind* would continue to sail, even with Halship in receivership.

Fortunately, before the vessel was seized the cargo was removed, unlike the situation with the *Shamrock*, which was seized with containers aboard.

The three ports plus Hapag-Lloyd are cooperating in developing a new service, Monroe said. "The reality is that the one shaky piece of the service was the feeder. We hope it is picked up by a more substantial" player. They are talking with Eimskip, and hope to get a permanent replacement by the end of the month. {ANR&P discussion 4.Aug.06}

Eimskip comments

Eimskip is considering operating the feeder service long-term. Russell Herder, managing director for Eimskip in Halifax, said on 27 July: "We were in partnership with Halship, who were operators of the ship." Eimskip has contacted Halship's customers [principally Hapag-Lloyd] to offer assistance but said there are a number of factors that will affect their decision. Eimskip wants to study why Halship and SPM, the earlier operator, both failed to make short-sea shipping work.

"We have to sit down and see if there is a business plan to do it: Do you know a good one?" Herder said with a laugh. "Because I would think the other companies had business plans too, but you need commitment from everybody — the people that use the service and the container terminals, the port authority. Everybody has to get on board."

Eimskip ships now call Shelburne, Nova Scotia, and Everett, Massachusetts (on Boston Harbor). They would have to divert to call Halifax and Massport's Conley Terminal. Eimskip now moves about 500 containers every two weeks from Shelburne and isn't sure how much cargo it could pick up in Halifax. Herder believed that Halship was shipping about 100 containers every week from Halifax.

Whether to divert depends upon volume. "If we can only load 20, 30 or 40 containers the diversion cost may outweigh us doing that." Some ocean carriers may consider moving their shipments to Shelburne, thereby cutting out some of the diversion costs associated with coming to Halifax, but moving containers to Shelburne would add trucking costs, Herder said. {Patricia Launt in *Halifax Herald* 28.July.06}

CAN ANY FEEDER SURVIVE?

Note: Given that the collapse of the Halship service represents the second failure in two years of feeder service, one must ask whether any such coastwise service can survive on its own. The question becomes quite salient because three other efforts are underway to operate feeder service in Nova Scotia, and MDOT is wondering if it can expand its feeder service.

Halifax to Maine

While Halship moves only about 2,000TEUs a year for Portland, both cities would like to see it grow. George Malec, the Halifax Port Authority's vice-president of operations and security, said: "If we can help double or triple that, it helps them and strengthens our cargo capacity. The more shippers in New England can use Halifax as a gateway connection, the more sense it makes. The all-water route is a good route for transshipment. It is a proven service and it can grow." Malec visited Portland in July. {e-mail to ANR&P from Halifax Port Authority spokesperson}

In addition to receiving feeder service, Maine is wondering whether one of its three deepwater ports—currently niche ports serving in large part Maine's forest products sector—could capture some of the Suez traffic. Rob Elder, head of MDOT's Office of Freight, suggested the scope of Maine's ports could expand, depending upon the findings of a study [see 06#07A]. First, they could serve a wider geographic area of the forest products sector. Second, they could provide outbound feeder service of forest products to New York, supplementing current rail service. Finally, the ports could "play a role in handling the traffic from the Suez option," either via feeder or a direct call. {e-mail to ANR&P}

Halifax to Hamilton, Ontario

Hamilton ON, lying on Lake Ontario, is plumping for a weekly feeder service from Halifax, using a vessel with about 1000 TEUs, which would land the boxes at a new terminal in Hamilton. [See 06#07A.]

Strait of Canso hub

A few days after Hamilton's public announcement, local newspapers reported that Halifax industrialist Bob Stevens planned a container terminal in Melford, on the Strait of Canso, north of Halifax. Sources said Stevens had a market assessment in hand which showed that Melford has the 50-60-foot depth needed to handle the monster 12,000-16,000TEU container ships now on the drawing boards.

Next step for Stevens: a feasibility study to determine the design of the terminal and the service. Sources expected ground-breaking next year, with an 18-month construction period. John Vickerman of TranSystems in Norfolk, VA reportedly has been tapped for the feasibility study. [See 06#07A.]

Sydney container terminal

Even farther north, at the tip of Nova Scotia within Sydney Harbor, lies Laurentian Energy's Sydport terminal, a 600-acre industrial site. General Manager Jim Wooder said he had asked consultant TEC of Annapolis to look at the feasibility for a container port. [See *Maritimes*]

Will any of these plans work out?

Marty Toyen, a marine consultant with Seaworthy Systems of Essex CT, doubted the viability of a Hamilton feeder service. He wondered how offering five-day feeder service from Halifax could compete with one-day truck service to Hamilton from the Port of New York. Moreover, given the fact that CN has plenty of capacity (only three trains each day out of Halifax to Toronto), "there's the potential that rail can undercut" the feeder rates. "Throwing ideas on the table is good" but "this one would not be economically viable nor service-competitive."

Raymond Dufour, director of the Dieppe, NB-based Atlantic Institute for Transportation and Logistics, was also skeptical. "We see challenges—it's certainly not going happen very quickly." The Canso proposal he gave the benefit of the doubt, because private investors will pay for it, and "they [should] see the merit and opportunities for making money." However, any feeder service must face the fact that every time a container is handled, costs go up. "We have not seen a business case to prove it's feasible."

Moreover, none of the existing ports will "just watch this happen and do nothing." Halifax, whose traffic is edging up but certainly not booming like West coast ports, "will want to protect its market too, it will fight tooth and nail." {ANR&P discussions 21 July.06 & 3.Aug.06}

CONNECTICUT

TRACK WORK COMPANY

19 July, New Haven. *NORTHERN RAIL SERVICES IS DOING THE NEW WATERFRONT STREET TRACKAGE*, said John Ogren, who partnered with Mike D'Amours of Springfield about a year ago to start the company. It did the track to the

temporary loading dock for PW [see 06#02B], and completed renovating the siding for the Narragansett Pellet facility in East Providence [see 06#07A].

Background

Ogren once worked with New England Railroad Construction out of Bridgeport, which became part of RailWorks in the mid-1990s. When Railworks wanted to close its New England office, Ogren asked PW if it had work enough to keep him busy. Told yes, about 15 months ago he leased some equipment from Railworks and started Northern Rail Services, with offices in Old Saybrook and Springfield.

Mike D'Amours left CSXT ten years ago to found his own construction and track work company. The two have since done PW work as well as industrial sidings, in southern New England. {ANR&P discussion 19.Jul.06}

BRIDGEPORT

18 July. ***THE FEEDER SERVICE STILL LACKS A LOCATION IN NEW YORK/NEW JERSEY*** for its RO/RO service [see 06#04A]. Marty Toyen of Seaworthy Systems, which is advising the Bridgeport Port Authority, said the Port Authority of New York and New Jersey had not “finalized the location for us, a definite place to work out of.” Bridgeport has looked at numerous locations: “Each time we find something [feasible], something develops [and] it does not work out. [This very day], we are looking at another location in the port.” {ANR&P discussion}

MAINE

MDOT: BUYING MORE TRACK

14 July, Augusta. ***THE DEPARTMENT IS NEGOTIATING TO BUY TWO SECTIONS NEAR PORTLAND***, said Nate Moulton, rail manager.

Mountain Division

In 1996, the state bought the former Maine Central Mountain Division from Route 202 in South Windham to the state line for \$1.1 million [see 97#01]. At that time, owner Guilford Rail System did not want to sell the balance of the inactive track from Route 202 to the Sappi mill in Westbrook, but is now negotiating with MDOT to sell that section. State transportation officials see both passenger and freight re-starting on the line. “The economics start to look a lot better with the rising price of fuel (for automobiles),” Moulton commented. While MDOT has finished the appraisal, neither the date of closing nor the price is fixed. {Douglas Wright in keepmecurrent.com, a Maine-based website}

Possible freight for Mountain Division

The Baldwin [Maine] Business Association is now seeking money to rehab the track, said Bob Jewett, a member who is spearheading the effort. “If rail were working today, we could move 20-30 carloads a week.” This could consist of quarry traffic to Baltimore and points south, lumber across the country from Limington Lumber, and possibly inbound cement for the Ciment Quebec facility. Jewett said when he was involved in trucking, he was instrumental in getting the Ciment Quebec silo located in Baldwin.

The Association is talking to staffer Bill Vail of US Senator Susan Collins’ office, seeking federal money to rehab the 30 miles of track from Baldwin to Portland. Nate Moulton has proposed an engineering evaluation to ascertain the necessary work. {ANR&P discussion 20.Jul.06}

SLR to East Deering

On 17 July, Moulton confirmed that the department is meeting quietly with SLR about purchasing its track from Yarmouth Junction to East Deering. [This would assist in starting the Amtrak service from Portland to Brunswick. *Editor*] {e-mail to ANR&P}

GRS (PAR) - EMBARGO

27 July, Bangor. ***CONGESTION AT THE PTI WAREHOUSE LED TO AN EMBARGO OF TRAFFIC*** issued by Pan Am Railway (formerly GRS) this day for ‘PTI Warehouse, NEPW/PTI Warehouse’. Cause: ‘Congestions/Accumulation. Permit numbers will be issued to PTI Warehouse only.’ {AAR embargo website, ST Rail System Embargo Number:2-06, Consecutive Sheet 267}

Cause

Tammy Baker-Silver, logistics manager for NEPW Logistics which uses part of the facility [see box], wrote: ‘[W]e do have a high volume of cars enroute to the facility. We are working with the ST to get the cars unloaded as quick as possible. We are also working with our customers to divert cars if possible til the problem is resolved. It’s my feeling that everyone is doing their part to resolve the problem and we appreciate everyone’s assistance.’ {*e-mail to ANR&P* 1.Aug.06}

Peter Moir, manager of business development for another rail-served warehouse in Bangor [see box], said: “We are all getting congested. The paper companies are putting a lot of paper in storage anticipating a good third quarter. Most of us in Bangor are full.” {*ANR&P discussion* 1.Aug.06}

RAIL-SERVED WAREHOUSES IN BANGOR

PTI Warehouse

Bangor trucking company Pottle’s Transportation Inc (PTI) has long operated a rail-served warehouse on Target Industrial Circle, with a spur at about MP 61.8 of the GRS Freight Main. Owner Barry Pottle plans to extend the spur 75 feet and add a third car door. He said the 75,000SF facility handles paper, in- and out-bound by both rail and truck. {*ANR&P discussion* 2.Aug.06}

NEPW Logistics

NEPW, per Baker-Silver, ‘recently leased space at the PTI warehouse in Bangor. [It] has allowed us to do additional business that we would not have had an opportunity to do at our other locations...As the business grows we are hoping to lease more space and possibly the entire 75,000SF facility.’ {*e-mail to ANR&P* 1.Aug.06}

Consolidated Warehouse

GRS reaches Consolidated [our *Directory* #855] on Rice Street with a spur beginning at about MP 62.3 off which it once served several other businesses [see topo map of 1994 in *Terraserver*]. Moir, the business development manager, said the siding has six car spots and six doors.

In addition to the warehousing, parent Lynch Logistics operates a moving company, a truck brokerage company, a freight brokerage division, and a records management center. {*ANR&P discussion* 1.Aug.06}

Galt Block

This GRS-served facility, located at 242 Miller Street on the same spur as Consolidated, has 376,000SF with four car doors. Carolyn Hann of Galt Block said the company could have six more doors. Unlike the other warehouses, she does have more space.

Galt Block handles paper and wood pellets in the warehouse, as well as oil transloaded directly to truck from team tracks. {*ANR&P discussion* 2.Aug.06}

Dysart’s

Served by MMA, this facility [#799] handles paper in and out.

Logistics Management Systems

This MMA-served sister company [our *Directory* #800] handles paper and many other commodities.

MMA: CUSTOMER EXPANDS

1 August, New Limerick. **LOUISIANA-PACIFIC WILL SPEND \$100 MILLION TO UPGRADE ITS PLANT HERE**, to permit the production of oriented-strand lumber (OSL) in addition to oriented-strand board (OSB). Governor Baldacci visited the plant to celebrate the announcement.

The new, high-tech engineered wood product that Louisiana-Pacific plans to produce in Maine offers increased design flexibility and lowers labor costs for builders. It also cuts back on old-growth deforestation, as it can utilize warped and smaller second- and third-growth timber to create a strong and durable product that is both easy to manufacture and use.

L-P chose to expand in Maine because of the knowledgeable and experienced workforce at New Limerick as well as Maine's competitive business climate and their Pine Tree Zone status. {Baldacci press release}

Skip Cleary, plant manager, said OSL can become beams, joists, stair stringers, and so forth. "It's a whole new product line" competing with Weyerhaeuser's Timberstrand. L-P plans to serve the East coast, while Timberstrand is made in the west.

Impact on rail

Now, said Cleary, L-P [our *Directory* #781] ships out about 35% of his production, 100 cars of OSB per month, and receives 15 cars of resins and waxes per month. He could not predict the impact of changing to production of OSL; the plant will have the capability to do both, but not simultaneously.

"We would like to use rail" but it depends upon the wishes of the customers.

Rail service

Cleary was not happy with the amount of service from MMA, which has shrunk from five times a week to three times a week. While daily service would not increase the amount of traffic L-P railed, it would make switching much more easy. Now workers switch the cars themselves with a front-end loader. {ANR&P discussion 4.Aug.06}

FRASER PAPER UPDATE

1 August, Toronto. **FRASER PAPERS POSTED A LOSS AND MAY BUY THE MILLINOCKET MILLS.**

The ownership of the mills in Millinocket

In 2003, Brascan owned Nexfor Inc, which in turn owned Nexfor Fraser Papers. In April 2003, Brascan closed on the purchase of the mills in Millinocket [see 03#04B], four months after Great Northern Paper, then the mill owner, abruptly shut both facilities [see 03#01B]. Brascan owned the mills via subsidiary Katahdin Paper Company LLC. In June 2004, Nexfor spun off the assets of Fraser Papers and renamed itself Norbord. In 2005, Brascan renamed itself Brookfield Asset Management.

Apparently as of July 2006, Brookfield (formerly Brascan) still owned a 45% share of Fraser, and all of Katahdin. {editor}

'During the quarter, the Company commenced negotiations to acquire Katahdin Paper Company LLC. Katahdin is currently owned by Brookfield Asset Management, a significant shareholder in Fraser Papers, and produces 440,000 tons per year of directory and SCA/SCA+ paper. A special committee of the board of directors, comprised of board members who are independent of Brookfield, has been established to review the transaction. The special committee has met three times and has toured the facilities at Katahdin. Management expects to announce a decision on acquiring Katahdin in 2006.'

Downtime at rail-served facilities

Fraser reported 'EBITDA for the quarter at negative \$9 million compared to EBITDA of \$1 million in 2005. During the second quarter of 2006, Fraser Papers took 17 days of scheduled and unscheduled maintenance downtime at its pulp mill in Edmundston, New Brunswick and related downtime at its paper mill in Madawaska, Maine. In addition, the Company's two lumber mills in New Brunswick took 10 days of market-related downtime [see 06#07A *Maritimes*]. The Company estimates the impact of shutdowns during the second quarter contributed approximately \$7 million to the losses in EBITDA. Higher chemical and energy costs and the impact of a stronger Canadian dollar also contributed to the weaker results.'

The maintenance requiring 17 days of downtime at its Edmundston sulphite pulp mill during the quarter will improve throughput and lower costs at its East Papers operations.

Closure in Berlin NH

'In April 2006, Fraser Papers permanently shut its 250,000 tons per year hardwood kraft pulp mill in Berlin, New Hampshire [see 06#03A]. The closure has enabled a consolidation of Fraser Papers' market pulp sales position with the elimination of lower margin export sales and a resultant improvement in the average realization on sales from the Company's pulp mill in Thurso, Quebec.' {Fraser press release}

SLR INTERMODAL DOWN AGAIN

Note to e-bulletin readers. The paragraph I wrote about SLR intermodal numbers in e-bulletin(w) must be completely

disregarded. I mixed up monthly and quarterly results. The story below has the correct facts.

1 August, Greenwich CT. **GWI ANNOUNCED ANOTHER DROP IN INTERMODAL CARLOADINGS** for the second quarter of 2006. In 1Q06, Genesee & Wyoming (GWI), SLR's parent, stated intermodal traffic as 1,033. In 2Q06, traffic dropped to 920. [This could be due to the closing of the Arkansas ramp at the end of 1Q06. See 06#05B.]

For comparable periods, intermodal carloads came in at 1,955 for the first half of 2006, compared to 2,298 for the first half of 2005. [GWI does not break out the intermodal loadings railroad by railroad, although SLR apparently has the only intermodal ramp on the system at this time. *Editor*]

Intermodal revenues dropped from \$998,000 in the first half of 2005 to \$855,000 in the first half of 2006. Revenue per "carload" rose from \$434 to \$437 in 2006. [The calculation below would lead one to believe that GWI is using actual cars (five-packs or one-packs or whatever, not intermodal units. That makes the actual revenue per box roughly \$100. *Editor*]

Overall results also down

In the second quarter, U.S. and Canadian same-store traffic decreased by a net 8,950 carloads, primarily due to declines in lumber & forest products traffic of 3,444 carloads due to lower traffic in the southeast U.S. and Oregon, coal coke & ores traffic of 3,316 carloads due to the plant maintenance in Illinois, and pulp & paper traffic of 1,410 carloads. {GWI press release}

Contrast with CN

On 20 July, CN announced its second quarter results. 'Intermodal revenues increased 17% during the quarter, benefiting from growth in international container traffic, primarily from Asia, and increased transborder and domestic movements. Grain and fertilizers revenues rose 16%, driven in part by higher shipments to export markets of Canadian wheat, U.S. corn, and Canadian canola and canola meal.' {CN press release}

Actual observation

On 9 June, in Waterville, QC, SLR train 394 had 12 intermodal cars, moving eastbound toward Auburn. The consist, according to a rail observer, had four locomotives, 25 mixed freight, two bark mulch container flats, five 5-unit well cars, three 3-unit well cars, two stand-alone well cars, and then 13 mixed freight. Of the 76 cars (counting each platform as a 'car'), 38 were intermodal. 'Aside from a few trailers and empty wells near the front of the intermodal cars, most of the well cars were double-stacked.' {Michael Eby in SLR e-list}

[Assuming that of the 36 platforms, 20 were full doublestacked, that translates to 40 boxes. If SLR runs that many for 60 days in the quarter, that totals 2400 boxes, so clearly GWI is not reporting containers. Counting only actual cars, the train had 12 intermodal cars. Let's say normally half that, or six, times 60 days = 360, and we come very close to the actual results. *Editor*]

Company comment

During a conference call to discuss the 2Q06 results, top officials Jack Hellman president, Mort Fuller chair and CEO, Timothy Gallagher CFO, and Matt Walsh, vice-president corporate development and treasurer, commented on the intermodal figures.

First, they confirmed that the figures released by GWI state only intermodal cars, not containers or trailers. Second, the figures "are largely related to the intermodal facility in Auburn, Maine."

Third, the officials could provide no explanation for the relatively slow traffic in Auburn relative to the remainder of North America. They found rate increases and resultant switch to truck "not a terribly large factor" affecting Auburn traffic.

The intermodal is "a tiny, tiny segment of our business...not material to the big picture at G&W. Our marketing team on the SLR/SLQ is as strong as we have anywhere in the company. If there's intermodal to be moved through the Auburn yard, they're going to do it." {ANR&P coverage}

MASSACHUSETTS

GRS BOSTON: DISCONTINUANCE

10 July. '**B&M AND ST GIVE NOTICE ON OR ABOUT 7/14, IT INTENDS TO FILE WITH THE STB TO ABANDON 9/10THS OF THE FITCHBURG FREIGHT CUTOFF** between MP0.0 and MP 0.86 in Somerville.' {notice in *Boston*}

Globe filed by John P. Curtin staff attorney}

History and future use

Originally a track from Bedford to Somerville Junction, the Fitchburg Freight Cutoff was cut back steadily until after 1992, only 1000 feet remained from Somerville Junction to serve the last customer, a former International Paper container factory. {*Rail Lines of Southern New England*, Ronald Dale Karr}

The City of Somerville in 2005 was considering reuse of the site, under the name of a former industrial facility there, 'Maxpak'. It 'consists of 56 and 61 Clyde Street, two former industrial sites located between the active Lowell Branch of the MBTA Commuter Rail and an inactive rail spur (Davis Square Freight Cut-Off). The inactive spur will be converted into an extension of the Community Path that currently terminates at Cedar Street.' {City of Somerville website, Planning page}

GRS/NET: FOR OR AGAINST?

13 July, DC. **MANY ENTITIES COMMENTED ON WHETHER A C&D TRANSFER STATION SHOULD RECEIVE AN EXEMPTION.** On 20 June, the STB requested comments on New England Transrail's proposal to operate a short railroad with a transload facility in Wilmington and Woburn, and by virtue of federal pre-emption to operate outside of state and local regulation [see 06#06B]. Comments were due this day. Find the full text of the comments at the STB website, filings page, FD 34797.

Supporting

Association Of American Railroads

CSX Transportation Inc and Norfolk Southern Railway Company (support AAR position)

New York Susquehanna And Western Railway Corporation (attacks position of New Jersey re NJ facilities)

Opposing

City Of Middletown, New York

City Of Woburn, Massachusetts.

Commonwealth Of Massachusetts

Idaho Department Of Environmental Quality

Illinois Environmental Protection Agency

Massachusetts Department Of Environmental Protection

National Solid Wastes Management Association, Solid Waste Association Of North America -

Massachusetts Chapter; Massachusetts Municipal Association; Construction Materials Recycling Association; New Bedford Waste Services LLC; and Integrated Waste Services Association

New Jersey Department Of Environmental Protection

Ohio Environmental Protection Agency

Rutgers Environmental Law Clinic (30-page brief)

State Of Maine

Susan Cleaver (citizen, Goshen NY resident)

UTU/John D. Fitzgerald (opposes creation of micro-railroads without union labor)

GRS: CUSTOMER CHANGES HANDS

24 July, Berlin CT. **NORTHEAST UTILITIES IS SELLING THE MT.TOM PLANT** and other competitive generation assets in Connecticut and Massachusetts for \$1.34 billion, including the assumption of \$320 million in debt, to Energy Capital Partners, a private equity firm. The firm is buying 15 generating plants (including Mt.Tom) at 14 sites with a total output of 1,442 megawatts, the largest of which is the 1,080-megawatt Northfield Mountain pumped-storage facility located in Northfield, Massachusetts.

The Mt. Tom Station, a 146-megawatt coal-fired plant in Holyoke, Massachusetts, is owned by NU subsidiary Holyoke Water Power Company. GRS (PAR) delivers coal to the plant [our *Directory* #166]. {NU press release}

An official close to the deal expects the plant will remain in full operation. In the more distant future, the new owners may put in a scrubber which would change the type of coal burnt. {*e-mail to ANR&P* 1.Aug.06}

RHODE ISLAND

PW: ETHANOL COMING

18 July, Pekin, Illinois. *AVENTINE WILL USE THE MOTIVA TERMINAL IN PROVIDENCE TO RECEIVE AND DISTRIBUTE ETHANOL*, providing more traffic for the PW. Darren Smith, senior rail and marine specialist with Aventine Renewable Energy Inc (Aventine), said the company had a lease of tank capacity in Providence, at the Motiva terminal. According to the Aventine press release this day, the ‘terminal will provide streamlined logistical infrastructure for ethanol supply for the emerging Rhode Island and nearby Boston area markets.’

Aventine, a leading producer, marketer and end to end supplier of ethanol, also announced additional terminal capacity in Philadelphia at F.C. Haab Company, served by CSXT.

Rail route not yet clear

Although the press release stated that ‘terminal facility in Providence will be provided by Motiva, a joint venture between Royal Dutch Shell and Saudi Aramco, and will be served by CSX Transportation via an interchange with the Providence and Worcester Railroad Company’, Aventine has not yet completed negotiations on the rail route, said Smith.

According to an official with investor relations, Aventine plans a start-up of this facility in 1Q07, and will run 100-car unit trains. {ANR&P discussion 21.Jul.06; Aventine press release} [Hence the way remains open for a PW-NECR route, the possibility of which may have ignited the PW press release in June, see 06#06A. The box on possibilities in that article does mention ethanol. *Editor*]

Motiva makes sense: fire in Providence

Gasoline, mixed with ethanol, burns more cleanly. Hence co-locating the ethanol tanks with gasoline tanks means truckers can receive both easily.

On 19 July, a Danish tanker caught fire while delivering gasoline to the Motiva facility in Providence. As a result, Shell gasoline stations may run short. Firefighters were still battling hot spots under the pier on 20 July. {*Providence Journal* cited in boston.com 21.Jul.06}

Existing NS-served ethanol terminal in Motiva NJ facility

In early 2004, New York and Connecticut banned the additive MTBE, increasing the demand for ethanol. NS allied itself with Motiva to locate terminals, said Tom Landrum, NS national account manager, sweeteners and ethanol. “Our relationship allows Motiva to make a significant capital improvement to its terminal in Sewaren NJ, which is well positioned in the New York harbor.” Proposed improvements to the Sewaren facility will allow the unloading of up to 80 cars of ethanol each day. As of May 2004, NS had delivered more than 30 million gallons of ethanol to the terminal. “Suppliers are eager to convert to our rail program, because we consistently reach the New Jersey terminal from the Midwest in five and a half days. Once the project is complete and unit trains are put into this service, our customers will see significant reductions of current transit times.” {*NS Newsbreak* 5.04}

PW: TWO NEW C&D FACILITIES?

25 July, Cumberland. *COASTAL RECYCLING WILL HOLD A PUBLIC FORUM ON ITS RAIL FACILITY*, and asked the Town to postpone consideration of its formal proposal. In the face of increasing public criticism, Coastal Recycling spokesperson Stephen Cuomo announced that the public forum will permit residents to ask company representatives about the proposal to rehabilitate the former Trimont Chemicals property at 1226 Mendon Road to process construction and demolition debris (C&D). “Although not one resident or environmental group came to oppose this proposal over the last several meetings, it appears now that a campaign of inaccuracy and misinformation has town residents ill-informed and unfortunately upset over this proposal.”

Status of proposal

Coastal was to receive preliminary design plan approval from the town Planning Board on 26 July, the first step in the town's three-stage application process. Cuomo expected the Board will take up Coastal's application at the end of August.

If the project clears the Planning Board process, it will then need a permit from the Rhode Island Department of Environmental Management and will be directly regulated by the state.

EPA comment

The federal Environmental Protection Agency must also approve plans for excavating soil and continue monitoring the site's existing chemical contamination.

In February, David Newton of the Environmental Protection Agency, who is overseeing cleanup of the Peterson-Puritan Superfund site along the Blackstone River, encompassing the sites of both Coastal and Fleet's [see below] C&D facility, contacted Cumberland to comment on the project. He noted the project came to his attention from an interested member of the community. 'In the future, EPA would appreciate being kept apprised of any development plans on federal Superfund sites....'

'The EPA finds merit with Coastal Recycling Group's proposal for reusing the Pacific Anchor property. EPA has a long and successful track record in working with property owners and operators on the site. Pacific Anchor, Dean Warehouse, CCL Custom Manufacturing, and Hope Webbing are good examples of where Superfund and current industry operations are co-existing. EPA remains optimistic about the proposal and is willing to work with the parties to consider this proposal in more detail.'

Deed restrictions on the property gave the EPA and Rhode Island Department of Environmental Management a right of access at all time to monitor wells and verify data. The property cannot be used for industrial manufacturing and, in fact, must be used for commercial purposes except for manufacturing. No child care or elder care is allow, nor medical or educational uses. Also, a floor slab in the existing building must be left intact. It acts as a cap against vapors from underground contamination, Newton noted. {Marcia Green in *Valley Breeze* 26.July.06; Philip Marcelo in *Providence Journal* 26.July.06}

Comment by president

Anthony Davidson, president of Coastal, sent a letter to the editor describing his proposal. It stated in part: 'Our project proposal is unique in that we are proposing an "Enclosed Construction & Demolition Materials Processing Facility." This proposed processing facility is designed to ensure that all the processing and disposal occurs in an enclosed facility and this facility will be the first of its kind in the state. This "enclosure" means no odor, no dust, and a significantly diminished noise. Our proposal calls for all processing indoors, with no outdoor storage piles on the ground and with no processing outdoors....This project is good for the state, because we will be sending construction and demolition debris destined for the Johnston landfill instead to' a landfill in Ohio. {*Valley Breeze* 26.July.06}

25 July, Cumberland. **A SECOND PROPOSAL FOR A C&D PROCESSING FACILITY** came to light. According to documents submitted to town planners in April [and why not revealed until now? *editor*], Fleet Construction owner Peter Calcagni is proposing an indoor materials processing facility, 'New England Dispose' on eight acres of his 24 Martin Street property, to sort and process construction materials, 'specifically sand, gravel, masonry, concrete, asphalt, and wood products,' in an enclosed, 100,000-square-foot structure. Town Planning Director Merrick A. Cook said that proposal will be presented to the Planning Board on 30 August.

Location

Fleet has a quarry operation on Martin Street [see map 06#03B] opposite CCL Custom Manufacturing [our *Directory* #463] roughly in the shaded area of the map. PW's main line runs along the south side of the quarry, permitting easy construction of a spur.

Mayor's reaction

Mayor David S. Iwuc has called for a total rejection of any such proposals until the state Department of Environmental Management and the U.S. Environmental Protection Agency review them. "I cannot properly support a [construction and debris] facility in town until there is more information from outside agencies. There is too much at stake. Cumberland is not going to be the state's dumping ground. We're not getting rid of Rhode Island's trash," he said on 25 July.

The close succession of the two proposals shows that the combination of railways and vacant, industrially zoned properties make the town attractive in the growing business of materials processing, Iwuc and Cuomo [see Coastal article] noted.

"One key element you will see with the proposals that are popping up is access to rail. You're not going to see an explosion of development in towns without rail connection. There aren't too many towns like this in the state," Cuomo noted.

But the town must weigh the financial benefits of economic development with the costs to the environment and quality of life when bringing in such companies, Iwuc said. "I have always been for continued growth and development in town and for businesses that could benefit the town with added revenue. But in their proper place. We need a better balance between residential and commercial than we have today." {Marcia Green in *Valley Breeze* 26.July.06; Philip Marcelo in *Providence*

Journal 26.July.06}

PW: FRIP ANNOUNCEMENT

26 July, Worcester. **PW ANNOUNCED “TENTATIVELY” IT WOULD RUN THE FIRST TRAIN OVER THE FRIP AT THE END OF AUGUST**, in a press release, ‘with regular service to commence in September 2006.’

South Quay

PW also announced ‘the groundbreaking for the Warren Avenue extension in East Providence, which provides a direct link between I-195 and the Company's South Quay property....The project is anticipated to be substantially complete by 2007.’ [See 06#05A.]

Background on the FRIP

‘The FRIP was originally proposed by the State of Rhode Island in the mid-1990s to increase the capacity of the electrified Northeast Corridor along a twenty-two-mile corridor from Central Falls, Rhode Island, through Providence, to Quonset Point/Davisville and to increase overhead clearances to allow for the movement of modern rail equipment, thereby enabling development of the State's Quonset Point/Davisville port facilities. The FRIP track consists of seventeen miles of dedicated freight track (ten miles of which are new track and seven miles of which were rehabilitated), while the balance of the route consists of shared use of two rehabilitated electrified main lines for five miles. Construction commenced in 2002 at a cost of \$148 million to the State of Rhode Island and the federal government and is scheduled to be completed by the third quarter of 2006.’ {PW press release}

Autoracks coming?

Mike Miranda, who heads the North Atlantic Distribution auto facility in Davisville [an area newly-named the Narragansett Bay Auto Terminal—see 06#01A], said his company had not ordered autoracks. PW is looking for auto customers, though, for either import or export. He suggested calling back at the end of September for more definite information. {ANR&P discussion 1.Aug.06}

Bruce Hamilton, the head of the Seaview industrial railroad which serves the Quonset/Davisville Port and Commerce Park including NORAD, wrote that ‘Miranda...is very positive about the rail operation. He told me that [the development corporation] has been very helpful and that, last week, he ordered two loading ramps. Plans are to construct two new tracks for loading.’ In the meantime, Hamilton has worked on the existing tracks ‘to be sure we are ready.’ {e-mail to ANR&P 1.Aug.06}

Steven King, chief operating officer for the Quonset Development Corporation, which leases the land to NORAD, said the tenant will probably take responsibility for the construction of the two tracks. “We are still negotiating.” {ANR&P discussion 2.Aug.06}

Office car special

On 1 August, PW started a special train out of Amtrak's Providence Union Station. It stopped at Valley Falls and then Worcester for lunch. Heading south to Groton and New London, the cars stayed there overnight.

On 2 August, NECR will move the train to St.Albans stopping at Bellows Falls and White River Junction enroute.

The train had CN, PW, and NECR representatives, plus Charlie Swinburn, RailAmerica CEO. According to a top PW official who spoke off the record, officials from auto companies Toyota, Volkswagen, and BMW attended a meeting in Providence during the week.

The auto officials apparently did not join the office car special. {ANR&P special correspondent Ron Chouinard report}

QUONSET POINT/DAVISVILLE

2 August, Davisville. **THE QUONSET DEVELOPMENT CORPORATION WILL RETAIN OPERATIONS RESPONSIBILITY FOR THE PORT**. Steven King, chief operating officer, said QDC did not like the responses it got to the RFP it put out [see 06#01A] and will handle the terminal itself.

And has begun a three-phase track improvement program

On 1 August, QPD closed the bids for ties for the track project. On 27 July it issued a request for bids to do the first phase of track upgrading, in the West Davisville yard area from the Amtrak switch to Post Road. The work includes installing 5000 ties, switch timbers, ballasting 25,000 track feet, and switch work. National Direct of Schenectady NY will supply bid documents.

Bids are due on 18 August. {RI Purchasing website, Bid No. 2006-016 (quasi-municipal section)}

VERMONT

VRS: POSSIBLE NY CUSTOMER

10 July, Hoosick Falls NY. **THE TOWN COUNCIL HEARD A PROPOSAL FOR A RECYCLING FACILITY** and landfill located on one thousand acres adjacent to the Bennington Battlefield state site on Route 67, about a mile west of the Vermont state line. The company, Wastetricity [no further information available at this time], envisages a 300-acre recycling facility for construction and demolition debris (C&D); the remainder of the site would provide a buffer zone. Council member Bob Ryan recounted that the facility would likely recycle about 75% of the material, and landfill the balance.

Trucks or the railroad would bring in material. {Neal Goswami in *Bennington Banner* 19.July.06}

Status of the line

VAOT Assistant Attorney General John Dunleavy noted that VAOT purchased the Hoosick Branch between Hoosick Junction and North Bennington from Guilford Rail System in April 1996 and leased it to VRS. In 2000, VAOT began work [see 00#17], ‘so the line is now physically in very good condition.’ {e-mail to ANR&P 20.Jul.06}

If Amtrak begins to operate over the ABRBE route [Albany-Bennington-Rutland-Burlington-Essex Junction—see 06#06A], it will use the Hoosick Branch. {editor}

QUEBEC/MARITIMES

HALIFAX: MARKETING

31 July, Alexandria VA. **THE PORT AUTHORITY RECEIVED THREE AWARDS FOR MARKETING EFFORTS.**

Advertising - Individual: Awards of Excellence for two ads, one called “Deepening” and the other called “Bring It On”.

Promotional Literature: Awards of Excellence for the Halifax Cruise Brochure.

‘For four decades, AAPA’s annual Communications Awards Program has recognized excellence in the products and services which ports produce to meet their public relations outreach and marketing goals.’ {AAPA press release}

HALIFAX - HALTERM

26 July. **HALTERM ANNOUNCED A 14% INCREASE IN CONTAINER VOLUME**, to 35,820 containers, in 2Q06 versus 2Q05, and a more than doubling of net income to \$2.0 million (\$0.25 per unit) versus \$0.9 million (\$0.12 per unit) for 2Q05. “These strong second quarter results reflect the initial impact of new business from China Shipping and Maersk, which both still have significant scope for growth, as well as sustained increases in business from our largest and longest-established customer, Zim,” said Doug Rose, president & CEO of Halterm Limited.

Agreements with carriers

‘As of June 30, 2006, all of the Company’s customers are under long-term service agreements. Customer service agreements require that any of the shipping line’s container vessels, which call the Port of Halifax, be handled by Halterm at rates and other terms and conditions specified within the agreements. These agreements do not specify any minimum volume commitment or obligation. Two of these contracts expire at the end of this year and as part of normal course business, management expects that these contracts will be renewed for future years.’

Capital equipment

‘In May, 2006 the Company acquired terminal equipment (“yard tractors”) valued at approximately \$1.0 million, financed through capital leases with terms of two to four years. The Company has also committed to lease additional terminal equipment valued at approximately \$9.0 million, financed by an operating lease with a term of seven years. This equipment is scheduled to be received by the company during the third quarter of 2006 (“front end loaders”) and the first quarter of 2007 (“yard gantries”).’

Tentative labour agreement

The tentative agreement with the International Longshoremen's Association announced in March [see 06#05A] is still not ratified by the full union membership.

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; equipment description from Murray Graves of Halterm 1.Aug.06}

SYDNEY

18 July. **PORT USERS FORMED A MARINE GROUP TO STUDY COMMON ISSUES**, said Jim Wooder, CEO of Laurentian Energy Corporation, which owns and operates a terminal at Sydport in the South Arm of the harbor [see map in 01#04A]. Six entities will join in a memorandum of understanding: Laurentian, Sydney Port Corporation (operator of the Sydney Marine Terminal), Marine Atlantic (operator of the ferry to Newfoundland out of North Sydney), Provincial Energy Ventures (operator of part of the Sysco Pier), Sysco (which still holds rights to its former pier), and Logistec (operator of the International Coal Terminal). Wooder noted that Sydney does not have a port authority with a mandate to focus on common interests, such as security, dredging, and marketing. "We have a fabulous port here, it's underutilized, and the group is cooperating to change that."

The master port study

According to Wooder, the group wants to engage a "world-class group to evaluate the Port's existing infrastructure and identify business development opportunities." The terms of reference for the study are drafted and a pre-qualifying expression of interest should be issued by the end of July. The group has contacted local funding agencies and "we were encouraged to put an application together." Any funding shortfall will be met by the signatories to the MOU.

Wooder identified some of the key project deliverables, starting with a baseline economic impact analysis. "People are generally aware of the economic importance of port activity, but specific information needs to be developed regarding jobs and total economic impact to the community." The study would also identify the best use of each asset, describing what level of capital investment each might need to capture specific opportunities. Additionally, it would suggest the kind of ongoing organization to best "keep the harbor users pulling together."

Marketing

Wooder acknowledged that each user in the harbor will continue to do its own marketing, and that competition among them may still exist at some level. However, no one is now marketing the port as a whole. No single website exists where companies interested in the harbor can find information about it, including incentives that might be available to induce new business to locate in Sydney.

Containers?

In addition to the general harbor study, Laurentian has asked TEC of Annapolis to look at the feasibility for a container port in Sydney. Wooder said he would make more details public about that later. {ANR&P discussion 18.Jul.06}

STRAIT: LNG PROJECT

10 July, Bear Head. **ANADARKO AGREED TO SELL THE UNCOMPLETED LNG TERMINAL** it owned via its subsidiary Bear Head LNG Corporation. Under the agreement with U.S. Venture Energy, a private equity firm, Anadarko will receive \$125 million, as well as an 18-month option to secure up to 350 million cubic feet per day of natural gas capacity at competitive rates. Although Anadarko said it had invested \$100 million in site preparation, the company had struggled to secure a gas supply for the project and officially put its Bear Head plans on hold in March.

Access Energy started the project in 2002 [see 03#08B], and sold it to Anadarko in 2004.

And the facility in Goldboro?

Kevin Dunn, president of Keltic Petrochemicals Inc., which plans a \$4.5 billion LNG terminal and petrochemical plant at Goldboro, Nova Scotia, said the Bear Head deal raises a lot of questions. It's extremely hard to get a supply of liquefied natural gas to North America in the current market, and he wondered if the American investors have done their due diligence

on the project. Keltic had its own challenges securing an LNG supply in the past and now has a supply deal with Maple Gas. {Helen Murphy in *Guysborough Journal* 15.July.06}

CBNS: FEDERAL GYPSUM

11 July, Point Tupper. *FED GYPSUM 'HAS STARTED TO SHIP AND HAVE RELAPSED A FEW RAIL CARS* to date', reported Roy Budgell, marketing honcho for CBNS. 'It is expected to ramp up over time [see 06#05A] as they get their operation up to 24/7. It appears to be starting out well but will take some time to be where all involved want it to be.' {e-mail to ANR&P}

PEOPLE

The **Pan Am Railway** has appointed **Ed Motte** as vice-president of transportation, with previous office-holder **Syd Culliford** becoming senior vice-president of transportation. Culliford reportedly spends time at the Northpoint development in East Cambridge [see 05#03B] with Phil Kingman, senior vice-president of sales and son-in-law of Dave Fink.

For the past five and half years, Motte worked for the Federal Railroad Administration out of the Boston office, according to Bob Novak of that office. Earlier, he worked for Conrail. He is listed in an emergency plan for Ohio University, dated 1991, as Conrail division manager in Indiana. 317-267-4543

Charlie Moore, who had to retire as a result of the Rail America restructuring [see 06#07A], is remaining in St.Albans and plans to stay involved with rail industry in Vermont. He has decided to continue as a member of the Vermont Rail Council.

Keep that scorecard of GRS/Pan Am attorneys up to date! **Alexandra Schmit**, who arrived earlier in 2006 [see 06#03A], 'will leave the employ of Defendant [**Springfield Terminal Railway**] as of June 30, 2006' according to a court filing in the San Luis Central car hire case [see 06#07A *Regional*].

Dawn Terrill, secretary of the **Vermont Agency of Transportation**, is resigning effective 4 August to run a small business in Chittenden County (not a railroad). Former Secretary of Civil and Military Affairs **Neale Lunderville** will assume her post. He was the governor's lead for emergency operations and also served as his liaison with VAOT, the Agency of Agriculture and the Department of Public Safety.

RAIL SHIPPERS

More information in our Rail Freight Facilities in New England on those marked with a #.

Aventine (PW, Rhode Island)
 Coastal Recycling (PW, Rhode Island)
 Consolidated Warehouse (GRS, Maine #855)
 Federal Gypsum (CBNS, Nova Scotia)
 Fleet Construction (PW, Rhode Island)
 Galt Block (GRS, Maine)
 Halterm (CN, Nova Scotia)
 Katahdin Paper (MMA, Maine #790, 791)
 Louisiana-Pacific (MM, Maine #781)
 NORAD (PW, Rhode Island)
 PTI Warehouse (GRS, Maine)
 PTI/NEPW Warehouse (GRS, Maine)
 PW platform (PW, Connecticut #545)
 SLR intermodal (SLR, Maine #914)
 Wastetricity (VRS, New York/Vermont)

ATLANTIC NORTHEAST RAILS & PORTS

162 Main Street Yarmouth, Maine 04096
Vox (207) 846-3549 Fax (866) 484-4490
Chalmers (Chop) Hardenbergh, publisher and editor
C_Hardenbergh@juno.com www.atlanticnortheast.com

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 weekly. We send a formal issue twice a month, via post or e-mail. Between the issues, we send out the , only by e-mail. All information in the is included in the issue.

Pricing

Subscriptions cost \$395 for professionals, \$115 per year for students, young and old. Introductory prices available. The , 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.’

Copyright notice

PLEASE DO NOT COPY THIS NEWSLETTER, or forward it in e-mail format, in whole or in part. You receive it as a paying subscriber, or a potential subscriber. Passing it on without explicit permission of the editor violates copyright law, and diminishes the likelihood of our staying in business.

E-ISSUE