

Issue 08#09B 2 October 2008

*Article unchanged from e-bulletin.

**Blue type in article: changes from e-bulletin.

NS-ST DEAL

NS-ST: Applicants respond that oral argument not needed.** PVRR and RailAmerica agree.* Applicants say appointment of receiver would not affect creation of PAS.*

NS-ST: Mike Bostwick and Scott McGregor address questions at NEARS.*

NS v ST: STB okays need for environmental assessment, drops plan to decide by 20 October, refuses oral argument or hearing.*

OTHER REGIONAL ISSUES

NS and New England: Former NS official Jim McClellan looks at the past and future.*

Greenbrier v ST: Greenbrier notes ST contradictory statements,

Greenbrier v ST: \$1 million settlement with new mechanisms for payment.**

CONNECTICUT

[No report.]

MAINE

[No report.]

MASSACHUSETTS

NECR: Wood pellet transload reopens.

ST: Switch for USG ready.

NEW HAMPSHIRE

NHDOT: Road salt awards.*

RHODE ISLAND

[No report.]

VERMONT

VAOT: Details on western corridor projects and GRIP. No EIS needed for Rutland railyard? Box on western corridor planning.

VRS: In good health.

VRS & NECR: USDOT grants for track upgrades to help Amtrak times.

MARITIMES/QUÉBEC

CN and SCFQ: Have talked for last three years on CN buying SCFQ lines.*

Canso: Mostly positive comments about Melford Terminal project. NS decision 23 October.

Statia becomes Nustar (box)

Canso & CBNS: Steps Melford needs to take.

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

[No report.]

FROM THE PUBLISHER

More on NS-ST

While we wait for the environmental assessment, I can catch up on other news. A beginning here: Canso and the Vermont western corridor articles.

- Chop Hardenbergh

Next issue: 16 October.

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, **CNZR** - Central New England RR, **ConnDOT** - Connecticut Department of Transportation, **CP** - Canadian Pacific Ry, **CSO** - Connecticut Southern RR, **CSRX** - Conway Scenic RR, **CSXI** - CSX Intermodal, **CSXT** - CSX Transportation (railroad), **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, **GWY** - Genesee & Wyoming Inc, **FHWA** - Federal Highway Admin., **FRA** - Federal Rail Admin., **FRTC** - Fore River Transportation Co., **FTA** - Federal Transit Admin., **HRRC** - Housatonic RR, **MBCR** - Mass. Bay Commuter RR, **MBRX** - Milford-Bennington RR, **MBTA** - Mass. Bay Transportation Authority, **MC** - Massachusetts Coastal Railroad, **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, **NS** - Norfolk Southern Railway, **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.

NS-ST DEAL

ARGUMENTS ABOUT ARGUMENT**

15 September, DC. *NS AND ST OPPOSED ORAL ARGUMENT BEFORE THE BOARD*, as requested by EOT and other parties [see 08#09A]. The Applicants noted that the matter had 44 parties of record [note on error omitted]. NS and ST argue that EOT et al failed to identify a single issue which would benefit from oral argument.

What about Greenbrier's request for a receiver?

Applicants addressed the Greenbrier case in a footnote, because two unions brought it up [see 08#09A and *Other Regional*]. The unions 'claim that oral argument is the only means of gauging the impact of the appointment of such a receiver, a hypothetical situation that is very unlikely to occur.

'Oral argument would not be helpful in this regard. A receivership...is different from a bankruptcy...and as a result there would be no effect on the implementation of the transaction should a receiver be appointed for Springfield Terminal after receipt of an approval from the STB.

'First, should the US District Court decided to appoint a receiver for Springfield Terminal, that receiver would not have the powers one normally associates with a bankruptcy trustee to affirm or reject executory contracts.

'Second, the receiver would not be able to reverse any concession or representation made in this proceeding prior to the receiver's appointment.

'Third, there is no reason to believe that appointment of a receiver for Springfield Terminal would affect Springfield Terminal's ability to operate its system or to act as a contract operator for PAS. A receiver essentially steps into the shoes of the current management....'

If the receiver were appointed 'during the pendency of this transaction before the Board....then the receiver could petition the Board for extra time in which to review and evaluate the transaction documents and the proceedings to date. This is not anticipated to happen, but if a receiver is appointed, Applicants will promptly notify the Board. In any event, oral argument would not be useful to resolve issues related to that eventuality.'

Oral argument the exception

NS and ST wrote that oral arguments 'are the exceptions, which the Board reserves for proceedings presenting exceptionally difficult or novel issues of fact, law, or transportation policy or for proceedings having extraordinarily wide-spread impact.' The Board has denied oral argument to the Mayo Clinic, which opposes the Dakota, Minnesota, and Eastern's expanded operation through Rochester. It has denied oral argument to Nevada, which opposes construction of a 300-mile railroad to the Yucca Mountain nuclear waste storage facility.

Support from PVRP and RailAmerica

On 16 September, RailAmerica (NECR and CSO owner) filed a comment also opposing oral argument. It argued that the record was sufficient, and that Board practice normally permits only one reply.

On the same day, the Pinsky Railroad Company, owner of PVRP, wrote that the benefits of the deal were 'substantial,' that 'the investments to be made in the Pan Am Southern property are badly needed and important to connecting carriers like PVRP [PVRP has a deal with NS to reopen the Holyoke interchange—more in a future issue]. PVRP does not believe that this important transaction for the New England rail network should be unnecessarily delayed,' wrote Pinsky President John Levine. {STB Financial Docket No. 35147}

STB POSTPONES DECISION*

24 September, DC. *THE SURFACE TRANSPORTATION BOARD AGREED WITH THE APPLICANTS ON THE NEED FOR AN ENVIRONMENTAL ASSESSMENT*, and 'vacated the remainder portion of the procedural schedule,' meaning no final decision by 20 October [see 08#06B].

NYSDOT recommended an environmental assessment, especially on the proposed Mechanicville auto and

intermodal facility. Ditto for the City of Springfield, Massachusetts, and the Town of Ayer [see 08#07A]. EOT asked for evaluation of environmental concerns [see 08#08A], as did the Town of Ayer (again) [see 08#08B].

Environmental question

‘On June 6, 2008, after consultation with the Board’s Section of Environmental Analysis (SEA), Applicants prepared an Environmental Appendix in support of their conclusion that the Transaction would not require formal environmental review by the Board under the National Environmental Policy Act of 1969, 42 U.S.C. 4321-43 (NEPA). In response, several parties filed comments expressing environmental concerns. In light of these concerns, Applicants consulted with SEA again and subsequently proposed that an Environmental Assessment (EA) be prepared that would address all relevant environmental issues raised by the Transaction.’

On 22 August, NS-ST wrote the SEA to request approval of their proposal ‘to prepare a Preliminary Draft Environmental Assessment (PDEA) in connection with the environmental review.’ Attorney Richard Allen noted that NS-ST filed an Environmental Appendix on 6 June, and conferred with SEA on 14 August.

‘As a result of that consultation’ the NS-ST environmental consultant, ICF International, will prepare the PDEA ‘under guidance provided by SEA....Applicants anticipate that SEA would verify the information submitted in the PDEA and independently evaluate the environmental impacts of the proposed Transaction.’ {letter on STB website, Environmental docket No. 35147}

Next step

‘Once the EA is complete, SEA will make it available for public review and comment. Parties will then have 30 days to submit comments to SEA. After the comment period, SEA will make available a post-EA, addressing the comments and making final recommendations on environmental issues to the Board. The Board will issue a final decision on the Transaction shortly thereafter.’

EOT, applicants, and others should use the time

‘We urge parties to take advantage of the additional time in the procedural schedule to continue negotiations on any unresolved issues, including the proposed assignment of trackage/operating rights to PAS by Springfield Terminal and B&M over rail lines owned by the Massachusetts Bay Transportation Authority (MBTA) and a rail yard owned by the Commonwealth of Massachusetts through EOTPW. Applicants and EOTPW (which represents MBTA in this proceeding) shall submit a joint written report to the Board on the status of any negotiations on or before October 20, 2008.’

Requests for hearing and oral argument denied

The Board decided against the Committee for Improvement of Rail Service in Maine, which requested a public hearing in Maine, and EOT and the other parties, who requested oral argument: ‘The Committee has sufficiently documented its concerns regarding PARI and the effects of the Transaction on Maine in its pleadings. Accordingly, the request for a public hearing is denied. Further, we believe that the material issues in this case can be fully presented and addressed through the written record and that oral argument is not necessary. Therefore, the Joint Parties’ request for oral argument is denied.’ {STB decision on decisions webpage FD 35147}

Why this event?

Your editor wondered why NS-ST would ask for an EA, which clearly delays the final STB decision. Rudy Husband, NS spokesperson, wrote on 26 September: ‘We don’t think we will encounter any significant environmental issues, so we do not anticipate extended delays to the STB process.’ {*e-mail to ANR&P*}

But another party close to the application wrote: ‘I think that the issue may have been that Norfolk Southern and Pan Am were faced with the question whether the STB would do an environmental impact statement or an environmental assessment. An environmental impact statement is more detailed and takes longer than an environmental assessment, so applicants generally always favor the environmental assessment....’

‘Environmental assessments can take months, but the parties can expedite the process by providing the STB staff with good information and drafts. I think that the bottom line, however, is that we have no idea when the STB

decision may be rendered.’ {e-mail to ANR&P}

New schedule

The following steps will ensue, apparently:

NS-ST will file the Preliminary Draft Environmental Assessment, prepared by their consultants.

EOT and NS-ST file a report on negotiations by 20 October.

SEA will review the PDEA, verify it, and issue a Draft Environmental Assessment.

Parties will have 30 days to respond.

SEA will issue a final Environmental Assessment.

STB will issue a final decision. {editor}

NS-ST DEAL: MORE DETAILS*

19 September, North Conway. *THE NEARS MEETING OFFERED A RARE CHANCE FOR PUBLIC QUESTIONS* about the deal. Mike Bostwick, ST senior vice-president marketing, and Scott McGregor, NS group vice-president for paper, clay, and forest products, presented the deal briefly.

Bill Whitney of Blue Seal Feeds described the positive effect the deal would have on his terminals, which lie outside PAS proper. They then took questions.

No new workers at this time

The two were asked how the ST organization will grow to handle the new railroad; Bostwick had made clear that “there will be no change to operations” because ST will continue to operate the entire system.

Bostwick replied that ST had hired “Megan Timcke as national accounts manager, but we are actually making reductions across the system at this time. We hope for a stronger fall.”

Ayer-Mechanicville main line

The two were asked to what FRA classification the work would bring the Patriot Corridor, the line between Mechanicville and Ayer. Bostwick said: “We have some slow orders now.” [ST sources say that early this summer, almost the entire stretch had to operate below timetable speed because of numerous slow orders, listed in the daily speed summary put out by ST. *Editor*]

Bostwick could not give the class of track which would result; “I’m not an engineer.” [The filing said PAS will maintain the Patriot Corridor to an FRA class 3 standard—see 08#06A.] He did say the track will permit timetable speeds and 286 capability as far as the Bow power plant. The track beyond Ayer to Bow will not become part of PAS, so the two railroads are providing at least one improvement to the remainder of the Pan Am system.

In his presentation, Bostwick said most of the work to improve the track capability to carry cars weighing 286,000 pounds consist of improving bridge strength. “The work will start next spring and take 30 months.”

McGregor said while operations would not change, the mere fact of improving the track to 286 means the cars can carry 9% more, so “you’ll see a 9% utility improvement.”

STB decision date

Jason Seidel, a stock analyst from Dahlman Rose, asked about the prediction made by McGregor that the STB would decide four to eight months from the filing of the application in late May [meaning sometime between the end of September and the end of January—*editor*]. Noted Seidel, “The STB has a lot on its plate right now. How do you have the confidence to say 4-8 months?”

[No one noted that the STB had set a decision date of 20 October, or that some parties had requested a postponement of that date in order to have oral argument. *Editor*]

Positive effect on rest of ST

Whitney displayed a map showing Blue Seal’s 10 feed mills, and said he receives 4500 to 5000 carloads a year at

these. He listed these effects:

Resource commitment. Beginning on Day 1, if NS provides locomotives to the Patriot Corridor, “that frees up” ST locomotives to the rest of the system [but see below].

Smoother flow of cars. At this point, the feed mill in Augusta is the primary customer for ST’s Augusta branch. It can only accept four cars at a time. If the Patriot Corridor smooths the flow of cars to Waterville, then the Augusta mill will get steadier service. [See 08#07B *Other Regional.*]

286 to Bow. The Bow feed mill handles “a lot of different products,” said Whitney. The efficiency improvement to 286 “will help.” [The mill, our *Directory* #99, is located north of the Bow power plant so uncertain if 286-capable track will run that far—*editor.*]

Competition to Richford. At this time the Richford, Vermont feed mill on MMA is Blue Seal’s largest. MMA receives cars from both CP and CN to serve it. Also, NECR can pick up cars from CSXT in Palmer to bring to WACR in White River Junction which gets them to MMA.

When NS has a direct interchange with NECR at Miller’s Falls, that will open another gateway.

Competition to Brandon. Similarly, VTR serves Blue Seal’s Brandon, Vermont feed mill. The direct interchange with NS at Hoosick Junction NY will offer a new route to Brandon.

Intermodal access. At this time, Whitney brings intermodal boxes from Chicago to Montreal, and then drays them to both Richford and Brandon. But increased border security is shutting down that lane. “We need one container to haul the product, and one to carry the paperwork.”

He could use the new intermodal terminal in Mechanicville to serve Brandon and Richford, and the terminal in Ayer to serve Bow.

Still dealing with a local railroad. Whitney said: “Fortunately, because I am dealing with a smaller railroad, I can still call Kristen (ST’s customer service representative) if I need some special service. She can walk across the hall and grab Ed Motte by the ear and not let go until he’s agreed to help.”

Conclusion: “I see no downside to this deal. It’s all good for Blue Seal.”

More power?

Following up on Whitney’s comment, NS and ST were asked whether PAS would receive more power. McGregor said “I am unaware of any plans to address power needs.” He pointed out that with increased track speeds, ST will be able to cycle locomotives more quickly, and therefore reduce the need.

Bostwick said, “We added more leased power in the last few months, when the markets were stronger. In the last month, the market has gotten weaker.”

Any new technology?

Bostwick was asked whether ST would take on any new technology as part of the deal. He responded that “unrelated to the deal, we anticipate introducing, with the help of RMI, new technology to replace our current mainframe system.” [One ST employee bought his own laptop to do his job, several years ago, because of the poor technology. *Editor*]

Full doublestack can move closer to New England

McGregor pointed out that because of clearance restrictions in Albany before the NS intermodal yard there, NS can’t even get full doublestack to the Albany area. [In contrast, CSXI can run full doubles to Selkirk Yard, near Albany, and then fillet the doubles for single-stack transport into Massachusetts. *Editor*] NS will have full doublestack

clearance to the new Mechanicville yard.

In a discussion after the end of the panel, a source close to the current NS-ST intermodal operation said the two railroads' volume is so low that 'there's no need for full doublestack' at this point.

Why? He explained that NS has had a hard time competing with CSXI "when the line is so slow." {ANR&P coverage}

OTHER REGION

McCLELLAN AND NEW ENGLAND*

18 September, North Conway NH. *NEW ENGLAND DODGED A BULLET BUT REMAINS WEAK*, said Jim McClellan, former vice-president strategic planning for Norfolk Southern. He earlier worked for USDOT during the Nixon administration, for the Southern Railway, and for the Penn Central. While at NS, he helped engineer the Conrail split-up in 1998.

[See *The Men Who Loved Trains* by Rush Loving. This excellent account describes McClellan's role in the major railroad events of the second half of the 20th century. Just out in paperback, after a good run in hardcover. *Editor*]

New England and the creation of Conrail

In 1970 when the PennCentral failed, several other railroads in the Northeast were either in bankruptcy, or close to it. The Nixon administration's anti-government attitude led it to think failure was acceptable: other railroads would pick up the profitable pieces of the PennCentral, and the rest would disappear. "New England would have really gone away," McClellan told the audience at the North East Association of Rail Shippers (NEARS) at the Red Jacket Inn here.

At the time, the interstate highways were not congested, and could accept the additional 20% in truck traffic which shippers would have generated in New England by going to truck. But four major shippers, Ford, General Motors, US Steel, and Bethlehem Steel, came to the White House to say that if the PennCentral failed, they would shut down also. "It's very similar to the dilemma faced by the Bush administration today," McClellan noted. "Does it let AIG fail, and wreak havoc in the financial markets, or step in and save it?"

Congress, the shippers, and the railroads convinced the administration of the necessity of creating the US Railway Association, which took over the bankrupt railroads and created Conrail, saving New England railroading.

New England and the Conrail split

Some 20 years later, after an initial infusion of capital, early annual subsidies, and great management (McClellan named Stanley Crane, Ed Jordan, and Jim Hagen), a miracle happened. Conrail became profitable, and provided good service, with leaner operations.

McClellan posited that Guilford led the way in operating lean and mean, "sometimes too lean." [The strikes Guilford took in 1986 and 1987 enabled them to create work rules which permitted reducing train crews from three to two people, a step followed by the Class I's later. {ANR&P discussion with Jonathan Shute 8.08}]

At the time, NS and CSXT competed against each other in the South and Midwest. NS, much the smaller of the two, looked to expand, but concluded that it could not go west (for example, combining with Burlington Northern) without owning at least part of Conrail. "NS thought if it moved west first, CSX would merge with Conrail and then merge with, or form an alliance with, UP. NS/BNSF without any access to the Northeast would have been the inferior system with no real countermoves available."

In 1995, NS and CSXT actually considered purchasing Conrail together, but that did not work out.

When in 1998 CSXT announced a deal for Conrail, NS stepped in with a counter-offer, and the two railroads ended up dividing the property in 1999 [see 99#11], with NS taking essentially the Pennsylvania part, and CSXT taking the New York Central part. This left CSXT as the only Class I into New England.

"CSX assumed that New England was theirs," said McClellan. Some NS officials saw no need to bother with

New England, but the strategists wanted “no sanctuary for CSX...and found a secret back door into New England” via rights over CP and ST. “These were a challenge to get,” according to McClellan, including the right to price intermodal moves to Ayer.

But without New England, NS outposts north of Harrisburg and east of Buffalo really made little sense. Even getting to Binghamton and Albany was not enough. “Essentially, the entire rail market east of Buffalo and north of Harrisburg (toward Scranton and Albany) was a weak market. NS would have ultimately retreated back to Buffalo and Harrisburg unless it could strengthen its markets east and north of those two points. And that is what it has done, though it remains a work in progress.”

New England and the Patriot Corridor

And just treading water in New England was not enough. NS wanted growth, “or we would go elsewhere.” So NS paid to increase clearances, especially at the Hoosac Tunnel, permitting ST to run mixed doublestack (19'6" clearance) trains [see 99#11].

ST continued to need money, so the two railroads are moving toward creating the Patriot Corridor.

New England still weak

Viewing the Northeast now ten years after the Conrail split, McClellan sees it in generally good shape for railroading, but “New England is a weakness. You have too many small railroads here.” Each small railroad is vulnerable to the loss of one or two major customers. If they were combined into one railroad, “you would get a broader commercial and geographic base” and have more stability.

Even unconnected, and owned by a railroad holding company operated like the Genesee and Wyoming, the New England railroads would provide more stability within a single framework. {ANR&P coverage and followup e-mail}

GREENBRIER v ST:??*

23 September, Boston. *IS ST PLAYING “FAST AND LOOSE” WITH THE JUDICIAL SYSTEM?* Greenbrier, in a supplement to its motion for appointment of a receiver for ST, noted this contradiction:

Before the STB. ‘There is no reason to believe that the appointment of receiver for Springfield Terminal would affect Springfield Terminal’s ability to operate its system or to act as a contract operator for PAS. [See 08#09A.]

Before US District Court. ‘If said receivership is granted, it would threaten the joint venture endeavored by the defendants with NS. If said termination occurred it would surely be harmful to the defendants’ existing business and plans for improving operations.’ [See 08#09A.]

Greenbrier asked the Court, in a filing this day, to accept additional evidence in the form of the NS-ST filing at the STB. ‘Such behavior bolsters Plaintiffs’ argument that the appointment of a receiver is warranted in this matter.’ {text from US District Court website}

GREENBRIER v ST: SETTLED**

25 September, Boston. *GREENBRIER AND ST SETTLED THE CAR HIRE LAWSUIT WITHOUT A RECEIVER*, said attorney Lisa Brodeur-McGan, who represents Greenbrier. “Seconds before we appeared before [US Federal Judge Nathaniel Gorton], we resolved the issue of the motion for receivership, by defendant [ST] agreeing to judgement by us against them.

“The judgement included terms and a detailed settlement agreement” under which ST will pay Greenbrier all sums due from the first judgement against ST to 31 July, including interest and costs. {ANR&P discussion}

“Our clients’ interest was protected. I am more than pleased,” said Brodeur-McGan. Greenbrier did not want the receivership if not necessary. “We didn’t want to cut off our nose to spite ourselves. Greenbrier sees significant opportunities on the horizon.”

Writ of attachment

The writ issued today gave Greenbrier an attachment of \$1,073,939.13 against real property of ‘Springfield Terminal Railway, Boston & Maine Corporation, Pan Am Railways, Guilford Rail System, and Guilford Motor Express.’ {US District Court website 08-cv-10362}

What will assure payment?

Greenbrier moved for the appointment of a receiver because ST had defaulted on earlier settlement agreements. Why is this any different?

Brodeur-McGan said, “We have other assurances of security we have not had before.” These include “an assignment of rights involving third parties which are significant.” ST, during the 20-minute hearing before Judge Gorton, made representations on the record about its present ability to pay.

The judgement (the text of which contains nothing about the terms of the settlement agreement, which remains confidential) includes ST consent to a motion to attach a piece of property. Moreover, part of the deal involves the NS transaction and North Point.

Writ of attachment

The writ issued today gave Greenbrier an attachment of \$1,073,939.13 against real and personal property of ‘Springfield Terminal Railway, Boston & Maine Corporation, Pan Am Railways, Guilford Rail System, and Guilford Motor Express.’

Attitude of ST

The defendant clearly wanted to get this case settled. ST was paying on the debt weeks before this settlement [see 08#09A]. The judge was ready to hear the motion for a receiver, but congratulated both parties on the settlement.

How is the car hire settlement system working?

Brodeur McGan said ST has paid Greenbrier since 1 August via the automatic car hire settlement system [see box 08#09A]. “We have a sense that the system will make sure they stay current.” {ANR&P discussion 25.Sep.08}

MASSACHUSETTS

NECR: TRANSLOAD REOPENS

30 September, Palmer. *NEW ENGLAND WOOD PELLET HAS RE-OPENED THE FACILITY* it closed in July [see 08#07B]. Mark Wilson, chief operating officer, said it will remain open from September to January.

Even though the pellet price remains high, and the rail delivery rate from BC remains high, demand is so great that his dealers said they are willing to give NEWP a firm price to get the pellets.

“We are buying 12,500 tons of pellets and our dealers have agreed to take the volume. We can make a tiny profit.” The pellets come from a different manufacturer in BC than earlier.

New England has the biomass

New England has the trees to make more pellets, said Wilson. But “manufacturing the pellets is not as easy as it looks.” Many budding pellet plants have failed.

And the market is volatile. The high demand now could easily fall off, leaving manufacturers of both stoves and pellets with unsold inventory.

NEWP has told its customers there is no need to buy the entire winter’s pellet supply, as the company has increased production locally. Nevertheless, it is sold out through December. {ANR&P discussion 30.Sep.08}

ST: NEW CUSTOMER

29 September, Ayer. *ST WILL BEGIN SERVING USG HERE* at the Kenco warehouse, formerly part of Regency

[see 08#06A & B]. Per PAR/ST Bulletin Order No.1-09G effective 9/29/08: ‘New switch facing point east and associated derail serving US Gypsum on the west end of Track 11 now in service.’ {e-mail to ANR&P from related source}

NEW HAMPSHIRE

NHDOT: ROAD SALT AWARDS**

10 July, Concord. **THE NH DEPARTMENT OF ADMINISTRATIVE SERVICES NOTIFIED THE CONTRACT WINNERS.** Granite State won all districts except 4.

Salt pile locations

Granite State receives its salt via ship at its pier in Portsmouth. Cargill can make deliveries from its Barrett-operated, rail-supplied salt piles in Rutland or Bellows Falls, Vermont [see 08#07B].

The price increases

As in Vermont [see 08#07B], NHDOT revised the system so that cities and towns would not necessarily pay the same price as the state in its districts. According to Mike Pillsbury, assistant director of operations for the DOT, the state's bid request used to contain language that said salt vendors ‘shall’ make those prices available to all communities and the state but now the request says the vendor ‘may’ make those prices available. {Aaron Sanborn in *Foster's Daily Democrat* 3.Aug.08}

NEW HAMPSHIRE ROAD SALT					
District: locations below.	rock salt provider (2007 supplier)	price 2008	price 2007	price 2006	tons* 2008
1 Northern NH	Granite State	71.08	56.15	50.83	38,300
2 Western	Granite State (Cargill)	64.75	52.63	44.49	31,755
3 Eastern	Granite State	62.73	50.12	46.21	30,200
4 Southwest	Cargill	59.96	49.15	45.93	19,550
5 South Central #	Granite State	57.62	47.73	42.17	44,625
6 Southeast #	Granite State (Morton)	59.23	45.96	42.82	31,150

District five bid applies to central Turnpike locations, and District six bid to eastern Turnpike locations.
* Approximate annual tonnage figures from Request for Bids document.

VERMONT

VERMONT WEST SIDE

26 September, Montpelier. **AN UPDATE ON THE STATE'S WESTERN CORRIDOR PROJECT** came from Charlie Miller, rail planning coordinator. The Western corridor concept, enshrined in 2005 federal legislation [see 06#04A] envisions a redone line from Bennington to Essex Junction, along with a new Rutland rail yard, a new spur to Omya's quarry in Middlebury, and a redone Burlington rail tunnel.

The Western corridor has a federal program dedicated to it: Gateway Rural Improvement Pilot Program [more

below].

FUNDING

Overall Gateway Rural Improvement Pilot Program

One estimate of total cost ran to \$170 million; Miller estimated it as “over \$200 million.”

The project, per federal statute, can employ user fees to pay the local match. That aspect entitled the term ‘pilot’ to be attached to the program, said Tom MacAulay, executive director of the Rutland Redevelopment Authority.

User fees from Omya to the tune of \$22 million [see below] will match \$88 million in federal money; adding the \$30 million earmark of 2005 gives a total of \$140 million.

Won’t the Omya fees count only toward the Middlebury spur? No, said MacAulay, because the entire western corridor constitutes the project; Middlebury, Rutland railyard, etc are subprojects within the project. “If this works in Vermont, it will permit other such rural corridors to be developed using user fees.”

Earmark funding

In 2005, Vermont received an earmark of \$30 million in the SAFETEA-LU transportation authorization bill. Congress has met that authorization with annual appropriations [see box] which will total \$26.85 million. A 20% match is required, from local, state, or private entities.

Federal Fiscal Year	Appropriation
2005 and 2006	\$7,950,000
2007	\$6,750,000
2008	\$6,750,000
2009	\$5,400,000
Total	\$26,850,000

VAOT budget

The department, said Miller, is not necessarily spending this money in the years appropriated. “In doing our plan, we went out past 2009 authorization year.” For example, work on the Rutland rail yard, will not begin in 2009. Prior to spending federal funds on these projects the National Economic Policy Act requirements must be met. Some engineering on the Middlebury spur can begin and is included in the state FY09 budget.

Nevertheless, the federal dollars will remain available unless Congress rescinds the money. And VAOT “has been managing to get a pretty good amount of work done ” on the western corridor. After finalizing the commuter rail funding from the FTA, it has transferred about \$10.2 million into the FRA. “That is pretty well expended.”

The remaining funds out of the \$26 million is allocated over the state fiscal years FY09 to FY12.

Relationship to planning efforts

Side by side with the actual construction within the pilot program, Vermont is advancing three planning efforts. One looks at the whole corridor, the other at aspects of rail. [See box.]

THE WORK

Middlebury spur

Many years in gestation, this line would permit Omya to move marble from its Middlebury quarry by rail (instead of the current truck) to its processing plant in Florence. The draft Environmental Impact Statement emerged in 2007 [see 07#07B, which projects total cost at \$34 million]. Miller said FHWA and VAOT should publish the final EIS “within three to four weeks.” The public will have a 30-day window to comment, and then FHWA will issue a record of decision, and VAOT can begin spending dollars on engineering of the right of way.

VAOT is negotiating with GRIP [see below] to set up a mechanism whereby Omya can pay the local match via \$22 million in fees.

Burlington tunnel

VAOT's west side grant is paying for structural repairs to NECR's Burlington tunnel. Miller said the agency transferred the funds out of FHWA to FRA at NECR request. FRA is overseeing the project; it is paying \$960,000, and NECR is matching that with \$240,000. {FRA press release}

NECR General Manager Charles Hunter said he had engaged contractors RailWorks, ECI [Engineers Construction Inc, which won the contract to lift the Lamoille Valley rail, and cleaned up the ST derailment in Hartland—see 04#08B, about which NECR is now getting a writ of execution—see 08#09A], and Western Gunite. 'Work has started. We are shot-creting portions of the brick lining. Due to the age of the tunnel, some of the brick lining had started to deteriorate.

'The clearance will not be changed from the current Plate C configuration. The FRA grant is a one-time amount.'

While the tunnel is under repair, rail traffic is detouring 'via GMRC. We currently anticipate returning train traffic to the tunnel in about two weeks,' or about mid-October. {e-mail to ANR&P 27&29.Sep.08}

Track north and south of Rutland

Between Rutland and Middlebury, the agency will lay 13 miles of continuously-welded rail. The rail, on a train of 115-pound relay and another of 130-pound relay, will arrive this autumn, and VAOT will bid the project for next year.

That will still leave some mileage of 90-pound rail, and 100-pound non-control-cooled rail, "which we need to replace. We also need more ties, ballast, and surfacing."

Miller said the state will do some bridge work "to get 286 into Rutland" from Florence. CLP is already capable of handling 286,000-pound cars. To permit Omya and others to send out 286 cars via the Hoosick Junction, "we are now doing load ratings on the southern part of the line. We eventually want the entire corridor at 286" but we know we have challenges going forward."

South of Rutland, VAOT did track repair to open the interchange at Hoosick Junction [see 07#11A]. VTR under a force account agreement will install more ties south of Rutland in a second phase during the spring of 2009. A few weeks ago, the railroad "finished a project in Center Rutland, replacing rail and ties and re-surfacing," Miller noted.

Asked about clearance, he said VAOT has "done all we have funding for presently." And it will not "be able to jump into 286 over the Green Mountains" at this point.

Passenger rail

VAOT aims to run Amtrak on the ABRBE route, Albany-Bennington-Rutland-Burlington-Essex Junction. Miller said that the progress on the rail safety bill now before Congress encourages him, as it contains funding for Amtrak. "If the bill passes, there's a real possibility for additional help for passenger rail service for ABRBE" not only track, but also "equipment and other items."

Length of time to get work done

While the agency would like these projects to move more quickly, said Miller, some are complex, others get hung up on minor procedural issues. "We have to go through a procurement process to hire contractors." Relationship with the FRA is good, and FHWA is now working well with VAOT, in part because FHWA has hired Roger Thompson, who has rail experience running the grade-crossing program at VAOT.

On top of procedural hurdles, the state has short construction season, posing "a challenge for the railroad and for us."

GRIP INC AND THE PILOT PROGRAM

History of program and GRIP Inc

The Gateway Rural Investment Pilot Program was set up by the federal transportation authorization act (SAFETEA-LU) in 2005 [see 06#04A], which earmarked \$30 million for Vermont's western corridor. Members of a Vermont-based non-profit group, GRIP Inc, had long advocated for the creation of the pilot program.

THREE WESTERN CORRIDOR PLANNING EFFORTS

Transportation Management Plan

The Vermont Agency of Transportation, the Chittenden County Metropolitan Planning Organization (CCMPO, the project manager), and the five Regional Planning Commissions along western Vermont are partnering in an effort to develop a multimodal Transportation Management Plan (TMP) for Western Vermont. The Plan's mission is to create “a unified long term vision for the highways and rail corridors in western Vermont and the development of balanced, environmentally responsible strategies that maximize system efficiencies, improve quality of life and promote economic vitality in the region.”

The Plan will address highway and rail modes of travel for passenger and freight as well as public transportation (rail and bus), air, bicycle and pedestrian modes, where appropriate. Its study area extends from the Massachusetts state line to the Canadian border. {CCMPO website}

VAOT Senior Planner Scott Bascom said the consultant contract is now identifying the biggest obstructions to freight, both truck and rail, and looking at how to shift more toward rail. “It’s a long-range plan,” with the goal to finish by June 2009.

Actual work does not await the TMP. Stakeholders agreed “it was unreasonable for project development to stop, if something was already underway.” {ANR&P discussion 29.Sep.08}

Per Eleni Churchill, CCMPO senior transportation planner: ‘I believe that the CCMPO representing all Regional Planning Commissions in western Vermont asked VTrans to fund (from the \$30 million earmark) a corridor study that addresses both highway and rail modes and develop strategies that balance the two modes so that we get maximum efficiencies from both.

‘The prime consultant for the TMP is PB Americas Inc. [Parsons Brinckerhoff] with Cambridge Systematics, Stantec, and Fitzgerald & Halliday as subs. The consultant contract is approximately \$520,000 with additional funding going to the Regional Planning Commissions for public/business outreach and other activities related to the goals of this effort.’ {e-mail to ANR&P 1.Oct.2008}

Western Rail Corridor Development Plan

In January 2007, VAOT hired TranSystems as the lead consultant to assist with tasks the agency associated with earmark and the upcoming rail projects. Bascom said the final report from the consultant is due “any day.”

According to the Scope of Work, the consultant would do the following:

1. Develop a financial plan for the Western corridor. The total expenditure will come to more than \$100 million. The consultant will look at Railroad Rehabilitation and Improvement Financing loans, Transportation Infrastructure and Innovation Act earmarks, rail user fees, overmatch generated by projects, and private funding.

VAOT wants a plan to phase the projects with phases of investment not reliant on other projects.

2. Design-build on the Middlebury spur. The consultant shall evaluate the feasibility of doing this. Bascom said because AOT lacks experience in such projects, it cannot oversee them, and thus the draft plan recommends against design-build.

3. Coordination among interested parties. These include states, provinces, municipalities, shippers, railroads, and so forth. The consultant shall deliver a plan ‘coordinating all interested parties for the project’ and a report on how the projects fit with current planning activities.

4. Public-private partnerships. The consultant shall develop a strategy to include the private sector and other government organizations in rail infrastructure improvements. {text of scope of work 1.07}

Frank Heald is the president of Gateway Rural Improvement Pilot Association, Inc. (GRIP), incorporated November 2005, as well as town manager of Ludlow. He began serving as the president, a volunteer position, when he was working with the Rutland Redevelopment Authority (RRA) and its former executive director, Matthew Sternberg, who also remains involved with GRIP.

GRIP Inc was formed by RRA, Omya, VRS, Lockheed Martin, and other entities to advocate for the use of the earmark, and “to eventually function as a 63-20 corporation,” said Heald. A 63-20 corporation “facilitates public-private projects, essentially providing an intermediary vehicle to permit user fees as non-federal match

money.”

[‘GRIP, Inc. will be the recipient of user fees paid by Omya, with the ability to pledge these fees as non-Federal match for the Section 1934 Western Rail earmark. As negotiated, these fees will total \$22 million over a 23-year period [see 06#04A]. Implementation of a Tapered Match Agreement with FRA allows this match to be credited at the start of the project.

For GRIP, Inc. the participation of the owner of the major rail assets is essential to the success of the Pilot. The objective is not to replace the involvement of VAOT but rather to leverage more resources for the upgrade of their rail assets. {Gateway Rural Improvement Pilot Association, Inc. Executive Overview March 27, 2006}}

[According to the Federal Highway Administration website, a number of highway and transit projects have been funded by debt issued by non-profit corporations, which, pursuant to Internal Revenue Service Rule 63-20 (the 20th ruling in the year 1963) and Revenue Proclamation 82-26, are able to issue tax-exempt debt on behalf of private project developers. The Alameda Corridor, improving rail access to the Ports of Los Angeles and Long Beach, is one such project. {FHWA website}}

Need for an agreement between GRIP and AOT

Under the federal guidelines, the 63-20 status will not occur until GRIP has an agreement with VAOT about use of public money. As of late September 2008, “a collection of folks” are handling the negotiations with AOT, said Heald: himself as president, consultant Lee Khan, Boston-based attorney Ned Corcoran, and Matthew Sternberg, who “is still part of GRIP in a consulting relationship.” GRIP is funded by the private sector.

The AOT/GRIP agreement will cover the Middlebury spur, said Heald: “GRIP is prepared to work on other corridor projects envisioned by the Pilot, however Middlebury is on the front burner.”

When will the two sides reach agreement? Heald characterized the talks as “in the latter if not final stages. We are working well with the new AOT secretary David Dill [who took over from Neale Lunderville in May 2008—*editor*], and new rail chief Rob Ide. The dynamics have changed.” {ANR&P discussion 29.Sep.08}

[Sternberg in 2006 said GRIP was needed because AOT was focused on the short term and on highways, and because it was “stretched to the limit.” See 06#04A.]

RRA’s MacAulay agreed the relationship between GRIP and AOT had improved. “It’s a good sign they’re negotiating.” He believed that GRIP would soon become the funding agency.

VAOT’s Charlie Miller said, “The relationship with GRIP should be finalized in the not too distant future” resulting in an agreement about financing the western corridor.

On 1 October at the Vermont Rail Council, VAOT’s Sam Lewis told the group four parties will soon sign a Memorandum of Agreement about the work: VRS, GRIP, VAOT, and Omya.

The VRS view of the work

On 1 October, David Wulfson, VRS president, said he expected the Middlebury spur EIS within weeks. “We expect to start moving that along” after the EIS. “The Rutland project is alive, and the ABRBE upgrade is happening. I’m happy all this is moving along.” He has spent “twenty years” working on the projects. {ANR&P discussions 1.Oct.08}

VRS HEALTH

1 October, Burlington. “*TIMES ARE GOOD*,” said Wulfson [see comment on Western corridor above]. Building materials are down, but all else is ok.

“Our connection with the MMA is growing” at Newport via the WACR ConnRiver. {ANR&P discussion}

NECR & VRS: FEDERAL MONEY

30 September, DC. *USDOT ANNOUNCED GRANTS TO TWO RAILROADS*, to help Amtrak travel times [Maine also got a grant. See future issue, which will have more background.]

NECR *Vermont* Route

‘One-Mile Rail Replacement/Bridge Redeckings, \$450,000

Description: The Vermont Agency of Transportation proposes a state-of-good-repair project to replace one mile of rail and redeck four bridges on the slow-order-laden New England Central Railroad (NECR) route of the State-supported *Vermont*, which operates at one frequency per day each way.

‘Benefits: The applicant states that the proposed project is anticipated to result in the reduction of 12 minutes of slow-order delay per train.’

VRS *Ethan Allen* Route

2-Mile Track Reconstruction,\$581,775

‘Description: The Vermont Agency of Transportation proposes a state-of-good-repair project to rebuild 2 miles of slow-order-laden track on the Clarendon and Pittsford Railroad near Rutland, VT, on the route of the State-supported *Ethan Allen Express*, which operates at one frequency per day each way. The project involves the installation of continuous welded rail, 2000 new ties, and renewal of the roadbed.

‘Benefits: The applicant states that the proposed project is anticipated to result in the reduction of 10 minutes of slow order delay per train. However, the project location's proximity to the Rutland Yard limits and Rutland station calls into question whether speeds could fully attain the levels projected in the application.’ {text of USDOT announcement}

Local match

The state and VRS will each kick in \$290,887 in matching funds for the *Ethan Allen* improvements for a total cost of \$1.16 million. On the *Vermont* route, the state and New England Central Railroad will each contribute \$225,000 for a total cost of \$900,000.

The DOT question about the VRS project

VAOT spokesperson John Zicconi addressed the USDOT doubt. He believed the DOT misunderstood the location of the track improvements. The new rail will be installed “a good 6 or 7 miles outside the Rutland rail yard” which will improve speed along that section of track up to 60 miles an hour. Zicconi said it is one of a number of areas along the route that have been identified for improvement.

Ridership

Over the two-year fiscal period that ended June 30, Amtrak ridership in Vermont increased 30%, per Zicconi, with more of that on the *Vermont* route than the *Ethan Allen*. “We can expect the total [Amtrak ridership in Vermont] in '08 to be even higher.” {Bruce Edwards in Rutland *Herald* 1.Oct.08}

QUEBEC/MARITIMES

CN: TO BUY QUEBEC LINES?*

25 September, Montreal. *CN IS TALKING WITH SOCIETE DE CHEMIN DE FER DU QUEBEC* about its troubled lines NBEC and others. Reportedly, talks have occurred for more than three years. More than that fact is not known for certainty. {Quebec City *Le Soleil* 25.Sep.08 and other sources}

CANSO: NEW TERMINAL

8 August, Halifax. *NOVA SCOTIA ENVIRONMENT RECEIVED MOSTLY FAVORABLE COMMENTS ABOUT THE PROPOSED CONTAINER TERMINAL* located on the Strait of Canso, as the department proceeded through the permitting process. The application from the Melford International Terminal Inc (MIT) was filed in July [see 08#09B]

Nova Scotia Tourism and land use

The MIT site, encompassing an initial total area of approximately 217 hectares (one square kilometer equal to .25 acres), will consist of 10.7 hectares to be acquired from the Municipality of the District of Guysborough, with the remaining area of crown lands to be acquired from the Province of Nova Scotia.

Nova Scotia Tourism concluded that the terminal is not located ‘in an area adjacent to tourism business.’

Service Nova Scotia & Municipal Relations

The proposed ‘Melford Rail Track’ will pass through the Town of Mulgrave, to connect the terminal with the CBNS main line.

Department of Transportation and Infrastructure Renewal

Elizabeth Pugh of the Nova Scotia Department of Transportation and Infrastructure Renewal (TIR) wrote that the province ‘should require that the road impact issues be addressed to the satisfaction of TIR through an overall framework or bilateral agreement between TIR and MIT, prior to final approval of the project. The agreement is currently (22 August) being negotiated.’

A agreement between MIT and Mulgrave should address the traffic impacts on Mulgrave.

Truck service. The Environmental Impact Statement (EIS) indicates that at full buildout, assuming 2% of containers move by truck, 168 containers will enter and 168 leave the terminal by truck each week. ‘How these numbers are derived is not clear.’

Relationship with CN and CBNS. ‘In Table 1.2-1, CN is listed as a Project Partner along with RailAmerica (CBNS). We are not sure what definition of partner is being used. TIR has had discussions with CN and inquired about a number of potential rail projects in the Province. CN did not indicate they were a “partner” in the Melford terminal. We understand they wanted to wait before making any commitments into the terminal.

‘Likewise RailAmerica. We understand there have been discussions, but don’t think the term “partner” applies. Both are potential partners for the project to work.

‘At this point in time we do not believe there is a corporate partnership with the railways in terms of responsibility for the EA process.’

Nova Scotia Department of Natural Resources

Provincial Crown owns the majority of the land required for the terminal project which is composed of a container terminal and intermodal rail yard (127 hectares, upland and submerged land), logistics park (100 hectares, initial park and 505 hectares future expansion), power transmission line (62 hectares), and Highway 344 realignment.

MIT has requested that the Province convey to it the listed hectares except that amount needed for future expansion and the power line. ‘MIT will subsequently reconvey the rail corridor lands to a rail line operator and the lands proposed for re-alignment of Highway 344 to’ TIR. The Province will convey an easement to Nova Scotia Power for the power line.

Before the Province conveys the land for the container terminal and rail yard, MIT must meet ‘Project Milestones’ listed in an Agreement to Purchase dated 20 September 2007.

Research into the Crown title is underway. ‘At present, the land is known to be encumbered by a License to NewPage Port Hawkesbury Limited, and Letters of Authority to Black River Hydro for hydro power and wind power. MIT will immediately be notified of further encumbrances upon completion of the research.

‘It shall be MIT’s responsibility to negotiate and resolve its land requirements with the licensees, holders of letters of authority or lessees prior to any conveyance or transfer to MIT by the Province.’

‘The Province recommends that the rail corridor contain provision for future crossing points to land in the Melford Industrial Reserve, to ‘prevent isolated pockets of land with no reasonable access.’

Because the proponent intends to submit additional information gathered in 2008 after the close of the comment period, ‘DNR cannot conclude the significance of potential environmental impacts at this time.’

Guysborough County Regional Development Authority

The RDA stated that the opportunity for a container terminal was identified in 1997 by a study commissioned by it. Since then, the municipality and the RDA have focused on developing the property, primarily on water access and zoning. ‘We have worked closely with the proponents of this development for the past number of years...’

Lobstermen

The Guysborough County Inshore Fisheries Association expressed grave concern about the direct loss of habitat, and the possible ill effects of development.

Public positive comment

Bill MacInnis, who retired from handling logistics for the Stora Enso paper mill in Port Hawkesbury (now NewPage), called the terminal ‘an excellent idea that compliments an existing gateway in the Strait of Canso. Nustar [see box] quietly goes about discharging supertankers into coastal vessels. I am sure Melford can duplicate the same quiet efficiency for containers.’

Reached on 24 September, MacInnis acknowledged that Halifax container terminals are now only half full, but he still felt MIT could succeed. He noted that the South End terminal faces the difficulty of trucking boxes through city streets. At Ceres, which has direct access to highways and railways, the larger boxships cannot call because they will not fit under the MacDonald bridge. {ANR&P discussion 24.Sep.08}

Next step

Peter Geddes, Nova Scotia Environment (NSE) assessment officer with the brief in this matter, said he would assemble the material submitted, along with analysis by the department, “in a package in a report to the minister, with options for decision.”

The minister, Mark Parent, can approve the application with conditions, ask for additional studies, or reject it outright. Geddes said 10% or fewer applications are rejected outright.

The decision, due on 23 October [see 08#09A], will be posted to the website, said Geddes.

During the months between the close of the public comments at the end of August and the decision, NSE cannot negotiate with the applicant about the conditions, said Geddes. However, Melford can work with the federal Department of the Environment: “The federal permitting authorities can go back and forth with the company” on matters under their jurisdiction. {ANR&P discussion 24.Sep.08}

HOW STATIA BECAME NUSTAR

Reached on 24 September, MacInnis [see article] said the Nustar facility was originally part of a now-gone Gulf Oil refinery. Supertankers call at a pier with 110-foot depth to unload into tanks; coastal vessels call to pick up the crude and transport it to US East coast destinations. {ANR&P discussion 24.Sep.08}

Shamrock Logistics LP was created by Ultramar Diamond Shamrock (UDS) and became public in 2001. When Valero bought UDS, Shamrock limited partnership became Valero LP.

Meanwhile, Kaneb bought Statia Terminals in 2002; Statia owned the Point Tupper facility and another in St. Eustatius, Netherlands Antilles. In 2005 Valero LP bought Kaneb.

In 2006 Valero Energy sold its entire interest in Valero LP. In 2007, the LP became NuStar Energy LP.

NuStar owns the 7.6 million barrel facility in Point Tupper, which handles both crude oil and petroleum products. {NuStar and other websites}

CANSO: THE RAIL CONNECTION

30 September, Halifax. **MORE ON WHAT MELFORD NEEDS TO DO TO OPEN A RAIL LINE** came from Steve Newson, NSDOT rail policy advisor. He has had discussions with Melford officials when they came to NSDOT to talk about the highway needs. He pointed out the requirements of the Railway Act, and the regulations on operating conditions. Newson also provided the TIR comment questioning the ‘partner’ status between MIT and CBNS and CN

Melford would go through these steps to bring in rail to the terminal:

- Meet the NSDNR requirements to acquire the land.
- Hire a contractor who would build the rail line.
- Find an operator, probably CBNS, to operate the line.
- File to operate a short line railway at the Utilities and Review Board.
- Undergo an inspection by a Transport Canada rail inspector, since NSDOT has agreed with TC to do its rail inspections.
- Receive approval to operate from the URB.

Industrial rail inspections

Per Newson, he last looked at new track in Point Tupper, when Sable Offshore Energy Inc (SOEI) opened its fractionation plant [now directly operated by ExxonMobil, per web]. SOEI had built industrial track, which does not fall under the legal purview of NSDOT. But the department responded to an invitation to inspect the track, which was fine. “If there were an unsafe condition, we would advise the railway, and recommend it not go in there.” {ANR&P discussion}

RAIL SHIPPERS

Described in this issue.

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

Melford International (Nova Scotia, CBNS) planned
 New England Wood Pellet (Massachusetts, NECR) reopening
 Omya (Vermont, VRS #1122) new spur
 USG (Massachusetts, ST) opening

ATLANTIC NORTHEAST RAILS & PORTS

162 Main Street

Vox (207) 846-3549

Chalmers (Chop) Hardenbergh, publisher and editor
 editor@atlanticnortheast.com

Yarmouth, Maine 04096

Fax (contact me for #)

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 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.

Advertising

Subscribers may purchase half-page ads for \$100 per issue. Non-subscribers, \$200.

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.

HOWEVER, anyone may quote bits of articles, with attribution, under the fair use doctrine.

E-ISSUE