

ATLANTIC NORTHEAST RAILS & PORTS

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

operating railroads + ports, intermodal facilities, and government environment

www.atlanticnortheast.com

Issue 08#11A 17 November 2008

*Article unchanged from e-bulletin.

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

NS-ST DEAL

[See ST car hire cases.]

OTHER REGIONAL ISSUES

SLR: Weaker than some other railroads in GWI.

SLR: Vermont and Maine railcar scanners.

ST: Settles Greenbrier, GATX, Trinity, and Union Pacific car hire cases.

PW: 3Q08 carloads up, intermodal down.

CONNECTICUT

[No report.]

MAINE

MERR: Rockland to study emissions.

ST: Verso shuts one machine for a month, converts another to specialty paper.*

MASSACHUSETTS

CSXT: How to phase out Beacon Park. *Maps.*

PW: Receives \$150,000 award for APUs to control emissions.*

ST: Lowell abandonment okay.

NEW HAMPSHIRE

NH commuter: Regional, not federal, funding needed.*

RHODE ISLAND

[No report.]

VERMONT

[No report. See *Other Regional.*]

MARITIMES/QUÉBEC

CN: Buys NBEC, CFMG, and Ottawa Central,

plus COGEMA.**

SCR: Logistec buys.**

Sydney: Logistec locks out workers at coal pier. **

CBNS: Waste move delayed again.

SLR-MMA: Forest products in Quebec slow.

CN: Nova Scotia will study trucks in the CN rail cut, again.*

CN: Three customers near Bedford Quarry.* *Map.*

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

John Odie, Judy Gott

Cape Rail: Talk on 19 November.

Co-event: Come to the 20 November EOT rail plan public meeting, stay for the reception and dinner of the New England Railroad Club.**

Halifax transportation: Conference postponed.

FROM THE PUBLISHER

Graphics bah!

Due to (I think) including so many graphics in this issue, it required more hours. Hence the delay.

- Chop Hardenbergh

Next issue: 30 November

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.

REGIONAL ISSUES

SLR: COMPARISON

3 November, Greenwich CT. *SOME PARTS OF GWI ARE LESS VULNERABLE TO A WEAK ECONOMY.* During the conference call on 3Q08 earnings, CEO Jack Hellman said that Australia is practically immune to cyclical variability and in North America 60% of the business book is “less sensitive to the weak economy” (the Illinois and Rock Mountain Regions plus Rail Link) and the balance (Oregon and Canada, the latter including the SLR) gets hit a little harder -- paper, lumber and some commodity steel being the main points of weakness. {Roy Blanchard’s *Railroad Week in Review* 7.Nov.08}

[See *Quebec* for economic future.]

SLR: SCANNING DETECTOR

24 October, Norton. *THE SLR WILL RECEIVE THE SECOND GAMMA RAY IMAGING SYSTEM IN NEW ENGLAND*, according to a pre-bid conference at the town hall here this week. Two local contractors attended the meeting.

CP has the current nearest system, on its line in Rouse’s Point, New York. On CN’s line at Alburg Springs, the first in New England is under construction. Norton’s is expected to cost \$1.5 million.

Maine will receive two. According to Rob Elder, MDOT director of freight, Jackman will receive one. [That leaves either Van Buren or Vanceboro as the other. *Editor*]

Time line

US Customs and Border Patrol consultant Thomas Schwenk said the construction was intended to begin May 2008, but is on hold awaiting a lease agreement with the SLR. The building will reside in the SLR right of way. Once the lease agreement is secured, bids for \$200,000 worth of construction work at the site will be sought. {Robin Smith in *Caldedonian Record* 27.Oct.08}

ST LAWSUITS: CAR HIRE

Progress despite the economy

ST, a long-term debtor, who due to declining traffic has undergone two rounds of layoffs, has able to pay off over a million dollars in car hire, a few hundred thousand dollars in trackage fees to Massachusetts [see 08#10B], and \$16,000 to the Town of Westminster for firefighting expenses [upcoming issue].

That leaves the lawsuits filed by CSXT [see 08#07A], undergoing discovery, Horizon Milling [see 08#10B], and NECR [see 08#09A], the last with no progress since July.

Some believe that ST, with the help of NS, seeks to change the portrait of it painted by some of the filers in the NS-ST deal.

GREENBRIER CAR HIRE CASE: PAID

On 7 November, Greenbrier told the US District Court in Boston that, following its September settlement agreement [see 08#09B], ST had paid. Greenbrier received ‘\$666,153.91 from Springfield Terminal Railway Company and Boston and Maine

Corporation, Defendants and judgment debtors, in full satisfaction of the agreement for judgments’ [see 08#09B]...

‘Plaintiffs additionally acknowledge and agree that this satisfaction of the agreed judgments serves as Plaintiffs’ full release and voluntary dissolution, from now until the end of time, of: (1) the Settlement Agreement and Schedule of Payment on Judgment, entered into by the parties and dated on or about September 25, 2008; (2) the February 2007 Settlement Agreement; and (3) the Assignment executed on or about September 25, 2008, running from Defendants to Plaintiffs involving the assignment of Norfolk Southern/Pan Am Southern direct payment to Plaintiffs of all outstanding debt owed and

delineated under the said Settlement Agreements above.

The case was terminated. {1:08-cv-10362-NMG}

GATX CAR HIRE CASE: SETTLED

On 22 October, the US District Court dismissed the case, but permitted it to be reopened, within 30 days, if ‘the terms of the settlement agreement have not been performed’. {1:08-cv-10845-JLT}

GATX was seeking hundreds of thousands of dollars from ST [see 08#07A].

TRINITY RAIL CAR HIRE CASE: PAID OFF

On 24 September, Trinity told the US District Court in Boston it had collected \$134,579.25 in full satisfaction of a past due car hire debt [see 08#07A]. The case was closed.

This followed the granting on 3 September of Trinity’s motion to appoint a special process server. {01:06-cv-10187-RCL}

UNION PACIFIC CAR HIRE CASE: SETTLED

On 12 December 2007, Union Pacific Railroad (represented by James T. Murphy of Providence) filed a car hire case against ST, seeking payment of hundreds of thousands of dollars ST had declined to pay over the last several years. Like the GATX case, ST had reached at least three previous settlements, but had not paid the amounts agreed upon.

On 11 August, UP and ST made yet another agreement, under which judgement was entered for UP ‘in the amount of \$1,249,245.68, plus interest at the rate of 5.00% from August 11, 2008,’ according to the statement of the court. The parties agreed that the amount represented all car hire, loss and damage charges, and car repair charges through July 2008.

The case was closed. {US District Court Massachusetts, docket no. 07-12322 JLT}

PW 3Q 08 RESULTS

14 October, Worcester. **PW CARLOAD TRAFFIC INCREASED 1.7%** in the third quarter compared to 3Q07 [see 08#08B]. ‘Operating revenues increased \$840,000, or 11.5%, to \$8.1 million in the third quarter of 2008 from \$7.3 million in the third quarter of 2007. This increase is the net result of a \$970,000 (14.9%) increase in conventional freight revenues

and a \$58,000 (87.9%) increase in other operating revenues partially offset by a \$188,000 (34.9%) decrease in container freight revenues. The amount of other freight-related revenues was virtually unchanged between quarters.

Conventional freight volume

‘The Company’s conventional carloadings increased by 160 to 9,583 in the third quarter of 2008 from 9,423 in the third quarter of 2007.

‘Shipments of ethanol, coal, automobiles and steel ingots accounted for most of the increase in traffic volume. Ethanol and automobiles are commodities which the Company began hauling during the second half of 2007. These increases were

somewhat offset by declines in shipments of construction aggregate, chemicals, building products and other commodities during the period. These decreases appear largely to result from the economic slow-down which the United States economy is currently experiencing.’

Intermodal down 41%

‘The decrease in container freight revenues is the result of a 40.7% decrease in traffic volume [versus 3Q07] partially offset by a 9.8% increase in the average revenue received per container. Container traffic volume decreased by 3,681 containers to 5,362 in the third quarter of 2008 from 9,043 in the third quarter of 2007....

‘During the second quarter of 2007 the Company began to experience a steady decrease in the volume of its container traffic which has continued into 2008. Among other factors, rate increases imposed by western rail

carriers in the United States have resulted in steamship lines using "all water" routings to the East Coast for an increasingly larger portion of container traffic thereby significantly reducing the volume of such traffic shipped cross-country by rail.

‘While the reduced level of traffic seems to have stabilized, the Company is unable to predict if and when container traffic volume may significantly increase. The increase in the average revenue received per container is attributable to contractual rate adjustments based upon railroad industry cost indices and to a change in the mix of containers handled.’

[This language reiterates that in the Annual Report for 2007—see 08#04B.] {text of quarterly filing with SEC}

MAINE

MERR: EMISSIONS

10 November, Rockland. **THE ROCKLAND CITY COUNCIL WILL SEEK A STUDY OF OPTIONS** to determine what legal or design options there might be to mitigate the noise, odor and emissions from MERR's operations.

It voted this day to issue a request for proposals from engineering firms for the study. {*village soup.com* 12.Nov.08}

ST: BUCKSPORT TRAFFIC

3 November, Bucksport. **VERSO TODAY SHUTS THE #2 PAPER MACHINE FOR NOVEMBER.** Bill Cohen, spokesperson for Verso in Maine, said on 1 November said at least for the time being, there are no plans to reduce production at Verso's Androscoggin Mill in Jay. {Bill Trotter in *Bangor Daily News* 2.Nov.08}

Production reductions

According to a press release from Verso on 28 October, it has already reduced via downtime 43,000 tons of coated groundwood, and will take another 50,000 tons out mostly in 4Q08. “We remain committed to running our manufacturing operations in a manner to achieve balance between our supply of paper and the demand for paper by our customers,” Verso President and CEO Mike Jackson said in the press release. “Based on what we currently see relative to demand and inventory levels, this additional downtime is necessary to help us maintain that balance.”

Verso shut down one of its machines in Bucksport for two weeks in September, accounting for 13,000 tons, according to a 25 September press release. {Verso website}

Conversion of #1

Following the September downtime, Verso stopped making lightweight coated paper on #1; it now turns out a noncoated specialty paper for a niche market. “That machine is one of the oldest machines currently in operation in North America,” Verso spokesperson Bill Cohen said 9 October. “It is an old, slow machine.”

“Rather than doing anything else, we made the commitment to try to find a way to keep the machine profitable by doing something else. At this point in time, there will be no downsizing and no lost jobs.” The company notified the coated paper market that it would be taking approximately 80,000 tons of paper, the annual production from #1, out of the light-weight coated market. Cohen declined to state the kind of paper, for competitive reasons.

VERSO PAPER MACHINES

#1 - 80,000 tpy specialty paper installed 1930 (modified)
 #2 - 95,000 tpy coated groundwood 1930 (down)
 #4 - 130,000 tpy coated groundwood. 1966
 #5 - 195,000 tpy coated groundwood no date.
 {*Directory of Pulp and Paper Mills*}

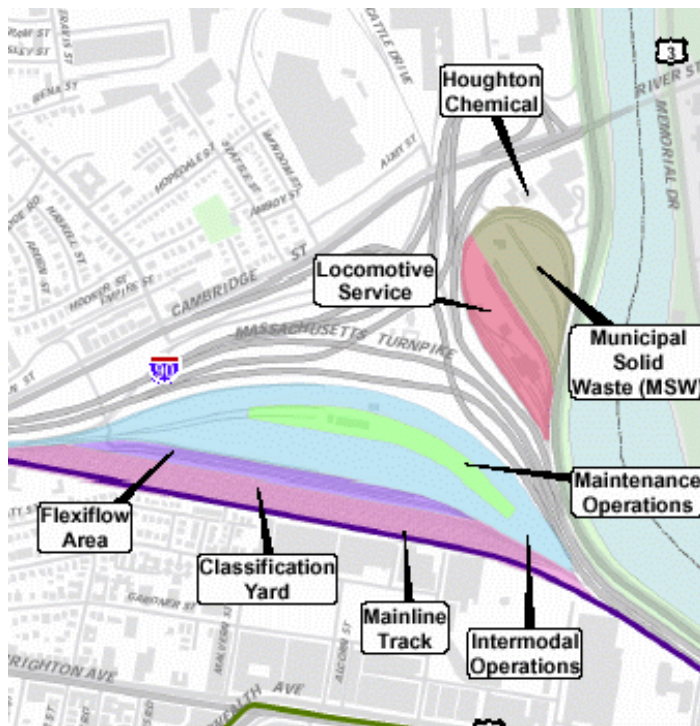
New woodyard slasher

The mill is also constructing a new wood slasher to allow the mill to accept tree-length logs. “This allows us to go to tree-length wood.” The logs will require less handling by wood suppliers, resulting in less fuel used and less carbon dioxide production. The mill process still requires 4-foot-length wood, Cohen said, which is what the existing debarker and grinder can handle. But the slasher, to be ready at the end of 2008, will cut the tree-length logs into 4-foot sections at the mill, he said. {Rich Hewitt in *Bangor Daily News* 10.Oct.08}

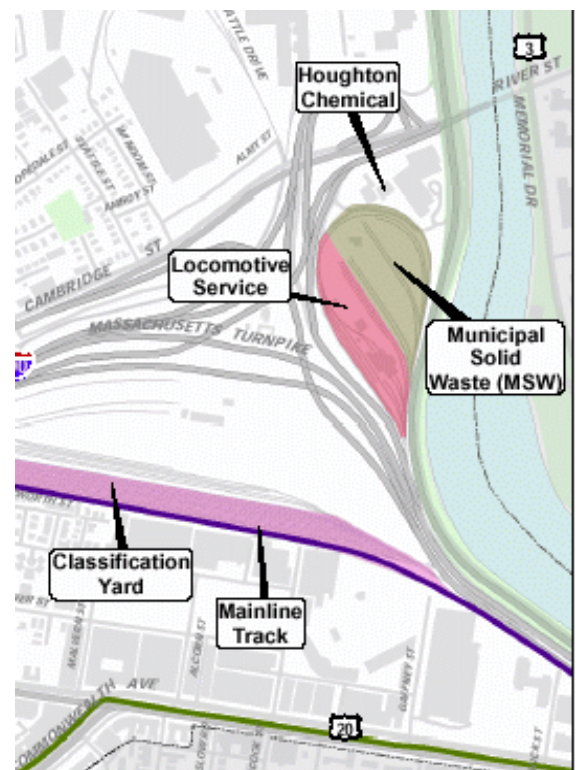
Impact on ST traffic

As of 14 November, no information. {editor}

MASSACHUSETTS



CSXT Beacon Park current uses. Romar is located at the H in Houghton; its spur runs between the Massachusetts Turnpike and Cambridge Street. {Urban Ring presentation}



CSXT Beacon Park possible uses 2013-2018. After 2018, planners posit the MSW will move to the classification yard, and the locomotive service will go westward. See article.

CSXT: PHASING OUT BEACON PARK

20 October. A **PRESENTATION TO THE URBAN RING COMMUNITY ADVISORY COMMITTEE** discussed the need for the Ring’s proposed bus line¹ to get through Allston quickly. At this point, any bus must negotiate crowded streets. A bus route passing through Beacon Park yard would avoid the congestion [see below for Grand Junction use].

To look at options for the yard, EOT planners made what Ned Codd, project manager of the Urban Ring and

¹The Urban Ring project, a bus route encircling Boston, will produce a draft environmental impact statement 30 November 2008, according to the presentation on 20 October. It estimated the total cost in future dollars at nearly \$4 billion by 2016.

EOT manager of plan development, called “reasonable assumptions for potential general time frames for planning purposes only.” The assumptions do not reflect any current, actual proposals about the phase out [about which your editor could find no information]. {ANR&P discussion 10.Nov.08}

Existing conditions. The yard has five activities: loading containers of municipal solid waste (MSW), done by ECDC Logistics [our *Directory* #225]; CSX Flexiflow, which handles bulk materials [#227]; CSXI [#229]; a classification yard; and a locomotive maintenance facility.

In addition, the yard serves two customers directly: Houghton Chemical [#224]; and Romar [#226]. A switcher trundles over the Grand Junction to serve customers in Everett.

2013-2018. The planners posit the removal of the intermodal yard to points west, as envisioned by the EOT-CSXT agreement. Flexiflow would move elsewhere, as would the maintenance operations. That would leave the MSW, the locomotive service site, and the classification yard still serving the customers in Allston and Everett.

Beyond 2018. The planners posit that the MSW would move into the classification yard location, and the locomotive servicing site would move westward. That would leave, for freight facilities, the yard still serving the customers in Allston and Everett.

Houghton Chemical

Bruce Houghton, owner, on 30 October called moving “inconvenient.” He owns the parcel of land with his building, but Harvard now owns a 1.4-acre parcel containing Houghton’s parking lot and part of his rail spur [see 03#04A]. He receives about 100 railcars a year; his company repacks the chemicals, or transfers them to bulk tank truck.

The current location is ideal for access, with “a rail line 40 feet in one direction, turnpike access a hundred feet in the other direction.” He would prefer to remain for quality of life issues, both for him and for the staff. {ANR&P discussion}

Romar

Sean Keefe, vice-president at Romar Transportation Systems’ facility off the Beacon Park yard, said he accepts boxcars on a spur. Romar’s warehousing and trucking arms handle distribution. He had heard nothing about moving, but would not be surprised. “Thirty years ago, all distribution happened downtown.” Now, “we will go when Harvard tells us to go.” {ANR&P discussion 4.Nov.08}

Harvard’s intent

Under the agreement between CSXT and EOT, EOT will buy CSXT rights in the Boston-Worcester line when CSXT has moved ‘most of its operations from Beacon Park’ and completed raising of clearances to full double-stack as far as I-495. No time was listed for the move or the sale [see 08#10A]. The two sides agreed to complete clearance work by 2012.

CSXT will most probably move once Harvard has purchased its perpetual easement on Beacon Park. Negotiations on that deal which could result in a transfer of CSXT functions ‘in stages’ are occurring [see 08#10A]. Harvard would not comment on whether the stages envisioned by EOT for the Urban Ring were similar to those the two sides were considering. Spokesperson Lauren Marshall did say that the two sides ‘do not have a signed agreement.’ {e-mail to ANR&P 12.Nov.08}

Massport intent on EOT easement

The 2003 agreement which transferred Beacon Park from the Massachusetts Turnpike Authority to Harvard [see 03#07A] gave EOT an option to purchase an easement over five acres of the yard. EOT could only use this as a container terminal for the port.

In 2003, Massport Maritime Director Mike Leone welcomed the possible facility and also the idea of running rail direct to Conley Terminal.

Does Massport still want rail access to Conley, or the Beacon Park near-dock site? On 5 November, Massport

spokesperson Lisa Langone wrote about the EOT easement: ‘Since this is something that is in currently in the process of negotiation, Mike is unable to provide a response to your questions at this time.’ {e-mail to ANR&P}

CSXT: GRAND JUNCTION USE

20 October. **A PRESENTATION TO THE URBANRING COMMUNITY ADVISORY COMMITTEE** discussed the need for the Ring’s proposed bus line [see above] to use the Grand Junction rail bridge over the Charles River as the preferred river crossing.

On 14 November, Codd emphasized that “we are not proposing in any way to hamper rail access. The [planner-proposed bridge] cross-section shows a widened bridge with a single rail track, a two-way busway, and a shared use bicycle-pedestrian path.”

That much use is permitted because the bridge has two bays now, with only one used. “The construction will be phased to maintain rail access.” {ANR&P discussion 14.Nov.08}

PW: EMISSIONS FUNDING*

28 October, Attleboro. **PW WILL RECEIVE \$150,000 TOWARD APUs FOR ITS LOCOMOTIVES** under a settlement agreement among the Zinsser Group, the Massachusetts Department of Environmental Protection, and the Massachusetts Attorney General, resolving a long-standing air emissions dispute and certain other environmental issues at its Attleboro operations. Until recently, the facility was operated as the Mantrose-Haeuser Company; it is also characterized as the Rust-Oleum Corporation.

The agreement, which had been in negotiation for several years, requires the company to pay \$2.0 million in penalties to the Commonwealth. It will also provide an additional \$300,000 in investments for environmental projects that should directly benefit the Attleboro community, according to a Zinsser press release this day.

Half the \$300,000 will be made available for Ten Mile River riverbank and water improvement projects that will be administered by the Attleboro Redevelopment Authority. This project is anticipated to support the implementation by the ARA of the City’s Downtown Riverfront Development Project. The other \$150,000 has been earmarked for a program to assist in the installation of equipment on diesel-powered locomotives owned and operated by the Providence & Worcester Railroad to help reduce locomotive idling and emissions of diesel particulates. {text of press release}

How PW fits in

Jill Butterworth, spokesperson for the Attorney General’s office, said “the Providence & Worcester was the best project we could come up with. It’s an established program” and thus gives “maximum impact.” {ANR&P discussion 31.Oct.08}

Speaking for PW, Wendy Lavelly wrote that the money will purchase five auxiliary power units. She pointed out that PW running between Valley Falls and Pawtucket passes through the corner of Attleboro pointing into Central Falls, Rhode Island. In this half mile, PW has one customer, State Line Scrap [our *Directory* #464]. The railroad will provide more details at a later date. {e-mail to ANR&P}

ST: ABANDONMENT OK

4 November, DC. **THE STB PUBLISHED THE NOTICE OF EXEMPTION OF THE LOWELL INDUSTRIAL TRACK**, permitting ST to abandon it as of 13 December. {STB website, decisions page, AB-32 (Sub No 85X)}

Inquiries by your editor as to the buyer [see 08#10B] have yielded no answers thus far.

NEW HAMPSHIRE

NH COMMUTER: LOCAL \$ NEEDED

28 October, Manchester. **NEW HAMPSHIRE CANNOT EXPECT FEDERAL FUNDING FOR EXPANDING THE T TO MANCHESTER.** “We need to do it on the regional level,” said Mike Izbicki, chair of the New Hampshire Rail Transit Authority. Speaking to members of the Greater Manchester Chamber of Commerce at its annual Regional Infrastructure Summit, he said the New Hampshire Capitol Corridor Rail Project would connect first Nashua with the Lowell MBTA commuter train system at a projected cost of \$48 million, and later connect Nashua to Manchester at a cost of \$94 million. Plus, he noted, \$10 million to \$12 million annually in operating costs with little federal help.

NHDOT Commissioner George Campbell said financial innovation is needed to pay for such projects. He suggested a regional tax increment financing district could be created to pay for the matching fund requirements. A tax increment district captures some of the additional property tax money created by new development.

Campbell also suggested working with other states to convince Congress to establish an investment tax credit for rail infrastructure improvements. {Garry Rayno in Manchester *Union Leader* 30.Oct.08}

QUEBEC/MARITIMES

CN: BUYS THREE RAILWAYS

1 November, Montreal. **CN CLOSED ON THE PURCHASE OF NBEC, CFMG, AND THE OTTAWA CENTRAL RAILWAY** from CFQ (in English the Quebec Railway Corporation), totalling 540 miles. In addition it will acquire the rail ferry firm Compagnie de gestion de Matane (COGEMA). CN announced the C\$49.8 million deal on 3 November.

CN will also take on the operation and management contract for the Chemin de fer de la Gaspésie. [See box for more detail.]

CN said it plans to invest capital over the next three years to upgrade the rail lines and will replace the existing locomotive fleet with more modern motive power. The company does not plan any changes to freight, VIA Rail passenger rail service, or employment levels.

“The operations we're buying are important to CN because QRC is our second-largest short-line partner, serving important customers at origin and directly feeding our main-line network,” CN president and CEO Hunter Harrison said in a release. “QRC has done a great job with these rail properties, and we believe can improve on that in future.”

CFQ will later dispose of the chemin de fer de Charlevoix [see below], which runs northeast out of Quebec City. {CN press release}

“With our close partnership over the years, CN was the logical purchaser of these properties after CFQ decided to dispose of key assets,” said CFQ Chair Pierre Martin. CFQ did not have the \$30 million needed to upgrade the lines to carry 286,000-pound railcars. “It’s necessary to invest much money in the track, and in the bridges. It will be necessary to renovate the locomotives. That will be \$10 million alone for the locomotives. I’m 70 years old. None of my friends are getting any younger.”

“The CN of today is more efficient than the CN before. It’s the most efficient railway in North America. Its capacity to invest



CN purchases. {courtesy CN}

THE PROPERTIES CN IS BUYING

(Description from CN press release. History and carloadings from *Atlantic Northeast Rail and Marine Transport Review 1999*)

Chemin de fer de la Matapédia et du Golfe (CFMG)

CFMG has 221 miles of track, interchanging with CN at Rivière-du-Loup. It runs from Rivière-du-Loup to Campbellton, where it meets NBEC. CFMG also has a line between Mont-Joli and Matane, where the COGEMA rail ferry operates to the north shore of the St. Lawrence River. CFMG serves major shippers of aluminum, paper and forest products. VIA Rail uses the line between Rivière-du-Loup and Campbellton for its Maritime service between Montreal and Halifax.

History. SCFQ bought the line from Mont-Joli to Campbellton in 1998. In January 1999, CN sold the line from Rivière-du-Loup to Matane; SCFQ combined the two into the federal railway CFMG. {98#04, 98#09, 99#04} In 1998 it had about 30,000 carloads (20,000 on the main line and 10,000 from the ferry).

New Brunswick East Coast Railway (NBEC)

The 196-mile NBEC runs between Campbellton and Pacific Junction near Moncton, the interchange with CN. In tandem with CFMG, the NBEC serves major shippers mainly in the mining and pulp and paper industries. VIA Rail uses the line between Campbellton and Pacific Junction for its Montreal-Halifax service.

History. SCFQ bought the provincially-regulated rail line in 1998. {98#04} In that year, it had 22,400 carloads.

Ottawa Central Railway (OCR)

The OCR runs between Coteau, Quebec where it interchanges with CN, and Pembroke, Ontario. Between Coteau and Ottawa, the OCR operates over VIA Rail trackage. Major commodities carried by the OCR include newsprint, salt, forest products, steel wire rod, and billets.

Compagnie de gestion de Matane (COGEMA)

COGEMA provides shuttle boat-rail freight service on the St. Lawrence River between Matane and Baie-Comeau, Quebec, and other ports on the North Shore of the Gulf of St. Lawrence when required. The rail ferry has a capacity of 25 rail cars. CFMG connects with the ferry at Matane and interchanges traffic with CN at Rivière-du-Loup.

History. SCFQ purchased the ferry in 1999 {99#02}, though CN retained the minority interest it has

in the tracks is 100 times superior than ours,” said Martin.

What’s next

Julie Sénécal, CN spokesperson, limited her comments about the strategy CN could take to stimulate traffic in northern New Brunswick, affected by the closing of three paper mills since 2005. {Gilles Gagné in *Le Soleil* 4.Nov.08, ANR&P translation}

CN owned these properties once

[See box.]

All properties become federal

Mark Hallman, CN spokesperson, explained on 6 November: ‘Prior to the transaction, OCR and CFMG were federally-regulated railways, while NBEC was provincially regulated. CN obtained a conditional and confidential ruling from the Canadian Transportation Agency last Friday, October 31, amending CN’s certificate of fitness (in effect CN’s railway license) to reflect the acquisition of the railways. As CN is a federal railway, all acquired rail lines, including the lines of the former NBEC, are now federally regulated. An official CTA decision on CN’s amended certificate of fitness is expected shortly.

‘COGEMA was provincially regulated prior to CN's acquisition of it, and will remain so as it is not a railway operation of CN. CN obtained approval from the Quebec Minister of Transport to acquire the ferry operation prior to the close of the transaction.

‘CN is not acquiring CFG, a government-owned enterprise; it's only assuming the operation and management contract for the short-line. Because CN is operating it, it will come under federal jurisdiction. {e-mail to ANR&P 6.Nov.08}

Effect on other short lines

Roy Budgell, CBNS manager, marketing & sales, wrote of the effect of the sale of SCR [see below] and NBEC on his: ‘We do very little with either of these railroads. The equipment we move in and out for SCR will have to continue to move the few times per year they need it. I don't believe we will see any changes.’ {e-mail to ANR&P 5.Nov.08}

NBSR General Manager Ian Simpson said that the sale would have “no impact” on his rail line. {ANR&P discussion 5.Nov.08}

More detail

Madeline Paquin, chief of Logistec, explained the breakup of CFQ: “The company had many minority shareholders, some had retired and put funds into company. Most of these wanted to sell their shares and cash in.” So the board decided to split the company into three parts. Logistec bought SCR [see below], CN (another minority shareholder) bought most of the railways, and “there's a good chance” that minority CFQ owner société générale de financement du Québec (SGF) may take the Charlevoix railway.

SGF has just bought a 25% share for \$25 million in Groupe Le Massif Inc in Charlevoix. This investment represents a unique opportunity for SGF to take part in one of the most ambitious tourism projects in Québec and at the same time contribute to regional economic development, in line with its strategic orientations. The project does not involve freight. {SGF website}

SGF is not now ready to take the railway, but will probably be in 2Q09, said Paquin. “At that point in time, we can liquidate CFQ and the remaining cash can be distributed.” {ANR&P discussion 10.Nov.08}

SCR: LOGISTEC NEW OWNER**

3 November, Montréal. **LOGISTEC CORPORATION ANNOUNCED THAT IT HAS ACQUIRED SCR**, by obtaining, ‘directly and indirectly, from Québec Railway Corporation Inc. (“QRC”) all of the issued and outstanding shares and inter-company debt of Sydney Coal Railway Inc. (“SCR”) for a consideration partly paid in cash at closing with the balance being payable upon distributions of proceeds of the intended disposition of QRC's other assets but no later than twelve months following the closing of the SCR purchase.

‘Logistec Corporation owns a participation in QRC representing 16.2% of all issued and outstanding shares, on a fully diluted basis. It is expected that the disposition of QRC's remaining assets will be completed before the end of the 2nd quarter of 2009. The aggregate net cash disbursement by Logistec as a result of the SCR transaction and the receipt of its pro rata portion of the proceeds from the disposition of QRC's remaining assets is expected to be approximately \$11 million, after off-sets, mostly incurred in fiscal year 2008. [See above article for more detail.]

‘SCR operates a 22.5 kilometres short-line railway and provides service for the transportation, storage, warehousing and delivery of coal shipments from the international coaling piers on Sydney Harbour in Sydney, Nova Scotia to the Lingan Generating Station, a coal-fired electrical generating station near New Waterford, Cape Breton, Nova Scotia. The latter is owned and operated by Nova Scotia Power Incorporated (“NSPI”), a subsidiary of Emera Inc., under a ten-year service agreement with Logistec Stevedoring Inc., a wholly-owned subsidiary of Logistec Corporation. SCR also maintains an interchange connection with the North American railway network at Sydney where it connects to the Cape Breton and Central Nova Scotia Railway.’

History

CFQ bought SCR in early 2003 [see 03#01B]. At the same time, Emera, parent of Nova Scotia Power, sold the International Pier coal conveying equipment and maintenance sheds to Logistec. Emera retained ownership of the pier and the land under the SCR line.

Emera gave Logistec and SCR a ten-year service agreement to handle coal and petcoke for the Lingan (rail-served) and Point Aconi (truck-served) power plants.

Price paid

One wag noted that Logistec had paid \$11 million for about 13 miles of track, while CN had paid only \$50 million for 540 miles. Paquin said Logistec had paid actually more than \$16 million. The value lay in the ongoing NSP contract, plus the substantial cash in SCR. {ANR&P discussion 10.Nov.08}

SYDNEY: COAL PIER LOCKOUT

November, Sydney. *LOGISTEC CONTINUES TO OPERATE THE INTERNATIONAL PIER* with management and replacement workers, to import coal for Nova Scotia Power. A labor dispute between Logistec Atlantic, which leases and operates the pier [see other article], and the 18 workers who belong to the United Mine Workers of America became a lockout on 15 September.

Workers estimated that the pier held about 100,000 tonnes of coal in September. {Tom Ayers in *Nova Scotia Business Journal* 16.Sept.08}

An effort to mediate the dispute in mid-October failed. {Canadian Press 16.Oct.08}

An opportune time?

John Baldwin, general manager of Sydney Coal Railway, said Nova Scotia Power's rail car dumper at the Lingan power plant was "out of order from 1 September to 9 October." It is now working, and SCR is moving coal from the pier to the power plant.

SCR train crew are unionized, Baldwin said, but are barred by an injunction from a sympathy strike. The Labor Relations Board ruled that since the employers are not related [not yet, anyway—see other article] any honoring of the UMW strike by the SCR crew would be "an illegal strike." {ANR&P discussion 5.Nov.08}

First labor unrest

Don Rowe, Sydney harbourmaster, said on 10 November: "We've never had a problem in the port until Logistec locked their people out." He acknowledged that as Logistec now owns SCR, any picketing of SCR should be permitted.

Logistec chief Madeline Paquin said: "Nobody likes a work stoppage. We hope we can resolve the outstanding issues." {ANR&P discussions 10.Nov.08}

CBNS: WASTE TO MELFORD?

5 November, Sydney. *THE RAIL MOVE OF GARBAGE IS AGAIN DELAYED*, said Cape Breton Regional Municipality solid waste manager Donnie Burke. Rail America, owner of CBNS, asked for a three-year extension on its negotiations [in January, it asked for six months—see 08#03B] in order to resolve its plans to transfer garbage from railcars to trucks once the shipment reaches Antigonish County on the other side of the Canso Causeway. Meetings with residents of Havre Boucher do not appear to have overcome opposition to the trucking of the garbage into their town.

Burke said the CBRM is currently examining tenders to continue transporting garbage off-island by truck. The request for tenders called for a three-year deal, plus an additional two-year option, so CBRM will not be stuck while

working out its rail plans.

Possible link with new intermodal terminal

Burke said the CBRM received a letter from the railway recently asking for an extension and citing unspecified ‘other options’ the company is exploring. Burke named one of those options as an arrangement for garbage handling at the proposed Melford container terminal near Mulgrave in Guysborough County. {*Cape Breton Post* 6.Nov.08}

SLR/MMA: QUEBEC FUTURE

10 November, Montreal. ***THE LOONIE’S FALL WILL HELP QUEBEC’S FORESTRY SECTOR REVENUE TO INCREASE 6% IN 2009***, but volumes will not increase, to the disappointment of the SLR and MMA. Overall international export value from the province is expected to rise a modest 1% in 2009 after declining 4% in 2008, according to a provincial export outlook by Export Development Canada (EDC). ‘The slight rise in Quebec’s exports in 2009 is possible thanks to an expected 10% depreciation of the Canadian dollar.’

Newsprint, pulp, and lumber will struggle

The forestry sector, which accounts for 14.6% of the international export picture, suffered a 1% drop in 2008. Phil Taylor, spokesperson for Export Development, explained that the entire projected 2009 increase will come from the increase in value of the US dollar versus the loonie.

Actual lumber export volumes are unlikely to gain much of the ground lost since 2005, as existing home inventories in the U.S. remain near all-time highs. Newsprint volumes will struggle through 2009 as publishing continues to move towards electronic media and as advertising lineage falls. The pulp segment will also stall through 2009 as newsprint drops and major new pulp production starts in Latin America.

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Other sectors

The industrial goods sector, 37% of Quebec’s international exports, is defined by volatile, and generally negative, commodity price movements and highly cyclical chemicals exports. Global demand for Quebec’s aluminum exports, a key input in automotive, commercial construction and aerospace applications, is expected to ease. The province’s iron ore exports, by contrast, could see another year of growth after a massive, price driven, export surge in 2008. {Export Development Canada press release 6.Nov.08; *ANR&P* discussion 13.Nov.08}

NS: STUDY CN HALIFAX CORRIDOR*

23 October, Halifax. ***THE PROVINCE IS REQUESTING ANOTHER STUDY OF MOVING TRUCKS INTO THE RAIL CORRIDOR*** between the Halterm terminal and Rockingham. Angus MacIsaac, minister of economic development and the Atlantic Gateway Initiative, put the goal as reducing traffic congestion in the centre of the city, making the port more

efficient, and possibly adding a bikeway and footpath to the 6.8-kilometre rail cut between the Halterm terminals and the Bedford Basin. The province will also look at adding public transit to the corridor.

MacIsaac said the study will indicate the exact price tag on the project, though earlier estimates put the changes to the rail corridor at about \$80-million.

Bids to complete the study are due 14 November. CN hasn't indicated yet whether it will grant title to the land, if the project proceeds.

Doubts

Provincial New Democratic Party leader Darrell Dexter said the Halifax corridor project may be worthwhile, but he wondered if it would do much to solve the port's problem of declining traffic. "A lot of people are going to ask themselves: 'What does this actually do to increase the amount of business that's going to come into the port?' That's the question the study may address. But I didn't really see it as one of the considerations being outlined."

MacIsaac expected federal funding will be available through the Atlantic Gateway initiative, and he added the province will pay the cost of the study on its own. {Michael Tutton of Canadian Press in Toronto *Globe and Mail* 24.Oct.08}

Jen Powley, spokeswoman for the Ecology Action Centre's sustainable transportation committee, said on 29 October it is "kind of odd the province is making its own study," considering Halifax Regional Municipality did a 2006 study that concluded using the cut for rail and trucks was not feasible.

MariNova Consulting Ltd. found that paving the rail cut would only accommodate one-way traffic and spending \$40 million to achieve that goal was not worth the expense. MariNova recommended an inland terminal served by rail shuttle. [See 08#02B.] A site was identified in Waverley, but that idea has since been scuttled by the municipality in favour of a logistics park in Burnside that would be accessible by both truck and rail.

Powley said another concern is the schedule for the study. "The time line on the study is incredibly tight. . . . They want a study within three to four months." Experts in the field have told *The Chronicle Herald* that a detailed study on the rail cut, looking at the possibility of trucks and other vehicles using the route, would likely take more than a year.

The province's planned study would also consider possible greenway features, including trails for cyclists and pedestrians. But Powley said she doubted people would want to walk or ride their bikes beside tractor-trailers in an enclosed area. {Tom Peters in *Halifax Herald* 30.Oct.08}

CN: BEDFORD QUARRY*

summer, Bedford-Waverly. ***THE RAILWAY HAS THREE CUSTOMERS HERE***, generating close to a thousand carloads a year.

St.Lawrence Cement

St.Lawrence Cement has a cement terminal at 130 Mann Street, off Duke Street. An official there said it receives 600-700 carloads a year of cement from St.Lawrence terminals in both Joliette, Quebec and Mississauga, Ontario.

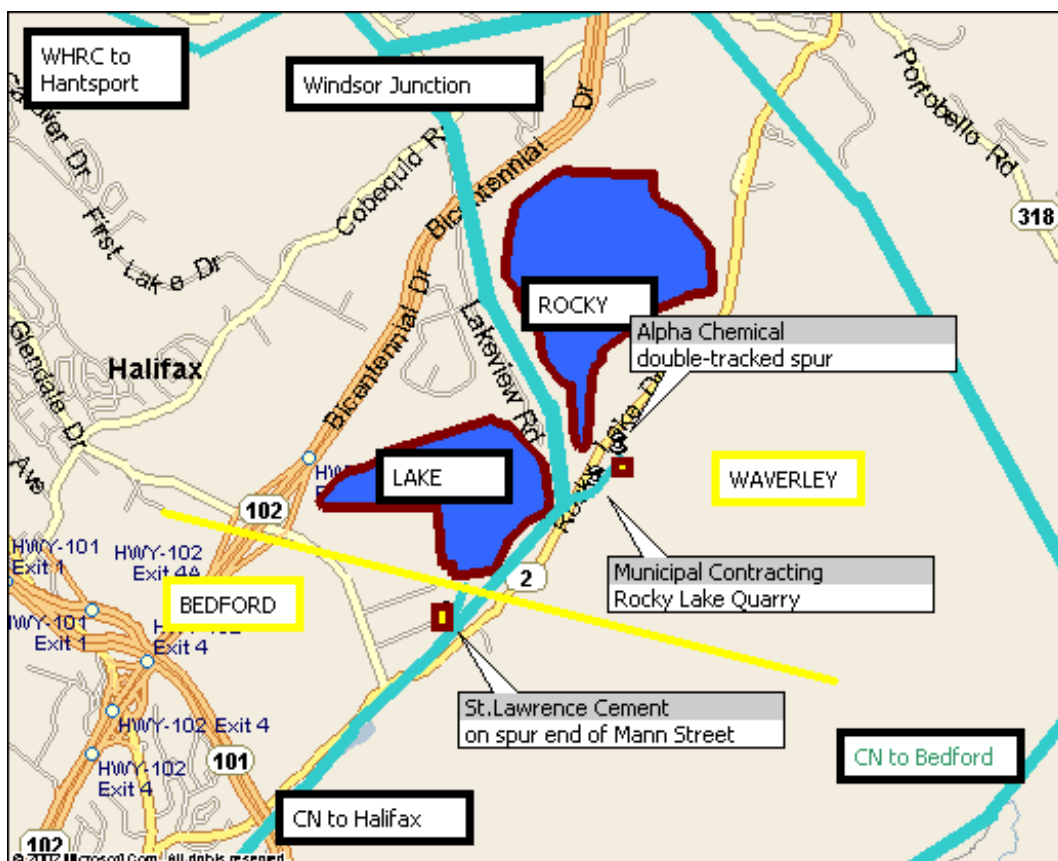
The facility has not received dry-cleaning solvent since he started there, ten years ago. He declined to comment on the quality of CN service.

Municipal Quarry

An official at the quarry on 48 Quarrystone Drive said he loads out a car at odd times. "We don't use it very much and I am surprised the siding is still there." The spur comes off

MORE ON MUNICIPAL QUARRY

The quarry in Waverly is operated by Municipal Contracting Limited, part of the Municipal Group of Companies. The group also includes Dexter Construction. The two, 'a result of ambitious expansion and acquisitions, have become the largest full service construction company in Atlantic Canada as well as completing projects as far away as Brunei and the Caribbean.'
{company website}



the main line from Halifax to Truro.

Alpha Chemical

In 2004 Alpha moved from Burnside to Waverly, to a new facility at the end of the quarry spur. The company brings in chemicals by rail for the manufacturing/blending and repackaging facility to better serve key industrial centers within North America and Europe. {Alpha website}

President Eric Efford said on 28 August that the facility in Burnside was a pilot facility. {ANR&P discussions}

PEOPLE, EVENTS

John Opie was appointed by Connecticut Governor Jodi Rell to succeed **Judy Gott** on the Connecticut Maritime Commission. Gott works as the executive director of the South Central Council of Governments.

CAPE RAIL DISCUSSION

On 19 November, the Cape & Islands Renewable Energy Collaborative (CIREnew) sponsors a forum on revitalizing Cape Cod freight and passenger rail system. MC President John Kennedy and Dan Wahle, vice-president marketing, will speak.

6:30 - 8:30 pm, Hyannis Transportation Center, Hyannis

NERRC-MASS RAIL PLAN MEETING*

New England Railroad Club presentation from NS

On 20 November, Charles (Scott) Muir, NS vice-president government relations for Delaware, Maryland, and New Jersey, will speak at the Executive Night dinner at the Copley Plaza in Boston. Title: '2008: Freight Railroads Focus on Legislative Action in Congress and the States.'

EOT state rail plan

Before the reception of the Club at 5PM (great networking opportunity), come to a stakeholder meeting on the state freight and rail plan 2-4 PM, also at Copley Plaza.

HALIFAX EVENT POSTPONED

Postponed: Halifax conference on Future Demand For International Freight Services. Scheduled for 25-26 November at the World Trade and Convention Centre. 'The consultant's report, which was to be the main item of discussion at the conference, is not yet complete,' wrote Maggie Lapp. Sponsor Transport Canada may reschedule it for the spring.

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.

Alpha Chemical (CN, Nova Scotia)
 CSX Flexiflow (CSXT Massachusetts #227)
 CSXI (CSXT Massachusetts #229)
 ECDC (CSXT Massachusetts #225)
 Houghton Chemical (CSXT, Massachusetts #224)
 Municipal Quarry (CN, Nova Scotia)
 Nova Scotia Power (SCR Nova Scotia)
 Romar (CSXT, Massachusetts #226)
 St.Lawrence Cement (CN, Nova Scotia)
 Verso (ST, Maine #857)

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Coverage

The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

Frequency and the e-bulletin

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

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

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Purpose

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

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E-ISSUE