

# 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

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Issue 09#01A 16 January 2009

\*Article unchanged from e-bulletin.

\*\* Blue type shows changes from e-bulletin.

## NS-ST DEAL

**NS-ST deal:** Five comments about STB's draft environmental assessment.\*

**EOT-NS-ST:** Complete October agreement.\*

**NS-ST-EOT:** NS and ST have made the required payments under their agreement.\*

## OTHER REGIONAL ISSUES

**ST:** Cutting back crews and train starts; Rigby only local yard now.

**Montreal:** Boxes up 7.3%, down 3% in 2009.\*

## CONNECTICUT

**ConnDOT:** Rail plan draft targeted for October.\*

## MAINE

**SLR:** 4Q08 intermodal off again.

**ST:** Trip shows roadbed in good shape.\* But speed restrictions show otherwise.\*\*

**Eastport/ST:** Another record year, possible intermodal operation.\*

## MASSACHUSETTS

**MC:** Mirant accepting ammonia from Fall River.\*

**PVRR:** Stimulus spending could help. Lowe's up.

**New Bedford:** Headhaul citrus, backhaul herring. Dredging has helped.

## NEW HAMPSHIRE

**NEGS:** Traffic seasonal, ST duelling quiet.

## RHODE ISLAND

**Ports:** Legislative study commission. Containers?

**Quonset/Davisville:** Dredge without federal aid?

## VERMONT

[No report.]

## MARITIMES/QUÉBEC

**Halifax:** Containers down 20% in '08, '09 dismal.

**Canso:** Melford plans to begin work in spring.\*

## RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

## PEOPLE, POSITIONS, EVENTS

Roger Reynolds\*, Scott McCalla\*, Paige Kane\*, Paul Doiron.

**MMA:** Award from RMI for software use.\*

## FROM THE PUBLISHER

### The NS-ST deal

Several readers have asked me for my prognostication on this, especially given rumours that the deal has died. I say emphatically the deal is definitely on. Both railroads have invested much in the main deal and side deals, and have much to gain by going ahead.

I read the STB tea leaves to say that the Section on Environmental Analysis will issue its okay (with conditions) later this month, and the full Board will approve the deal (with conditions, therefore winning me a dinner bet) by the end of February.

- Chop Hardenbergh

Next issue 30 January

**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, **CPR** - Canadian Pacific Ry, **CSO** - Connecticut Southern RR, **CSRX** - Conway Scenic RR, **EOT** - Mass. Exec. Office of Transportation, **GW** - Genesee & Wyoming Inc, **FHWA** - Federal Highway Admin., **FRA** - Federal Rail Admin., **FRTC** - Fore River Transportation Co., **FTA** - Federal Transit Admin., **Guilford (GRS)** - Guilford Rail System, formerly name for Pan Am Railway, see ST, **GU** - Grafton & Upton RR, **HRR** - Housatonic RR, **MBCR** - Mass. Bay Commuter RR, **MBRX** - Milford-Bennington RR, **MBTA** - Mass. Bay Transportation Authority, **MC** - Mass. Coastal RR, **MCER** - Mass. Central RR, **MDOT** - Maine Department of Transportation, **MERR** - Maine Eastern RR, **MMA** - Montréal, Maine and Atlantic Ry, **MPO** - Metropolitan Planning Organization, **MTQ** - Québec Ministry of Transport, **NAUG** - Naugatuck RR, **NBDOT** - New Brunswick Department of Transportation, **NBSR** - New Brunswick Southern Ry, **NECR** - New England Central RR, **NEGS** - New England Southern RR, **NHCR** - New Hampshire Central RR, **NHDOT** - NH Department of Transportation, **NHN** - New Hampshire Northcoast RR, **NEPRA** - Northern New England Passenger Rail Authority, **NSDOT** - Nova Scotia Department of Transportation, **Pan Am** - new name for GRS, **PVRR** - Pioneer Valley RR, **PW** - Providence & Worcester RR, **QCR** - Quebec Central Ry, **RIDOT** - Rhode Island Department of Transportation, **Seaview** - Seaview Transportation Company, **SLQ** - St. Lawrence & Atlantic Ry (Québec), **SLR** - St. Lawrence & Atlantic RR, **ST** - Springfield Terminal Ry (leases three parts of Pan Am Systems (Maine Central RR, Portland Terminal RR, Boston & Maine), **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.

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## *NS-ST DEAL*

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*The Norfolk Southern Railway and the Pan Am Railways (ST) propose to create the Pan Am Southern Railway to operate all of ST's lines west of Ayer. This section covers that deal, now before the STB.*

### **NS-ST: ENVIRONMENTAL COMMENTS\***

15 December, DC. ***THE SURFACE TRANSPORTATION BOARD RECEIVED FIVE COMMENTS ABOUT THE DRAFT ENVIRONMENTAL ASSESSMENT*** by this day, the date the Board set for responses to the draft issued by the Section of Environmental Analysis (SEA) [see 08#11B].

#### **Committee for the Improvement of Rail Service in Maine**

The Committee reiterated its argument that unless some of the \$47.5 million received by ST from NS in the Patriot Corridor deal were devoted to Maine service, the Maine operation would go downhill, resulting in more traffic moving to trucks with consequent environmental damage.

Follow federal law. The Committee noted the SEA's allegation in the draft EA that, "The Board's practice consistently has been to mitigate only those impacts that result directly from the proposed action." The Committee noted, however, that the STB itself admits on its website: "Under the National Environmental Policy Act (NEPA), the STB must take into account in its decision-making the environmental impacts of its actions, including direct, indirect and cumulative impacts. The STB must consider these impacts before making its final decision in a case." [Emphasis added.]

The Committee requested that 'within three years of the STB's approval in the matter of Pan Am Southern, Pan Am Railways agrees to upgrade and repair all of their track lying within the State of Maine; such that PAR will be in full compliance with the "Box B" speeds listed in their own Timetable Number 5, which was effective on April 1, 2006.' [One observer believes ST is well on its way to doing that. See other article.]

#### **Town of Royalston, Massachusetts**

Jon Hardie, secretary of the Board of Selectmen of this town between Fitchburg and Greenfield on ST's Freight Main, wrote: 'We find intolerable the persistent and egregious emissions from three diesel engines. (parked for hours in front of 3900 ft avg. length east-bound trains). These three engines are repeatedly left idling - year round - for as many as 15 or 20 hours - at each event - near a rail crossing, in a narrow river gorge, immediately adjacent to approximately 300 residents of the village of South Royalston MA.'

In spite of continued complaints to the railroad, 'we continue to experience the horrific environmental impact of these carcinogens & incomplete products of combustion in the village of South Royalston MA....We ask, as a condition of approval of this Joint Control and Operating /Pooling Agreement, or any future agreement that this egregious and intolerable behavior continue to be prohibited – in perpetuity - within a mile of this specific location noted above - in either direction.' [See 08#12B for ST lawsuit filed against Worcester to enforce no-idling regulation.]

Fires. Hardie reported that the town fights 'often very difficult summer fires sparked by passing freight trains along the rugged terrain, adjacent to the river and steep gorge right of way, during dry periods. We expect the town to be reimbursed for these out of pocket expenditures on behalf of the railroad.' [See 08#11B for successful resolution of similar dispute with Westminster.]

Unpaid taxes. 'Here and in many other small communities along the northern tier of MA, we find a systematic refusal to pay property taxes – when due. This pattern of arrogant and callous disregard for the communities through

which this track and these trains must pass, as reflected above in the uncontrolled discharge and trapping of particulate matter from incomplete combustion, is yet another actionable event.

‘We request that as a condition of approval of these agreements, that the railroads be required to pay local property taxes promptly and when due, so that frankly we can afford to fight these fires and respond to toxic spills when they occur.’

### **Town of Ayer**

The Town again expressed concern about its drinking water, listing five releases of pollutants in Ayer, and another nine in Deerfield. It called on the STB to require the applicants to use the existing auto unloading facility or at least require strict monitoring conditions on the proposed new auto unloading facility.

### **Town of Halfmoon, New York**

In the town and in neighboring Mechanicville, NS and ST proposed to build a new intermodal and transload facility. Mindy Wormuth, Halfmoon supervisor, said she had written in July asking for status as an interested party, but never received a reply.

In the town’s comment, she noted numerous errors in the draft EA. Moreover, ‘our citizens have not been given any opportunity for comment. We wonder why no public hearings were scheduled by your agency.’

### **Environmental Protection Agency**

[The EPA filed a comment, but it cannot be opened from the STB website.] {STB Environmental Matters page, ‘environmental correspondence’, Finance Docket 35147}

## **NS-ST-EOT: PAYMENTS MADE\***

9 January, Boston. *ST AND NS HAVE MADE THE REQUIRED PAYMENTS* under the agreement with EOT of October 2008:

\$200,000 31 October 2008 from ST

\$500,000 31 October 2008 from NS

\$200,000 14 November from ST

\$200,000 15 December from ST

Spokesperson Klark Jessen reported that Deputy EOT Secretary Tom Cahir confirms the receipt. {*e-mail to ANR&P*}

### *Advertisement*



## **NEW ENGLAND RAILROAD CLUB**

### **ANNUAL EXPO AND RAIL FORUM, Worcester DPU Center 24 March 2009**

This event gives you four benefits: visiting the booths of railroad suppliers, hands-on demonstration of equipment hosted by PW, seminars and keynote speech by stakeholders, and a great chance to meet and mix with your fellow workers. I recommend it!

## NS-ST-EOT: TEXT OF DEAL

*This newsletter obtained, via a Freedom of Information request, the actual text of the 'Settlement Agreement' among EOT, MBTA, NS, and ST which became effective 20 October [see 08#10B]. It has only three pages:*

### Settlement Agreement of October 20, 2008

The Executive Office of Transportation and Public Works for the Commonwealth of Massachusetts ("EOTPW"), the Massachusetts Bay Transportation Authority ("MBTA"), Norfolk Southern Railway Company ("NS"), and Pan Am Railways ("Pan Am" and, collectively with EOTPW, MBTA and NS, the "Parties"), in an effort to resolve certain issues raised by certain of the Parties in connection with a proposed transaction leading to the creation of Pan Am Southern LLC ("PAS") and the operation of PAS, NS and Pan Am over certain rail lines, or on property, owned by the MBTA or EOTPW in the Commonwealth of Massachusetts (the "Transaction"), hereby agree as follows:

#### 1. Train Freight Operations

The MBTA agrees that, to the extent consent is required, Pan Am, through Boston & Maine and Springfield Terminal Railway Company ("Springfield Terminal"), are permitted to assign their respective freight easement rights over 23.1 miles of MBTA-owned rail lines (the "MBTA Lines") to PAS, and further agrees that PAS may contract with Springfield Terminal to fulfill PAS's common carrier obligations on the MBTA Lines, and that PAS may grant operating rights (in the form of overhead trackage rights) over the MBTA Lines to NS and Springfield Terminal, but only to these two rail carriers.

In return, NS and Pan Am agree that, following closing of the Transaction, (1) PAS will, as assignee of B&M and Springfield Terminal's freight easement interests in the MBTA Lines, assume all of Springfield Terminal's rights and obligations accruing on or after closing of the Transaction, as set forth in the 1976 Deed (as it may be amended, the "1976 Deed") as the same pertain to the MBTA Lines; (2) PAS will comply with the terms and conditions of the 1976 Deed, and, as to operations following assignment, will be responsible for all payments due to MBTA for the collective operations of PAS, NS, and Springfield Terminal over the MBTA Lines; and (3) PAS, NS, and Springfield Terminal will, upon acquisition of the operating rights described above, abide by, accept and be bound by the terms of the 1976 Deed, and operate on and over the MBTA Lines, subject to and in accordance with the terms of the 1976 Deed.

In keeping with the constructive nature of the discussions, the Parties agree that as a result of the proposed Transaction PAS anticipates that an additional 1.5 trains per day will be operating over the MBTA Lines. Similarly, the operations of the MBTA over the MBTA Lines are also expected to increase in the near future to possibly as many as seven additional round trips per day as a result of a planned \$150 million infrastructure investment by the MBTA in these Lines. In order to accommodate the expected increase in both freight and passenger service, the Parties agree that such increases are reasonably foreseeable, yet also agree to conduct a joint capacity study incorporating mutually agreed upon factors to determine the effect of an increase of two freight roundtrip trains per day and up to seven commuter rail round trip trains per day on the MBTA Lines and, if necessary, the additional capacity that may be needed to accommodate increases in operations by each party.

To the extent that either or both of the passenger or freight service over the lines is/are proposed be expanded beyond the levels identified in the preceding paragraph, the Parties agree

to first consult with each of the others to determine whether the expansion can reasonably be accommodated within the current operating plan, or with adjustments to the current operating plan. For expansions that cannot be so accommodated, the Parties agree to jointly fund a quantitative capacity study (generally an RTC study, or, as technology develops, its successor, as reasonably agreed upon by the parties) to determine both the non-infrastructure (operating) and infrastructure alternatives to addressing any identified capacity constraints, and the relative allocation of the costs associated with each, based upon the expansion requests that instigated the requested study, as well as by the ancillary capacity improvements for the other Parties arising out of any adjustments the Parties determine to implement.

## 2. Account Receivable Due to MBTA

The Parties agree to the following calculation:<sup>1</sup>

### *Grand Total Owed by Pan Am to MBTA*

(as of 31 July 2008):	\$4,997,251.95
(estimate for August 1, 2008 – date of closing):	\$400,000.00 <sup>2</sup>
<i>Offset by:</i>	
Environmental Costs: Iron Horse Park:	(\$600,000.00)
Lawrence Running Track: Andover Street to Lowell Jct.:	(\$49,059.23)
In Kind Contributions to MBTA:	(\$486,910.14)
Compensation for 11 Switches:	(\$1,509,750.00)
<i>Net Total Due MBTA:</i>	\$2,751,532.58

Using this figure of \$2.75 million as the AR due the MBTA, the Parties agree as follows:

On or before October 31, 2008:

1. Pan Am will pay the MBTA \$200,000.00.
2. NS will pay the MBTA \$500,000.00 as a good faith down payment toward the total AR.

<sup>1</sup> EOTPW, MBTA and Pan Am developed and agreed to the dollar amounts set forth herein.

<sup>2</sup> The Parties understand that this figure is a good faith estimate, based upon an anticipated date of closing of January 31, 2009. The Parties agree that the final figure will be mutually agreed to by the MBTA and Pan Am, in the same manner those parties agreed to the figure as of July 31, 2008.

On or before November 14, 2008, Pan Am will pay the MBTA \$200,000.00.

On or before December 15, 2008, Pan Am will pay the MBTA \$200,000.00.

3. The Parties agree that the remaining AR owed to the MBTA is \$2,251,532.58 [\$2.75 million - \$500 thousand]. Of that amount, Pan Am will pay the MBTA \$1.6 million in cash at closing of the Transaction, and NS and Pan Am agree to direct PAS to pay such amounts to MBTA from the funds payable by PAS to Pan Am at the closing. The "delta" of approximately \$651,532.58 will be resolved entirely through non-cash initiatives, including but not limited to (i) reconciliation of a final amount of trackage fees due for the period August 1, 2008 through closing of the proposed Transaction, (ii) other adjustments related to the Lawrence Running Track and In Kind Contributions to the MBTA, (iii) possible land acquisitions by the MBTA of certain properties owned by Pan Am on mutually agreed upon terms, and (iv) other services or initiatives mutually agreed upon by the MBTA and Pan Am.

Therefore:

1. Payment of \$1.6 million will be made to the MBTA as described above.
2. At or prior to closing of the proposed Transaction, Pan Am and the MBTA will conclude good faith discussions regarding the \$651,532.58 non-cash "delta", as more fully described above, and the MBTA agrees that the entire "delta" amount will be satisfied through non-cash initiatives.
3. The MBTA will release Pan Am of all debt as of the date of closing of the Transaction.

### 3. East Deerfield Yard

EOTPW agrees to the assignment of Pan Am's rights (through B&M) in and to the EOTPW-owned portion of East Deerfield Yard to PAS, provided that (1) NS and Pan Am agree that PAS will be bound by the terms and conditions set forth in the 1985 and 1987 conveyance documents and related agreements (the "EOTPW-B&M Agreements") that accrue on or after closing of the Transaction; (2) upon closing of the proposed Transaction, PAS will assume responsibility for payments prescribed under the terms of the EOTPW-B&M Agreements accruing on or after closing, and shall make such payments to EOTPW and the Town of Deerfield promptly and in full when due; (3) Pan Am will continue ongoing environmental remediation efforts at East Deerfield Yard, including cleanup of hazardous materials and monitoring of conditions, in compliance with all applicable laws and regulations; and (4) PAS will conduct safe and secure operations, in compliance with all applicable laws and regulations, at East Deerfield Yard and will cooperate with Town and Commonwealth officials with regard

### 4. Commuter Rail Operations on other than MBTA lines

Pan Am, NS, EOTPW and the MBTA commit to continue good faith negotiations concerning the Commonwealth of Massachusetts' plans to commence passenger operations (by way of line acquisitions and/or acquisitions of passenger operating rights) over lines currently owned by rail carrier subsidiaries of Pan Am, including rail lines that Pan Am will convey to PAS and other lines that Pan Am rail carrier subsidiaries would retain post-Transaction.

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## OTHER REGIONAL ISSUES

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### ST: CUTS

13 January. **LIKE OTHER RAILROADS, ST IS CUTTING BACK ITS CREWS AND TRAIN STARTS**, according to current and former workers. While the situation remains fluid, several sources confirmed that Rigby Yard in South Portland will no longer serve as a way point for ST road freights; it will retain local freights to serve the surrounding customers.

Seventeen conductors and engineers are now furloughed, with more to come. Some management cuts have occurred, and others may come. {ANR&P discussion with current worker; e-mail to ANR&P from former engineer Bill Remington; NERAIL e-list}

### MONTREAL\*

5 January. **CONTAINER TRAFFIC IN 2009 MAY DECLINE 3.7%**, said Patrice Pelletier, president and chief executive of the Montreal Port Authority. Containers should reach a record 1,460,500 TEUs in 2008, up 7.2% over 2007.

### US traffic

Thirty percent of the total containers moves between the port and the United States, and 75% of that connects with Chicago. “Illinois is our No. 1 shipping region outside of Canada, and for traffic between Europe and Chicago we beat everyone else by three to four days,” he said. Pelletier urged governments and private companies to move ahead with a long-proposed tunnel expansion for Canadian Pacific Railway under the Detroit River between Detroit and Windsor, Ontario.

### Other markets

Pelletier noted his port was “strengthened by diversity”; it is not dependent on markets in China and Asia. Some 70% is exchanged with Northern Europe, 20% with the Mediterranean, and the balance with the Caribbean. The Mediterranean trade grew in 2008 by 31.6%; the Caribbean by 26.9%

### Bulk

Pelletier sees bulk traffic falling by 19% in 2009 and liquid bulk by 7.4%. {Port Authority press release}

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## CONNECTICUT

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### CONNDOT: STATE RAIL PLAN\*

8 January, Newington. **THE AGENCY WOULD LIKE TO COMPLETE A STATE RAIL PLAN BY SEPTEMBER**, said Peter Richter of the Bureau of Policy and Planning. In November 2008, Richter was transferred from the New Haven-based Office of Rail to Policy and Planning in Newington by Commissioner Marie to organize “a cross-departmental team for the development and coordination of the Connecticut State Rail Plan.”

### Federal intervention

Earlier, Carmine Trotta of ConnDOT intermodal planning was moving ahead on the state rail plan, “along the general lines of past plans,” Richter explained [see 07#01A]. Trotta had a preliminary inventory and a review of state rail issues completed, when the US Congress passed HR 2095, the Passenger Rail Act in October of 2008 [the

same legislation also covered solid waste transfer stations—see 08#10B *Massachusetts*]. The statute calls for completion of a rail plan within a year of the passage of the Act.

However, FRA has not yet developed guidelines for states to produce rail plans. Items required by the statute include passenger service objectives, analysis of transportation routes, environmental impacts, a longer-term investment program, and financing issues.

### Next steps

“We are now beginning the outreach process with stakeholders. This State Rail Plan will include significant public and stakeholder participation, and that element will commence with early 2009 scoping meetings followed by a number of interim collaborative forums at which Plan progress and interim work products will be reviewed....

“We’d like have something in presentable form by the end of September.” {ANR&P discussion}

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## MAINE

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### SLR: INTERMODAL

14 January, Auburn. **SLR INTERMODAL FOR 4Q 08 DROPPED**. Parent company Genesee & Wyoming reported 277 “carloads” for October-December, below 4Q07’s level of 428. [See 08#07A.] {GWI press release}

### ST: MAINE TRACK IN GOOD SHAPE\*\*

December, Maine. **AN OFFICE CAR TRIP SHOWED ST ‘RANKS RIGHT UP THERE WITH THE BEST OF THEM.’** Roy Blanchard, rail consultant and editor of *Rail Week in Review*, wrote in the 9 January issue:

A few weeks ago David Fink, Pan Am Rail president, invited me along on a 137-mile business car trip from Waterville, Maine south to Durham, NH (MP 62 from Boston’s North Station) with some of his senior staff members and other guests. What an eye-opener. I see a lot of railroads from the biggest Class I’s to the smallest of regionals and this piece of railroad ranks right up there with the best of them.

We began with a brief tour of the Waterville shops, built by the old Maine Central more than seventy years ago and still in use as a 26-track heavy-repair facility fed by a transfer table. Though the place is showing its age, the house-keeping is impeccable and the safety record is enviable (not surprising – a clean workplace is a safe workplace). Moreover, there was power from other carriers in there – Boston’s “T” and other regional carriers – something you would not see if the craftsmanship were less than first-rate.

Out on the railroad, I was particularly impressed with the state of track maintenance from Waterville to Portland (below Portland that’s Amtrak and not all on David’s nickel). My trip began with a ride in the cab (a pair of ex-CN GP40-2 units powered our special) on a section of rail I last saw more than fifty years ago visiting a school chum’s Maine summer place.

The roadbed is a mixture of CWR and jointed rail with good wood, clean ballast with proper shoulders and ditching and the tree line cut way back for good visibility. A tie program is scheduled for the spring and they plan to replace the last of the jointed rail with CWR in 2010. Clearly PAR will benefit from the Pan Am Southern joint venture with NS exactly as KCS has – NS capital to speed up one part of the railroad frees up PAR funds to upgrade other parts of the system.

South of Portland we were on Amtrak’s “Downeaster” route, essentially a single-track railroad with CWR, wayside home signals and frequent passing sidings with switch heaters and nice, gradual turnouts. It was on this segment we had meets with two huge freight trains, the EDWA (East Deerfield to Waterville) and the MORI (Mohawk-Rigby), which shows there’s good reason to keep the track in a high state of repair. Thanks, David, for the education. {*Week in Review* 9.Jan.09 reprinted with permission}

### But the official speed summary differs

What does the railroad officially say about its line between Waterville and Portland travelled by Blanchard?

Pan Am Railways Temporary Speed Restriction Summary # 14  
Effective 0300 Thursday, January 15, 2009 to 0300 Friday, January 16 2009  
(\* denotes new restriction, \* denotes speed upgrade)

These restrictions lower the permissible operating speed from that listed in the *Employee Timetable*, which puts the track at FRA Class 2, 40 miles per hour. {text of ETT}

Starting just west of Waterville at Milepost 114 from Mattawamkeag, to MP 165 in Rumford Junction (Auburn), speed is restricted to 25 miles per hour. From there to MP 192 in Portland, the track is restricted mostly to 25 miles per hour, except where it is limited to 10 miles per hour. {text of Speed Restriction Summary}

ST workers, who asked not to be identified, were taken aback by Blanchard's characterization of the track. For a long time, the track quality of the Waterville to Portland segment, as well as much of the rest of the ST system, has not permitted operating at timetable speeds [see *NS-ST: Committee for Better Rail Service in Maine* comment]. {e-mails to ANR&P 1.09}

## EASTPORT\*

7 January. **GOOD NEWS FOR THE PORT** was reported by Skip Rogers, manager of Federal Marine, which operates the state-owned terminal here.

### Record tonnage

For the third year in a row, tonnage increased [see 05#11B, 07#06B]. For 2008, he counted the total as 385,000 metric tonnes, while 2007 was 368,865 metric tonnes and 2006 358,075 metric tonnes. Of the 2008 total, 376,864 consisted of pulp from the Domtar mill in Baileyville, and a bit more than eight tons consisted of two yachts moved as supercargo.

Port officials thought they would break 400,000 tonnes because of the volume early in the year, but it fell off considerably, Rogers said [see box]. He does have two ship calls scheduled for January, but he cannot predict how 2009 will go.

### END OF PULP BULL MARKET

After a three-year run, the global pulp market declined dramatically in the second half of 2008. Global inventories reached the highest tonnage level ever by October. Northern bleached softwood kraft pulp, selling for \$864 per metric tonne in January 2008, dropped to as low as \$650 in mid-November. {Harold Cody in *Paper Age* 11-12.08}

### No pellet move

Rogers worked hard to attract outbound wood pellets, but in the end German company Enligna ran into restrictions at the proposed site in Baileyville [see 08#08B]. Enligna did buy the troubled MacTara mill [see 07#10B *Maritimes*] in Upper Musquodoboit, which ships pellets through Halifax. It has a capacity of 120,000 tons of pellets and 500,000 tons of wood shavings per year. {Enligna website}

### Possible intermodal operation

Investigating the possible pellet plant in Baileyville, Rogers began talking to ST. He discovered that ST has in Baileyville, just outside the gates to the mill, a circus ramp by which trailers can be loaded onto flatcars, last used he estimated in the 1980s. "This could be used for project cargoes, and possibly breakbulk moves." At 28 miles to the port, "it's too far for bulk" to move cost-effectively. The narrow site might even permit some covered storage.

Rogers believed that if stevedores were permitted to handle both ends of the dray, he could offset the cost of the transload in Baileyville with the revenue from handling the cargo over the pier. "We're in active dialogue" with ST to use the ramp to offer rail access for the port. Through joint marketing with ST, and with NS [Eastport supported the NS-ST deal—see 08#07B *Maine*], the ramp could attract new traffic. {ANR&P discussion}

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## MASSACHUSETTS

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### MC: MIRANT\*

17 December, Sagamore. **THE FIRST DIRECT DELIVERY OF AMMONIA TO THE MIRANT CANAL POWER PLANT** occurred soon after the siding was completed in late October [our *Directory* #306], said Paige Kane, Mirant spokesperson [see *People*]. The chemical originates at Borden Remington [our *Directory* #290] in Fall River on CSXT.

Mirant has no intent of moving fly ash out directly by rail, Kane said. The company moves so little, and the new siding is not appropriately located. Mirant will continue to dray the fly ash to Gallo's siding in Sagamore [our *Directory* #305-1]. {ANR&P discussion}

### PVRR: STIMULUS SPENDING?

13 January, Westfield. **THE RAILROADS HAVE "A LOT MORE SHOVEL-READY PROJECTS THAN THE PRIVATE SECTOR"** said Mike Rennie, PVRR general manager and vice-president. In 2008, workers replaced 2000 feet of 80-pound rail with 105-pound rail. This year PVRR plans another 1400-1500 feet. "The investment tax credit has been a huge help" in assisting with the costs. He could do more with stimulus money: "We would buy rails, buy ties, and put people to work." [See 08#08B for annual carloads.]

Lowe's traffic, last year at 1500 carloads [see 08#08B], continues to grow, Rennie reported, because of store openings. "We are looking for funding methods to upgrade the line so that we may continue to provide safe and consistent service." {ANR&P discussion; Ari Natter in *Traffic World* 12.Jan.09}

### NEW BEDFORD: HEADHAUL, BACKHAUL

12 January. **REEFER SHIPS BRING IN CITRUS, AND WILL HAUL AWAY HERRING** this winter.

#### THE HEAD HAUL

The inbound citrus move from Morocco has occurred during the winter since 1980; the product ends up in Montreal and Toronto. Pierre Bernier manages the freight forwarding division for Maritime International Incorporated. He explained that the citrus lands at the cold-storage facility on MacArthur Boulevard [see 04#05A with map].

Three ships had already called by December; Maritime expects another 13 ships through April. In the summer months, the ships sail direct to Canada from Morocco and the Southern Hemisphere.

#### Why New Bedford?

Bernier gave several reasons.

- New Bedford is the closest port by sea to Morocco which is able to serve the Canadian cities. Ships cover the distance in nine days.
- The product cannot be offloaded in the cold ambient winter temperatures which prevail in Canada. The ships have six hatches. Unloading through any one hatch requires it to stay open three to six hours. Through each hatch, the stevedores need to empty 12 to 18 compartments located on four decks, usually.
- Ontario truckers are looking for backhauls.

#### Why not move by container?

Bernier agreed that a container with both heating and cooling systems could maintain the necessary ambient temperature of around 42 degrees Fahrenheit. Such containers are used to export Maine seed potatoes to Uruguay,

for example, because the potatoes require cooling in equatorial climes, and heating north or south.

Reefer container rates are competitive with the break-bulk ships. But container ships must move many more boxes than just those containing citrus, and hence must call several ports. That lengthens the transit time to 15 or 20 days. A reefer ship contains 100 to 150 truckloads of citrus, and thus need only sail direct from Morocco to New Bedford.

### **Why doesn't New England get the citrus?**

USDA regulations for import into the United States require a 16-day waiting period and cooling to 36 degrees Fahrenheit to eliminate the Mediterranean fruit fly. Canada, because of its colder ambient temperature, does not. Maritime International and other handlers keep the product quarantined until it leaves the United States, Bernier said.

Unfortunately for US consumers, the extra time and the extra cooling dry out the citrus; those arriving in Canada “are much juicier and taste better.”

### **What carriers handle the move?**

The ships are chartered on the open market by the receivers, who own the product. Bernier said about 100 ships a year leave Morocco laden with fruit.

### **Dredging permits more traffic**

Due in part to dredging [see box], the number of refrigerated cargo vessels calling Maritime's terminals is growing, said Bernier. The company's shipping program increased 35% from last year.

The work is worth it; Bernier estimated each call injects \$1 million into the city. {ANR&P discussion 13.Jan.09; *NE Business Bulletin* 26.Dec.08}

#### **HOW DREDGING HELPS**

A dredging project which began in January 2005, was expected to enter into its third phase of work in December 2008.

Bernier reported: ‘Dredging the harbor permits vessel with draft up to 9.0 meters (29' 6") to dock at the Maritime Terminal dock and 7.6 meters (25 ') at the Bridge Terminal dock. Prior to the 2005 dredging the drafts were respectively 24' 6" at Maritime and 23' at Bridge Terminal.

‘The dredging of Bridge Terminal will allow a vessel to load a full and complete cargo of 4,000 metric tonnes of frozen fish.’ He explained that before 2005 ‘we had the extra expenses for pilot, tugs, line handlers, and laytime’ to shift the vessel from the Bridge Terminal dock to the Maritime Terminal dock to complete loading. {e-mail to ANR&P 15.Jan.09}

#### **THE BACK HAUL**

**FROZEN HERRING AND MACKEREL MOVE BACK TO AFRICA.** Billie Schofield, managing partner at New Bedford's Northern Pelagic Group LLC (Norpel), explained his company has a facility on Fish Island in New Bedford which freezes whole herring and mackerel it catches with midwater trawlers. The majority is exported to poor countries in Africa, the Middle East and Eastern Europe; the balance becomes bait for lobster fisheries. On 27 January, a reefer ship will take about 4,000 metric tonnes of frozen herring to Nigeria, handled by Maritime International stevedores at its Bridge Terminal on Fish Island [see box about dredging].

Because of their abundance, herring are inexpensive, typically about ten cents a pound dockside. Freezing and shipping add to costs to the production chain, but even so, whole-frozen herring provides inexpensive protein to parts of the world that desperately need it.

### Gloucester and Cape May operations

Other midwater trawl operations also export fish, particularly in the wintertime, when bait demand is low. Cape Seafoods in Gloucester exports up to 25% of its herring; Lund's Fisheries, based in Cape May, New Jersey, also exports several thousand tons of fish to poor nations each year [see box]. {press release from Fisheries Coalition}

### The fisheries

The herring and the mackerel fisheries are limited by quota, Schofield said. He exports when he has the product, and declined to estimate how many ships he would load in 2009. [*NE Business Bulletin* reported five ships this winter.]

### The paper trail

Schofield explained that his customers charter their own vessels, and take ownership of the frozen cargo in New edford. {fisheries coalition press release; *ANR&P* discussion 14.Jan.09}

#### WHY PUBLICITY ABOUT HERRING

Skip King, whose firm Reputation Strategies represents Norpel and other independent boat owners and shoreside processors, said on 15 January that the fisheries group generated the publicity to offset negative press from the Pew Charitable Trust. [King once represented the Sunday River ski train which in the 1990s transported skiers between Portland and Bethel on SLR tracks. *Editor*]

From the website: 'Formed in November, 2007, the Sustainable Fisheries Coalition is a small group of independent fishing boat owners and shoreside processors. The Coalition was formed to defend itself from a well-planned, well-funded assault by the Pew Environment Group, Earthjustice and other organizations that seek to place severe restrictions on the herring fishery.'

'Since the early 1990s, the herring fishery has never even approached the Total Allowable Catch (TAC) set by the US Government to ensure a healthy herring fishery. That hasn't stopped the assault by Pew and its affiliated groups.'

'Pew's goal isn't improving the herring fishery. Rather, it's control of the entire North American fishing industry, based on its own priorities. Today, they're focusing on the North American Atlantic herring fishery. It's clear that other fisheries will be targeted next.' {website}

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## NEW HAMPSHIRE

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### NEGS: UPDATE

15 January, Concord. **ST AND NEGS HAVE NOT YET RE-MET** in legal fora, said President Peter Dearnness. The STB action for adverse discontinuance awaits new notices in newspapers [see 08#09A], and NEGS has not yet refiled its court action in state court [see 08#10B].

Meanwhile, operations continue. Dearnness said aside from the normal season lows for cement and lumber, the rest of his traffic is holding up. {*ANR&P* discussion}

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## RHODE ISLAND

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### RHODE ISLAND PORTS

13 January, Providence. **THE GENERAL ASSEMBLY CREATED A COMMISSION TO STUDY PORT FACILITIES.** A Joint Resolution creating the study commission was introduced in the House by Speaker William J. Murphy (D-Dist. 26, West Warwick, Coventry, Warwick) and Majority Leader Gordon D. Fox (D-Dist. 4, Providence) and in the Senate by Senate President M. Teresa Paiva-Weed (D-Dist. 13, Jamestown, Newport) and

Majority Leader Daniel P. Connors (D-Dist. 19, Cumberland, Lincoln).

The Commission will have six members each from the House and Senate (one from each body will serve as co-chair), including at least one member in each chamber from the minority party. It is asked to report its findings and recommendations to the General Assembly by 1 September 2009.

### Scope

Majority Leader Fox said: “It's imperative that we take advantage of the economic development opportunities that exist at both Quonset and Providence. These ports are among the closest to Europe. The proper facilities, together with the proper management, have the potential to greatly increase jobs for the citizens of Rhode Island.”

The leaders, in proposing the study commission, acknowledged that Rhode Island is already one of the major ports of entry for autos in the Northeast and that Narragansett Bay has the potential to be a major economic engine for the state because it is one of the nation's largest protected waterways and is close to the most densely populated regions in the nation. {Rhode Island General Assembly press release 13.Jan.09}

### No containers?

Governor Carcieri on 9 January reiterated his opposition to building a container port at Davisville, saying it would not help local businesses. Despite years of debate, the governor told a group of small-business owners, no private investors are offering to build the facility. “I've never been convinced that it would be an economic generator for us.” {Benjamin Gedan in *Providence Journal* 14.Jan.09}

## QUONSET/DAVISVILLE: DREDGING

14 January, Davisville. ***THE PORT WANTS TO DREDGE WITHOUT FEDERAL FUNDS***, said Evan Matthews, port manager for the Quonset Development Corporation, which governs the Port of Davisville.

At this point, said Matthews, users of the port do not pay the federal harbor-maintenance tax (HMT). Importers at other U.S. ports pay 1.5% of the value of the arriving cargo to offset federal dredging and other harbor costs.

The absence of the tax gives North American Distribution (NORAD) an advantage in soliciting new business. Its business has increased more than 50% recently, after Volkswagen stopped unloading in Wilmington, Delaware [see William Hamilton in *Providence Business News* 12.Jan.09—more in a future issue].

The port was created by the US Navy during World War II and has not been dredged since. However, said Matthews, “it needs to be dredged now.” QDC has a hydrographic survey in hand, available on its website. “If we dredge down to 37 feet, we can accommodate most ro-ro vessels for the foreseeable future.”

He would not want to go further, as the pier infrastructure only goes down 40 feet.

QDC would like to avoid using federal funds and thus having to pay the HMT, meaning it will seek help from the General Assembly [see other article]. {ANR&P discussion}

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## QUEBEC/MARITIMES

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### HALIFAX: TRAFFIC DOWN

13 January, Halifax. ***“WE ARE LOOKING AT A SIGNIFICANT DECLINE THIS YEAR,”*** Karen Oldfield, president of the Halifax Port Authority, told reporters after appearing before the Nova Scotia legislature's Committee on Economic Development this day. Container business at the two terminals dropped about 20% in 2008, marking the first time since 2000 that the port has handled fewer than 500,000 containers.

Given the current economic climate, she wouldn't be surprised to see container traffic fall again in 2009. The port is running at less than one-third capacity. It did host a record number of cruise ship visits in 2008, though that only accounts for about 10% of business at the port.

**Bonuses continue**

Mark MacDonald, chair of the board at the port, said the bonuses are based on a manager's job performance, not simply the number of containers in one line of the port's business. We know what these people are doing. We know how hard they're working. And if anything, it may be harder in the business environment that they're dealing with."

MacDonald didn't say how much senior officials received in bonuses, but he expected them to earn their salary top-ups again this coming year. According to the last financial statement filed in 2007, Oldfield made more than \$250,000 a year in salary and bonus.

New Democrat MLA Carrie MacKinnon said given the port's poor performance and the bleak forecast, senior executives should look long and hard at what they're making. "Certainly when we look at some of the salary levels, I think they either have to be capped or reduced." {CBC webposted 13.Jan.08}

**CANSO: MELFORD PROGRESS\***

9 January. *DESPITE THE ECONOMY, THE PROPOSED CONTAINER TERMINAL IS MAKING PROGRESS*, said Richie Mann, vice president marketing. "In a nutshell, we are doing ok; there's no project in world not impacted" by the downturn.

**Environmental conditions**

The company is finalizing the work on the conditions imposed by Nova Scotia when it permitted the terminal on the west side of the Strait of Canso [see 08#10B]. "It's not a bad thing we got environmental approvals" later than expected. "We may do things a little differently, but the project continues to make sense, especially now given the attention the industry has to pay to operating costs." Melford proponents believe they can provide terminal services at a rate below nearby ports.

**Financing and construction**

"The next level is construction financing, we continue to work on that," explained Mann. "The fundamentals have not changed." At the 2008 Ports & Terminals Event in the Americas in Los Angeles, he heard prognoses of a recovery by early or late 2010 "depending on who was talking." That fits with the planned operational date of the Melford terminal "in late 2011."

MIT is also "short listing EPC contractors," firms who will provide turnkey engineering, procurement, and construction. He anticipates negotiating, rather than public tendering, for the work, though whoever is hired as the general contractor "may do public tendering" for the subcontract work.

**Railway agreements**

The railway construction was approved as part of the master project environmental approvals, Mann noted. "Discussions with both railways are ongoing and positive" about handling the terminal traffic.

**First construction work**

Before site construction begins, the province will emplace a new bridge over a small water course on the public road leading to the site. The current bridge has a weight restriction. The new structure, assembled offsite, will become usable by the end of February, Mann believed.

Then Melford, in the first part of construction, will build "a loop road around the site which the government will take over." Public traffic will take the loop road, and construction work can then begin on the site itself. {ANR&P discussion 9.Jan.09}

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## RAIL SHIPPERS

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Described in this issue.

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

Domtar (ST, Maine #850) circus ramp use  
 Lowe's (PVRR, Massachusetts #409) traffic up  
 Maine Intermodal Terminal (SLR, Maine #914) boxes down  
 Melford Terminal (CBNS, Nova Scotia) start work 2009  
 Mirant (MC, Massachusetts #306, 305-1) ammonia starts

### New to the region? This helps:

#### **RAIL FREIGHT FACILITIES IN NEW ENGLAND**

Malcolm Laughlin, editor  
 Chop Hardenbergh, publisher

*A directory of the 760+ shippers, receivers, transload facilities, and intermodal terminals on the rail lines.*

#### **NEW ENGLAND RAIL DIRECTORIES**

19 Holden Road, Belmont MA 02478  
 m.laughlin@atlanticnortheast.com  
 Vox: 617-489-4383 Fax: 617-507-0472

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## PEOPLE, EVENTS

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**Paul Doiron** retired from **Logistec** at the end of December. For the past two years, he was doing sales and development, reporting to Frank Vannelli, who oversees all sales and marketing activities in North America.

Subscribers will know Paul as the supplier of the quote about the newsletter on the annual invoices: 'I read it from cover to cover as soon as it comes in.' Thanks, Paul.

**Paige Kane\***, who handled governmental affairs for CSXT four years ago, returned to the industrial sector a year ago, becoming manager of external affairs for **Mirant**. She worked for non-profit City Year for three years after CSXT.

**Roger Reynolds\*** will continue to handle logistics for **Omya** in Proctor, after the main logistics division has moved to Cincinnati. 'He is aware of all of our logistics projects, and will be key in continuing the work that our organizations have been doing together,' wrote **Scott McCalla\***, who has declined to move to Cincinnati, and will seek a new position in Vermont.

### AWARD\*

**RMI** announced that **Montreal, Maine & Atlantic Railway** received one of its 2009 Fast Track Awards, given to 'customers who exemplify RMI's goal to streamline processes and improve procedures in the rail industry.' MMA began to send daily Online Inventory Management reports automatically to its customers. It implemented automatic constructive placement. These changes reduced the number of phone calls to the Customer Service Center for car tracing/location by 70% and the amount of demurrage disputes by over 50%. Automation using TMS blocking rules generated over 7,300 charges and increased the percentage of charges created automatically from 66% to 91%.

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## ATLANTIC NORTHEAST RAILS & PORTS

162 Main Street

Yarmouth, Maine 04096

Vox (207) 846-3549

Fax (contact me for #)

Chalmers (Chop) Hardenbergh, publisher and editor

C\_Hardenbergh@juno.com

[www.atlanticnortheast.com](http://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](http://www.atlanticnortheast.com). If you do not have a password, merely request one from me.

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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.'