

## **1. PURPOSE AND NEED**

### **1.1 INTRODUCTION**

On May 30, 2008, Norfolk Southern Railway Company (Norfolk Southern), Pan Am Railways, Inc. (PARI), Boston and Maine Corporation (B&M) and Springfield Terminal Railway Company (Springfield Terminal) (collectively, Applicants) submitted an application (Application) and related notices of exemption to the Surface Transportation Board (Board), pursuant to 49 United States Code Sections 11322 and 11323 and 49 Code of Federal Regulations Part 1180, for the creation of a new rail carrier (a limited liability company [LLC]) to operate the existing rail lines currently owned or operated by Springfield Terminal west of Boston (Transaction) (more fully described below). PARI and/or Springfield Terminal would retain and continue to operate the rail lines east of Ayer, Massachusetts, which are not part of the Transaction. Norfolk Southern and B&M would be owner/members of the limited liability company, to be called Pan Am Southern, LLC (PAS), and each would have equal ownership and management interests. PAS would be a new, independent railroad established through this joint venture. Springfield Terminal would provide all railroad operating and administrative support functions on behalf of PAS as a contractor to PAS, including marketing PAS services and rates, as well as negotiating and executing contracts for rail transportation services with customers on behalf of PAS.

This Environmental Assessment (EA) identifies and analyzes the potential environmental effects associated with the Applicants' proposed Transaction, which is currently before the Board for decision. The Board, pursuant to 49 U.S.C. 10901, has jurisdiction over certain transportation matters including certain financial transactions (such as railroad acquisitions and rail construction). The Board, through its Section of Environmental Analysis (SEA), is the lead agency responsible for the preparation of this EA. SEA prepared this EA in accordance with the National Environmental Policy Act (NEPA),<sup>1</sup> the Council on Environmental Quality (CEQ) guidelines, and the Board's environmental regulations<sup>2</sup> to provide the Board, Federal, state, and local agencies, Native American Tribes, and the public with clear and concise information on the potential environmental effects of the proposed Transaction and the no action alternative.

In preparing this EA, SEA identified issues and areas of potential environmental impact, analyzed the potential, reasonably foreseeable environmental impacts of the proposed Transaction, reviewed agency and public comments, and developed mitigation measures to avoid or reduce anticipated impacts on the environment. SEA also considered other pertinent Federal and state statutes and regulations, as well as Federal Executive Orders.

SEA is issuing this EA for public review and comment. SEA will consider all timely comments received on this document in making its final recommendations to the Board. The Board will consider the entire environmental record, all public agency comments, and SEA's final environmental recommendations, including final recommended mitigation measures, in making its final decision in this proceeding. The Board will then decide whether to approve, approve with conditions (which could include environmental conditions to mitigate impacts), or deny the proposed Transaction.

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<sup>1</sup> 42 U.S.C. 4321 *et seq.*

<sup>2</sup> 49 C.F.R. Part 1105

## **1.2 PURPOSE AND NEED**

The principal purpose of the Transaction, according to the Applicants, is to enhance the existing rail infrastructure on the main line between Mechanicville, New York and Ayer, Massachusetts, herein referred to as the east-west main line. No construction of any new or additional rail lines is contemplated. Certain sections of the existing east-west main line that are currently owned or operated by Springfield Terminal would be improved, the existing Ayer Intermodal Facility would undergo minor upgrades, the new San Vel Automotive Facility would be constructed on railroad property in Ayer, and the new Mechanicville Facility would be constructed with an intermodal yard and automotive transload facility on railroad property in Mechanicville, all as further explained in detail in Chapter 2.

The Applicants have stated that the Transaction is needed to improve rail service in the New England region, thereby enhancing competition, reducing long-distance truck traffic, and serving the public interest. Norfolk Southern's ability to provide single-system service to eastern New York and New England via its haulage agreements with Springfield Terminal and haulage and trackage rights agreements with Canadian Pacific Railway Company (CP), as well as Springfield Terminal's ability to compete with CSX Transportation Inc. (CSXT) and other transportation providers, are seriously constrained by the capacity of Springfield Terminal's lines and the lack of needed yard facilities, particularly in Massachusetts and New York. Many sections of the lines PAS would acquire can only handle cars of no more than the current design load limit of the line, which is 263,000 pounds, and some sections of the lines PAS would acquire are subject to Federal Railroad Administration (FRA) standards requiring Springfield Terminal to impose "slow orders,"<sup>3</sup> limiting train speeds to 10 miles per hour instead of the timetable speed of up to 40 miles per hour. Although Springfield Terminal has been able to increase its traffic somewhat in recent years despite these conditions, Springfield Terminal and Norfolk Southern agree that substantial improvements are needed to sustain growth for the long term, particularly in relation to the transport of intermodal freight ("intermodal" refers generally to more than one mode of transportation, such as rail, trucks and ships) and transportation of automotive vehicles along rail lines. As a result of this Transaction, Applicants have stated that rail traffic in the New England region would be able to move faster, more safely, and more reliably.

Accordingly, the primary purpose of this proposed action is to enhance existing rail infrastructure, including intermodal and automotive facilities between Mechanicville, New York, and Ayer, Massachusetts in order to meet the need to improve service for long-term growth and to enhance competition, safety, and reliability.

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<sup>3</sup> Slow orders are speed restrictions that are imposed on rail lines in response to certain track defects or adverse weather conditions. The downgraded speed allows continued safe passage of trains without the need for immediate repair of the rail lines.