

## **2. PROPOSED ACTION AND NO ACTION ALTERNATIVE**

### **2.1 PROPOSED ACTION**

Under the proposed Transaction, the Applicants would establish a new company, Pan Am Southern, LLC (PAS), which would own railroad lines and acquire trackage rights over other rail carriers. The Transaction would involve approximately 436.8 miles of rail lines in New York, Massachusetts, Vermont, New Hampshire, and Connecticut. PAS would own approximately 238.3 miles of rail line, and approximately 198.4 miles would consist of trackage rights over other rail carriers. Boston and Maine Corporation (B&M) would contribute the owned rail lines and related properties and B&M and Springfield Terminal Railroad Company (Springfield Terminal) would assign their trackage rights to PAS. In addition, PAS would provide certain haulage service to Norfolk Southern Railway Company (Norfolk Southern), as detailed in the Application. Norfolk Southern would contribute \$137.5 million in capital to PAS, \$87.5 million of which would go into improving infrastructure. PAS would use a portion of the capital contributed by Norfolk Southern to construct an intermodal and automotive facility, proposed to be located on the site of two former rail yards at Mechanicville, New York (the Mechanicville Facility). The proposed Mechanicville Facility would, among other things, improve rail operations for intermodal and automotive traffic destined for Ayer, Massachusetts. In addition, PAS would use a portion of the Norfolk Southern capital contribution to construct a new automotive facility at San Vel in Ayer, Massachusetts (San Vel Automotive Facility) and to improve the existing intermodal facility at Ayer (Ayer Intermodal Facility) as part of the Transaction.

PAS also would use part of the Norfolk Southern capital contribution to remove long-term slow orders along the east-west main line and to increase vertical clearances under certain bridges along that line to more efficiently accommodate multi-level rail cars and improve traffic flow. PAS would increase vertical clearance to 19-feet, 6-inches by reducing the track level by between six inches and two feet at nine bridge locations between Mechanicville and Ayer. No changes to the bridges at these nine locations are required to increase the vertical clearance. PAS also would rehabilitate track and bridge infrastructure to permit the handling of 286,000-pound rail cars, allowing the movement of more freight tonnage (*i.e.*, more gross ton miles of freight moved per car) without additional rail cars. In addition, PAS would restore and rehabilitate a 2.5-mile siding in Pownal, Vermont, and would restore and reopen interconnections with the New England Central Railroad (NECR) at Millers Falls, Massachusetts and with Pioneer Valley Railroad (PVRR) at Holyoke, Massachusetts.

B&M and other Pan Am Railways, Inc. (PARI) subsidiaries would contribute the rail lines and assign the trackage rights to PAS. Norfolk Southern and B&M would jointly own PAS and would share equally in supervising PAS management and capital expenditures. Pursuant to an operating agreement, Springfield Terminal, as contractor to and subject to supervision by PAS, would continue to provide railroad operations (including maintenance, dispatching and train operations) and administrative services.

The focus of the Transaction is the main line between Mechanicville, New York and Ayer, Massachusetts, referred to herein as the east-west main line. The Applicants have stated that the Transaction would improve the east-west main line through beneficial capital maintenance

(including the removal of long-term slow orders), clearance projects, and yard construction and improvements.

As stated in Chapter 1, no construction of new or additional rail lines is contemplated. Modifications to the existing lines would include improving rail lines between Mechanicville and Ayer (see Figure 2-1), redeveloping two former Mechanicville rail yards that are currently vacant properties to accommodate a new intermodal yard and automotive transload facility (Mechanicville Facility, see Figure 2-2), constructing a new automotive facility on property in Ayer, Massachusetts (San Vel Automotive Facility, see Figure 2-3), and minor improvements to the existing Ayer Intermodal Facility (see Figure 2-4). The proposed Mechanicville Facility would permit PAS to assemble and disassemble double-stack intermodal trains more efficiently than is now possible at Canadian Pacific Railway Company's (Canadian Pacific) Mohawk Yard in Schenectady, New York. The clearance improvements along the east-west main line would increase siding capacity (the footage of auxiliary side tracks) on the PAS lines so that multi-story trains would be able to pass at multiple locations on the route (in contrast to only one location now), thus improving fluidity and capacity on the PAS lines. Construction of the Mechanicville Facility would require relocation of certain Canadian Pacific tracks within existing rail right-of-way. Canadian Pacific has consented to this relocation.

Applicants expect no substantial change in railroad operations or rail traffic patterns. The railroad operating the PAS lines would remain the same – Springfield Terminal. While Applicants hope to increase traffic on the PAS lines over the long term, they do not plan to change existing interchanges with other railroads on the lines, with two exceptions, or to reroute any existing traffic over different lines (see Tables 2-1 through 2-6). PARI currently connects with NECR at East Northfield, Massachusetts; Brattleboro, Vermont; and White River Junction, Vermont. Applicants propose to improve the connection with NECR by reestablishing a previously existing interchange with NECR at Millers Falls, Massachusetts. In addition, PAS would restore and reopen an interconnection with PVRR at Holyoke, Massachusetts. Currently, this existing interchange is not operational, but PAS and PVRR have agreed to each restore their own portions of the existing interchange tracks at Holyoke. The Applicants have represented that their reestablished interconnection are not anticipated to change traffic patterns or to increase traffic, but may provide the opportunity for growth at some unknown point in the future.

Tables 2-1 through 2-6 list base-case and five-year<sup>4</sup> projected traffic for all of the proposed PAS-owned rail line segments and segments over which PAS would have trackage rights, as well as base case and five-year projected yard related activity resulting from the Transaction. Tables 2-1 and 2-2 list changes in rail traffic for the proposed PAS-owned segments in terms of trains per day and million gross ton miles per year (MGTM/yr), respectively. MGTM/yr is a measure of the weight of cars and their contents moving a distance of one mile. Tables 2-3 and 2-4 list changes in rail traffic for the segments covered by trackage rights in terms of trains per day and MGTM/yr, respectively.<sup>5</sup> Table 2-5 lists the change in yard activity in rail carloads per day, and

---

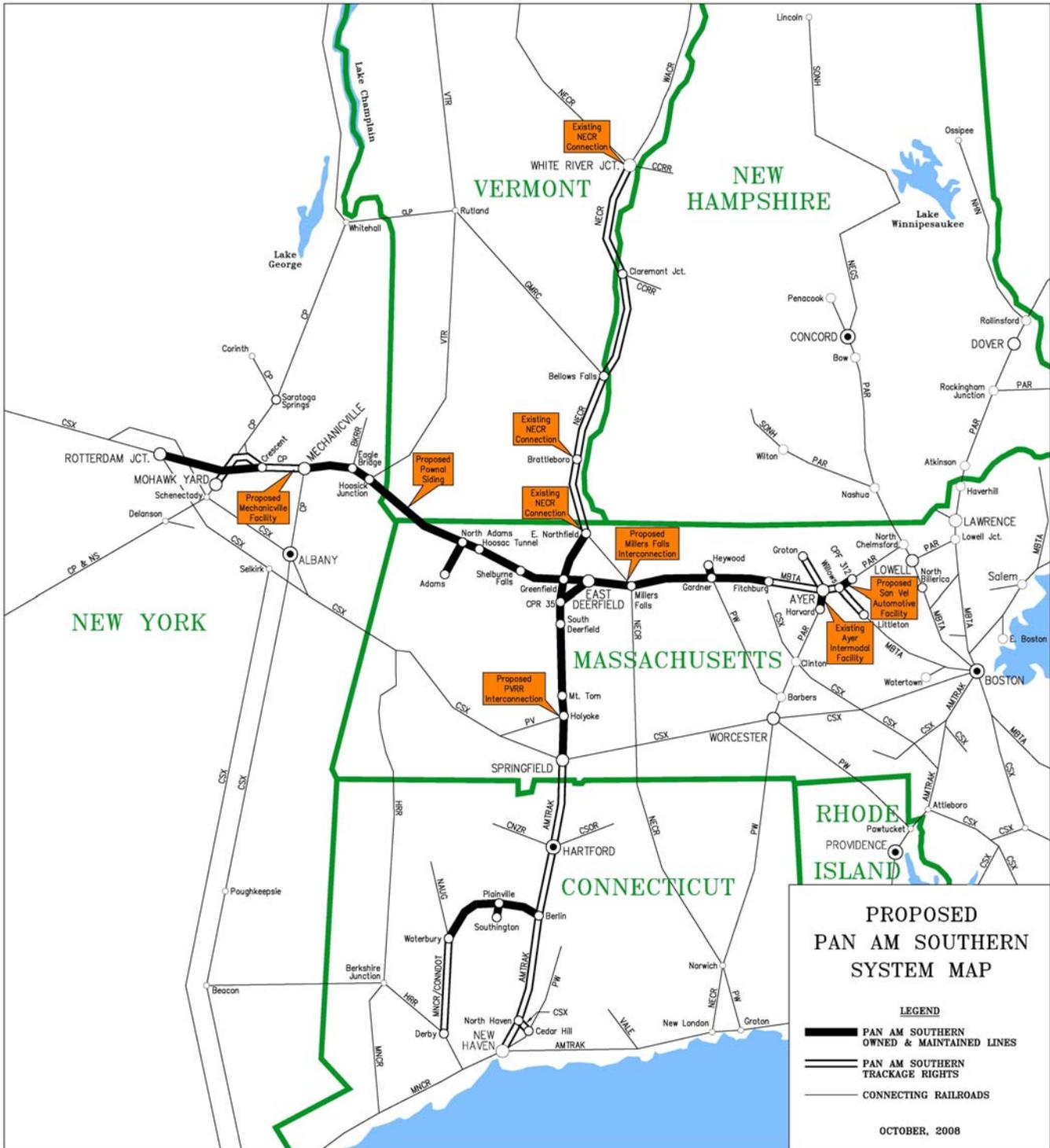
<sup>4</sup> Applicants provided five-year projections for this Transaction, as the proposed Mechanicville Facility and the proposed San Vel Automotive Facility are anticipated to be fully operational well within this five-year window. Thus, Applicants projections include full operation of both proposed new facilities' activities.

<sup>5</sup> Trackage rights are categorically exempt from environmental review under 49 C.F.R. (Code of Federal Regulations) §1105.6(c)(4). Nevertheless, this EA reviews the impact of the Transaction along the trackage rights rail line segments as well as the owned rail line segments.

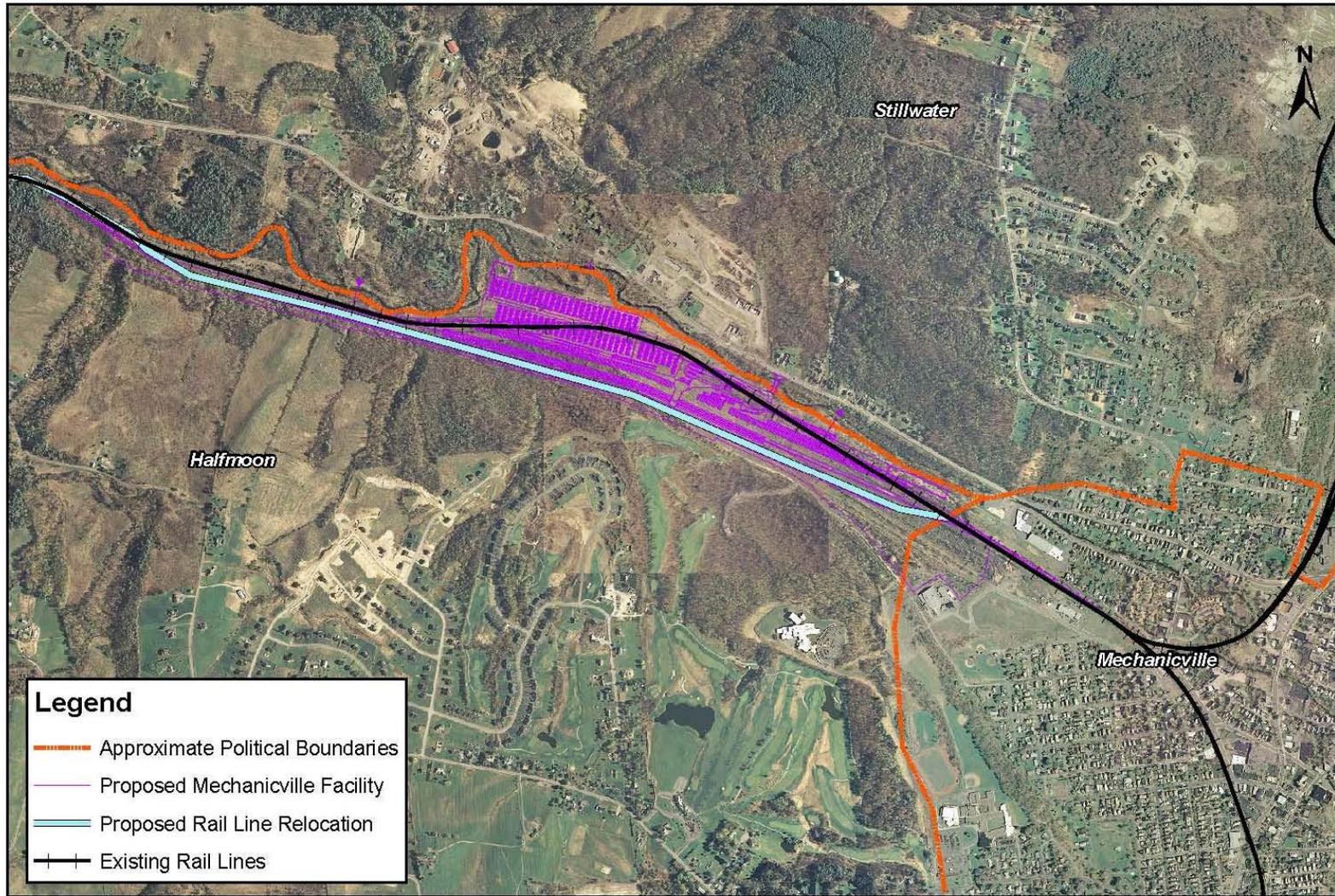
Table 2-6 lists the change in truck activity in terms of trucks per day on road segments near the facilities at which truck activity is anticipated to change as a result of the proposed Transaction. Tables 2-7 and 2-8 provide base-case and five-year projected average number of locomotives and cars per train as well as overall train length for proposed PAS-owned rail line segments and segments covered by trackage rights, respectively.

No construction activities or changes in traffic or yard activity are contemplated as part of the proposed Transaction along the north-south line segments, from White River Junction, Vermont to New Haven, Connecticut (including the Berlin to Derby, Connecticut segment). Nor are any changes in yard activity anticipated for any yards along the east-west main line except for the proposed new Mechanicville Facility and San Vel Automotive Facility and at the existing Ayer Intermodal Facility.

Figure 2-1  
Transaction Map



**Figure 2-2**  
**Aerial Map of the Proposed Mechanicville Facility**



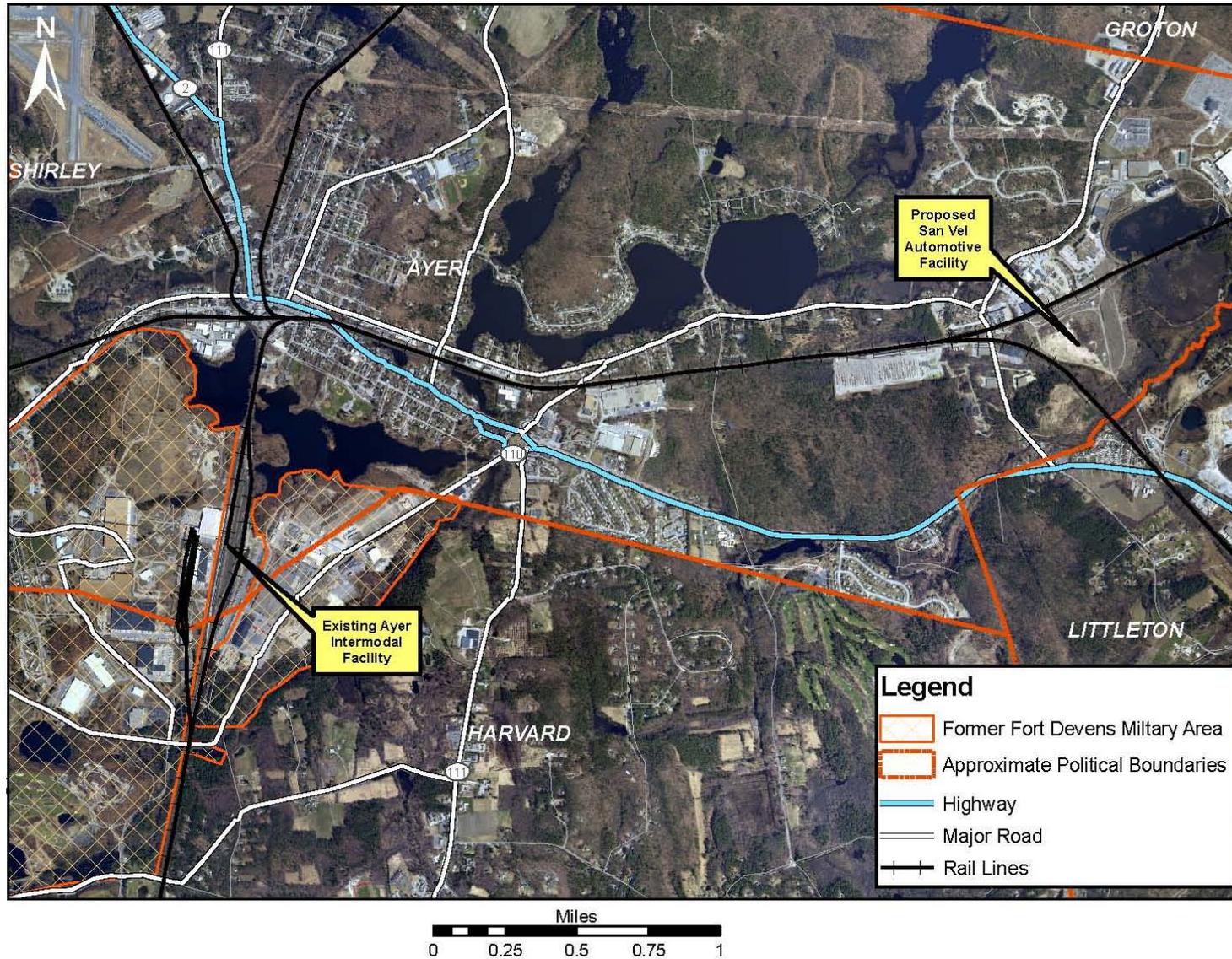
Feet  
0 1,000 2,000

**Figure 2-3**  
**Aerial Map of the Proposed San Vel Automotive Facility**



Feet  
0 250 500 750 1,000

**Figure 2-4**  
**Aerial Map of the Vicinity of the Existing Ayer Intermodal Facility and the Proposed San Vel Automotive Facility Sites**



**Table 2-1**  
**PAS-Owned Segments:**  
**Base-Case and Post-Transaction (5-Year Projection) Rail Traffic (Trains/Day)<sup>a</sup>**

<b>Rail Line Segment</b>	<b>2007 Base Case (Trains/day)</b>	<b>2012 Projected Traffic (with Transaction)<sup>b</sup> (Trains/day)</b>	<b>2012 Projected Traffic Change (with Transaction)<sup>b</sup> (Trains/day)</b>
Rotterdam Jct., NY – Crescent, NY	3.4	3.4	0
Mechanicville, NY – Hoosick Jct., NY	6.8	9.3	2.5
Hoosick Jct., NY – E. Deerfield, MA	6.8	8.3	1.5
E. Deerfield, MA – Gardner, MA	8.3	9.8	1.5
Gardner, MA – Fitchburg, MA	7.1	8.6	1.5
Willows, MA – CPF312, MA	9.4	9.4	0
Ayer, MA – Harvard Station, MA	2.3	2.3	0
E. Northfield, MA – Springfield, MA	3.4	3.4	0
Berlin, CT – Waterbury, CT	0.3	0.3	0

- a. No passenger rail service operates over rail lines to be acquired by PAS.  
b. These columns include all traffic on the PAS-owned line segments, including expected organic growth in Applicants' traffic unrelated to the Transaction.

**Table 2-2**  
**PAS-Owned Segments:**  
**Base-Case and Post-Transaction (5-Year Projection) Rail Traffic**  
**(Million Gross Ton Miles/Year)<sup>a</sup>**

<b>Rail Line Segment</b>	<b>2007 Base Case (MGTM/yr)</b>	<b>2012 Projected Traffic (without Transaction)<sup>b</sup> (MGTM/yr)</b>	<b>2012 Projected Traffic (with Transaction)<sup>b</sup> (MGTM/yr)</b>	<b>2012 Projected Change in Annual MGTM (with Transaction)<sup>b</sup> (%)</b>
Rotterdam Jct., NY – Crescent, NY	27.0	31.3	31.3	0.0
Mechanicville, NY – Hoosick Jct., NY	180.6	203.8	244.8	20.1
Hoosick Jct., NY – E. Deerfield, MA	512.5	608.4	723.8	19.0
E. Deerfield, MA – Gardner, MA	336.7	378.4	448.7	18.6
Gardner, MA – Fitchburg, MA	128.0	144.2	172.1	19.3
Willows, MA – CPF312, MA	15.2	17.1	17.1	0.0
Ayer, MA – Harvard Station, MA	6.8	7.9	7.9	0.0
E. Northfield, MA – Springfield, MA	29.7	26.0	26.0	0.0
Berlin, CT – Waterbury, CT	1.7	2.0	2.0	0.0

- a. No passenger rail service operates over rail lines to be acquired by PAS.  
b. These columns include all traffic on the PAS-owned line segments, including expected organic growth in Applicants' traffic unrelated to the Transaction.

**Table 2-3  
Trackage Segments:  
Base Case and Post-Transaction (5-Year Projection) Rail Traffic (Trains/Day)**

Rail Line Segment [Owner]	2007 Base Case (Trains/day)		2012 Projected Traffic (with Transaction) (Trains/day)		2012 Projected Traffic Change (with Transaction) (Trains/day)	
	Passenger <sup>a</sup>	Freight <sup>b</sup>	Passenger <sup>a</sup>	Freight <sup>b</sup>	Passenger <sup>a</sup>	Freight <sup>b</sup>
Mohawk Yard, NY – Crescent, NY [CP]	4	5.1	4	6.6	0	1.5
Crescent, NY – Mechanicville, NY [CP]	0	6.6	0	8.1	0	1.5
Springfield, MA – Berlin, CT [Amtrak]	13	<1	13	<1	0	0
Berlin – New Haven, CT [Amtrak]	13	0	13	0	0	0
Fitchburg, MA – Ayer, MA [MBTA]	22	8.0	22	9.5	0	1.5
Ayer, MA – Willows, MA [MBTA]	22	9.4	22	9.4	0	0
Willows, MA – Littleton, MA [MBTA]	22	<1	22	<1	0	0
White River Jct., VT – E. Northfield, MA [NECR]	2	<1	2	<1	0	0
Waterbury, CT – Derby, CT [MNCR]	13	<1	13	<1	0	0

- a. Passenger rail traffic data for 2007 were obtained from publicly available time tables. Information for 5-year projections of passenger rail traffic is not publicly available, but the Transaction is not anticipated to affect passenger rail traffic.
- b. Data for non-Applicant freight traffic for rail lines over which Applicants operate via trackage rights is not publicly available. Traffic data in each freight column in this table reflects only Applicants' freight traffic, including, for all but 2007 Base Case, expected organic growth in Applicants' traffic unrelated to the Transaction. The Transaction is not anticipated to affect other railroad's freight traffic over these trackage segments.

**Table 2-4  
Trackage Segments:  
Base Case and Post-Transaction (5-Year Projection) Rail Traffic  
(Million Gross Ton Miles/Year)<sup>a</sup>**

Rail Line Segment [Owner]	2007 Base Case (MGTM/yr)	2012 Projected Traffic (without Transaction) (MGTM/yr)	2012 Projected Traffic (with Transaction) (MGTM/yr)	2012 Projected Change in Traffic (with Transaction) (MGTM/yr)
Mohawk Yard, NY – Crescent, NY [CP] <sup>b</sup>	47.0	50.2	79.4	29.2
Crescent, NY – Mechanicville, NY [CP]	81.5	87.1	115.4	28.3
Springfield, MA – Berlin, CT [Amtrak]	6.2	7.2	7.2	0
Berlin - New Haven, CT [Amtrak]	0	0	0	0
Fitchburg, MA – Ayer, MA [MBTA]	112.0	125.8	150.7	24.9
Ayer, MA – Willows, MA [MBTA]	15.2	17.1	17.1	0
Willows, MA – Littleton, MA [MBTA]	0.1	0.1	0.1	0
White River Jct., VT – E. Northfield, MA [NECR]	20.8	6.9	6.9	0
Waterbury, CT – Derby, CT [MNCR]	0.0	0.02	0.02	0

- a. Base and post-Transaction GTM data are not publicly available for passenger and non-Applicant traffic on rail lines over which Applicants operate via trackage rights. Except for the Mohawk Yard to Crescent segment, data in this table reflects only Applicants' freight traffic, including, for all but 2007 Base Case, expected organic growth in Applicants' traffic unrelated to the Transaction. As such, except for the Mohawk Yard to Crescent segment, the final column reflects only the change in Applicants' projected post-Transaction traffic and not the change of Transaction-related traffic as relates to all passenger and freight traffic for the relevant rail line segments. As a result, except for the Mohawk Yard to Crescent segment, this table provides a conservative indication of the relative impact of the Transaction on these trackage rights line segments. The Transaction is not anticipated to affect passenger or other railroads' freight traffic over these trackage segments.
- b. The Mohawk Yard to Crescent segment includes Applicants' freight traffic, including, for all but 2007 Base Case, expected organic growth in Applicants' traffic unrelated to the Transaction. In addition, the Mohawk to Crescent segment includes publicly available as well as certain non-public CP and Amtrak data to estimate the change in GTM with more accuracy.

**Table 2-5  
Base Case and Post-Transaction (Five-Year Projection) Yard Activity  
(Carloads Per Day)<sup>a</sup>**

<b>Yard/Facility Location</b>	<b>2007 Base Activity (Carloads/day)</b>	<b>2012 Projected Activity (without Transaction)<sup>b</sup> (Carloads/day)</b>	<b>2012 Projected Activity (with Transaction)<sup>b</sup> (Carloads/day)</b>	<b>2012 Projected Transaction-related Change in Carloads/day<sup>c</sup> (Carloads/day)</b>
Mechanicville, NY	NA	NA	46	46
East Deerfield, MA	201	234	234	0
Fitchburg, MA	20.4	23.6	23.6	0
Gardner, MA	28	29	29	0
San Vel Automotive, MA	NA	NA	58	58
Ayer Automotive, MA <sup>d</sup>	0	0	0	0
Ayer Intermodal, MA	158	181	191	10
Waterbury, CT	1.58	1.8	1.8	0
Plainville, CT	4.96	5.7	5.7	0

- 2012 post-Transaction projections assume intermodal units per car will be the same as base case.
- These columns include all of Applicants' activity at the yards/facilities, including expected organic growth in Applicants' carload per day activity unrelated to the Transaction.
- This column reflects the projected carload/day changes related to the Transaction and does not include organic growth in daily carload activity expected to occur unrelated to the Transaction.
- Until March 1, 2006, Ayer Automotive operated as an automotive yard. During its last full year of operations in 2005, Ayer Automotive experienced yard activity of approximately 21 carloads per day.

**Table 2-6  
Base Case and Post-Transaction (Five-Year Projection) Truck Activity  
(Trucks Per Day)<sup>a</sup>**

<b>Facility Location</b>	<b>2007 Base Activity (Trucks/day)</b>	<b>2012 Projected Truck Trips (without Transaction)<sup>b</sup> (Trucks/day)</b>	<b>2012 Projected Truck Trips (with Transaction)<sup>b</sup> (Trucks/day)</b>	<b>2012 Projected Transaction-related Change in Truck Trips<sup>c</sup> (Trucks/day)</b>
Mechanicville, NY (Intermodal and Automotive)	NA	NA	334	334
Ayer Intermodal, MA	226	252	310	58
San Vel Automotive, MA	NA	NA	82	82
Ayer Automotive, MA <sup>d</sup>	0	0	0	0

- All per day truck traffic calculations are based on 361 days of operation per year. Truck Trips reflect each individual trip to and from a facility, rather than round-trips. None of the other yards, which are mainly switching yards, will have significant Truck Trips, and no changes in Truck Trips at those switching yards are anticipated as a result of the Transaction.
- These columns include Truck Trips associated with the facilities, including expected organic growth in truck traffic related to Applicants' activities at the facilities that is unrelated to the Transaction.
- This column reflects the projected changes in trucks/day related to the Transaction and thus does not include projected organic growth in daily Truck Trips expected to occur unrelated to the Transaction.
- Until March 1, 2006, Ayer Automotive operated as an automotive yard. During its last full year of operations in 2005, Ayer Automotive experienced Truck Trips of approximately 64 trucks per day.

**Table 2-7  
PAS-Owned Segments: Base Case and Post-Transaction (Five-Year Projection) Average Locomotives, Cars Per Freight Train,  
and Average Freight Train Length<sup>a</sup>**

Rail Line Segment	2007 Base Case Average Number of Locomotives per Train	2012 Projected Average Number of Locomotives per Train (without Transaction)	2012 Projected Average Number of Locomotives per Train (with Transaction)	2007 Base Case Average Cars per Train	2012 Projected Average Cars per Train (without Transaction)	2012 Projected Average Cars per Train (with Transaction)	2007 Base Case Average Train Length (feet)	2012 Projected Average Train Length (without Transaction) (feet)	2012 Projected Average Train Length (with Transaction) (feet)
Rotterdam Jct., NY – Crescent, NY	3	3	3	58	68	68	3546	4111	4111
Mechanicville, NY – Hoosick Jct., NY	3	3	3	56	64	56	4473	5048	4433
Hoosick Jct., NY – E. Deerfield, MA	3	3	3	55	66	65	4370	5188	5056
E. Deerfield, MA – Gardner, MA	3	3	3	45	51	52	3523	3959	3976
Gardner, MA – Fitchburg, MA	3	3	3	42	48	47	3327	3748	3693
Willows, MA – CPF312, MA	3	3	3	48	55	55	2858	3215	3215
Ayer, MA – Harvard Station, MA	2	2	2	53	62	62	3223	3744	3744
E. Northfield, MA – Springfield, MA	2	2	2	29	26	26	1718	1504	1504
Berlin, CT – Waterbury, CT	1	1	1	19	23	23	1119	1316	1316

a. All values have been rounded up to the nearest integer.

**Table 2-8  
Trackage Segments:  
Base Case and Post-Transaction (Five-Year Projection) Average Locomotives, Cars Per Freight Train, and Average Freight Train Length<sup>a</sup>**

Rail Line Segment	2007 Base Case Average Number of Locomotives per Train	2012 Projected Average Number of Locomotives per Train (without Transaction)	2012 Projected Average Number of Locomotives per Train (with Transaction)	2007 Base Case Average Cars per Train	2012 Projected Average Cars per Train (without Transaction)	2012 Projected Average Cars per Train (with Transaction)	2007 Base Case Average Train Length (feet)	2012 Projected Average Train Length without (Transaction) (feet)	2012 Projected Average Train Length (with Transaction) (feet)
Mohawk Yard, NY – Crescent, NY [CP]	3	3	3	55	58	81	4772	5017	6907
Crescent, NY – Mechanicville, NY [CP]	3	3	3	58	63	68	3605	3853	4159
Springfield, MA – Berlin, CT [Amtrak]	1	1	1	27	32	32	1613	1873	1873
Berlin - New Haven, CT [Amtrak]	0	0	0	0	0	0	0	0	0
Fitchburg, MA – Ayer, MA [MBTA]	3	3	3	41	47	47	3274	3677	3710
Ayer, MA – Willows, MA [MBTA]	3	3	3	48	55	55	2858	3215	3215
Willows, MA – Littleton, MA [MBTA]	1	1	1	11	11	11	637	637	637
White River Jct., VT – E. Northfield, MA [NECR]	2	2	2	26	8	8	1478	490	490
Waterbury, CT – Derby, CT [MNCR]	1	1	1	8	8	8	407	407	407

a. All values have been rounded up to the nearest integer. Includes only Applicant traffic because comparable information on other freight traffic on these rail segments is not publicly available.

## **2.2 NO ACTION ALTERNATIVE**

Under the No Action Alternative, the Transaction would not take place, PAS would not be formed, and the upgrades and facility development on the existing rail infrastructure necessary to sustain and improve service for long term growth, enhance competition, safety and reliability, and strengthen and increase efficiency along the east-west main line would not take place. Since these modifications would not take place, there would also be no resulting decrease in the volume of long distance truck traffic.