



**THE COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE OF TRANSPORTATION**



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July 7, 2008

The Honorable Anne K. Quinlan, Acting Secretary  
Surface Transportation Board  
Case Control Unit  
395 E St., S.W.  
Washington, DC 20423-0001

Attention: Section of Environmental Analysis

Re: STB – Finance Docket No. 35147  
Norfolk Southern Railway, Pan Am Railways, Inc., et. al. – Joint Control and  
Operating/ Pooling Agreements – Pan Am Southern LLC

Dear Secretary Quinlan:

The Executive Office of Transportation and Public Works of the Commonwealth of Massachusetts (“EOTPW”) takes a strong interest in the transaction proposed in the above matter. Generally, EOTPW believes that the proposal will benefit the Commonwealth and its constituents as a result of the enhanced rail infrastructure, operations and services contemplated by the Transaction. The Commonwealth welcomes the Norfolk Southern investment to transportation infrastructure and economic activity in our state and looks forward to working with the newly-created Pan Am Southern Railroad to advance key rail transportation and related goals.

However, after reviewing the Environmental Appendix filed by the Applicants, EOTPW is concerned that there are issues that require further development and careful review by the Section of Environmental Analysis (“SEA”). Based upon the analysis EOTPW has been able to accomplish to this point, it has concluded that the proposed transaction is likely to result in impacts that will exceed the threshold criteria set forth at 49 CFR §1105.7 (e)(4) and (5), and that the proposed Transaction warrants preparation of an appropriate Environmental Assessment, as provided by the applicable regulations at 49 CFR § 1105.5 (b)(4)(i).

The Applicants have characterized the Transaction as one that would result in enhanced - but not necessarily increased - rail transportation activity. The Transaction “is expected to result in only modest incremental changes in carrier operations.” (See



Environmental Appendix, at page 11.) “The principal purpose of the Transaction is to enhance the existing rail infrastructure on the Patriot Corridor to allow existing traffic to move faster, more safely and more reliably. No new or additional rail lines are contemplated, but existing rail lines would be upgraded and a new intermodal and automotive facility in Mechanicsville, NY and a new automotive transload facility at San Vel near Ayer, MA, are proposed to be developed.” (See Environmental Appendix, at page 6.)

The Applicants seek to enhance track capacity and gain operational efficiencies through infrastructure improvements that will allow for increased train speeds, railcar weights, and heights (high-low vertical clearances of 19’-6”), and construction of strategically-placed passing sidings so that more cargo can be transported without a proportionate increase in the number of railcars and trains.

The proposed Transaction is expected to remove 19,000 trucks from the road by the end of 2012, and 35,000 trucks (an increase of almost 100%) from the road by the end of 2015. (See Environmental Appendix, at pages 3 and 23.) However, the Environmental Appendix addresses environmental impacts only for the initial 5 years following the proposed Transaction: it does not address substantial impacts that are likely to result from the additional rail traffic and related transportation activities during the subsequent 5 years.

Six (6) rail yards or facilities associated with the proposed Transaction are located in Massachusetts: one in East Deerfield, one in Gardner, one in Fitchburg, and three in Ayer. NS apparently intends to develop and operate a fourth yard in Ayer, but not as part of the proposed Transaction. All of these facilities are located in areas that are classified under the Clean Air Act as areas of non-attainment for at least one pollutant.

The Environmental Appendix indicates that the proposed Transaction is expected to result in an additional 6,500 additional carloads of industrial products and an additional 6,400 carloads of intermodal traffic (totally 12,900 additional railcars) by the end of 2012. This activity will result in the transportation of 14,700 additional intermodal trailers / containers per year (averaging an additional 40 trailers / containers per day, assuming a 360-day per year operation) at the Ayer Intermodal facility by the end of 2012. (See Primary Application, Exhibit 15, at pages 14-15.)

The Applicants project an additional 33 carloads / day at Ayer Intermodal Yard (“Hill Yard”) by the end of 2012 (a 20% increase over 2007 activity), and an additional 84 trucks / day (a 37% increase over 2007 activity). The Applicants, however, have limited their calculation of the impacts of the proposed Transaction based on the difference between total projected growth less “organic growth” (growth that would be expected without the Transaction), which result in a total impact of 10 additional carloads / day and 58 additional trucks / day (a 22% increase over “organic growth”) by the end of 2012. It is not clear that the additional rail traffic associated with “organic growth” would be forthcoming without the influx of cash required to improve the rail lines under the proposed Transaction. (See Environmental Appendix at page 12, footnote 19.)

The Environmental Appendix indicates that the Ayer Automotive Facility, which

ceased operations in 2006, will likely be reactivated after 2017 (when a lease with CSXT expires), suggesting that additional automotive traffic - and related rail and truck impacts - should be expected after 2017. Because the analysis conducted for the Environmental Appendix is limited to a 5-year projection, the potential impacts associated with this activity are not addressed.

The Environmental Appendix indicates that a new automotive facility, the San Vel Automotive Facility, will be developed in Ayer. Rail traffic and related yard activity at this facility is expected to reach 58 carloads / day and 82 truck trips / day by the end of 2012. Because the San Vel Automotive yard will be a new facility, the impacts of yard activity and related truck traffic at this location have not been addressed in the Applicant's 5-year projections.

Finally, the Application indicates that NS has plans to build a Thoroughbred Bulk Transfer ("TBT") facility on another piece of property at San Vel (in Ayer). The environmental Appendix indicates that this facility would handle bulk transfers of corn syrup, and that NS intends to move forward with development of this facility regardless of the Board's decision regarding the proposed Transaction. The Applicants have asserted that this facility and related activities are "unrelated to and independent of the Transaction" and no data has been supplied concerning the environmental impacts related to this operation. (See Environmental Appendix, at page 18, footnote 33.)

While the Applicants contemplate rail operations at four rail yards (two existing and two to be developed) in Ayer, Massachusetts,<sup>1</sup> the Environmental Appendix does not provide any analysis of the projected or potential cumulative impacts associated with these rail yards.

#### Conclusion:

The information provided in the Applicants' Environmental Appendix clearly indicates that the proposed transaction is likely to result in increased activity that will exceed the threshold set forth in 49 CFR § 1105.7 (e)(5). Further, EOTPW respectfully urges that other environmental and safety ramifications directly related to the Application warrant appropriate development and review by SEA. These issues include:

- prospective impact on present and future passenger rail service,
- environmental and safety issues related to switching yard operations (including air quality and noise impacts resulting from engines idling in rail yards),
- cumulative environmental and other impacts (including truck traffic) in the vicinity of Ayer,
- likelihood of significant increases in rail and related truck traffic beginning at 7 years versus the limited 5 year projections provided in the Environmental Appendix,
- safety and other environmental concerns relating to increased operations over rail lines identified in the proposed Transaction, and

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<sup>1</sup> Ayer Automotive (under lease to CSXT until 2017), Ayer Intermodal, San Vel Automotive (to be developed) and the NS Thoroughbred Bulk Transfer (TBT) facility (to be developed).

- need for adequate opportunity to assess prospective impacts on effected rail lines and related properties owned by EOTPW and Massachusetts Bay Transportation Authority

For all the above reasons, EOTPW urges SEA to determine that further development of environmental and safety issues is warranted and appropriate in the interests of the Commonwealth and its constituents.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Thomas S. Cahir". The signature is fluid and cursive, with the first name "Thomas" being the most prominent.

Thomas S. Cahir  
Deputy Secretary  
Rail and Intermodal Programs

cc: Richard Allen, Esq.