



The Republican.

Railroads feel economic pinch

Tuesday, August 26, 2008

By **JIM KINNEY**
Business writer

WESTFIELD - Engineer Al B. Massey slowly let off on the brake and pushed forward on the throttle.

With that, the low rumble in the 16-cylinder diesel engine becomes an earthquake underfoot, and the 249,000-pound locomotive built in 1949 starts rolling out of the Pioneer Valley Railroad's warehouse facilities at the Savage Arms plant down through Westfield to the rail yard on Elm Street.

It had been a busy day on a railroad that is getting busier as the costs of trucking goes up.

Michael L. Rennie, vice president and general manager for Pioneer Valley Railroad, says he expects to handle 5,000 to 6,000 railroad cars loaded with freight this year. That's compared with 4,200 the year before and 3,300 railroad cars in 2006.

Pioneer Valley Railroad, owned by Pinsky Railroad Co., is a short-line rail freight company that serves Westfield and Holyoke over 27 miles of tracks once run by the New Haven Railroad. Together with its fellow short line rail operations across Massachusetts and the much bigger CSX Corp. - once part of the government-run Conrail, Pioneer Valley is seeing its stock rise in the world of transporting freight.

"We're getting back to the way the world looked before 1970 or so," Rennie said recently. That's back in the days when trains handled most long-haul freight, he said. Trucks did the local deliveries, bringing goods to and from the rail lines.

It costs \$3,000 to \$3,500 to move a shipping container loaded with plastic trim boards from Westfield to Oregon on a train, according to Philip J. Cameron, director of order fulfillment for Kleer Lumber in Westfield.

That's with a fuel surcharge imposed by the railroad, Cameron said.

Shipping the same 48,000 pounds of finished product by truck could cost as much as \$5,500, he said. Kleer makes plastic trim boards and just picked up a customer in Oregon about a month ago.

"It just makes sense. Why have one engine take that container of goods across the country when you can have one railroad locomotive take hundreds of those loads all across the county," Cameron said.

Kleer fills a shipping container at its plant in Westfield and hauls that container by truck to the CSX yard in West Springfield through which the two main east-west rail lines pass. CSX Transportation, based in Virginia, is one of the two companies which bought out Conrail - or Consolidated Rail Corp. - in 1997.

"This is a customer it would be difficult to keep if we couldn't ship this way," Cameron said.

It's the Pioneer Valley Railroad which brings the raw materials to Kleer. Pioneer Valley uses tracks through Holyoke and Westfield to link its customers, which also include Yankee Candle in South Deerfield and the

Lowe's distribution center in Westfield, with CSX and the nation's freight network. CSX has 22,700 miles of track in 23 states, the District of Columbia and Quebec and Ontario, Canada.

Rennicke said Pioneer Valley takes 1,500 cars a year, loaded with lumber, fertilizer and other goods, just to the Lowe's warehouse.

Pinsly also operates a subsidiary called Railroad Distribution Services that markets rail transportation to companies not on the railroad. Pioneer Valley gets the goods by rail and moves it into its own warehouse until the customer can truck it to the customer's facility.

A walk through that 105,000-square-foot warehouse shows an amazing diversity of products that can be shipped by rail. There are sacks of plaster and pallets loaded with bags of birdseed. Coils of aluminum arrive by train and wait their turn at getting turned into soda cans. Outside, lumber for Lowe's is stacked at the ready.

In Palmer, the Massachusetts Central Railroad, established in 1975, provides transportation services on about 25 miles of tracks in the Palmer-Ware-Barre area. It also maintains two bulk terminal yards with rail freight services available, according to its Web site. Gary A. Hoepfner, vice president and chief financial officer of the Massachusetts Central Railroad had no comment when contacted regarding MassCentral's operations.

Pan Am Railways, once known as Guilford Transportation and which runs the Boston & Maine Corp., has tracks that run basically along Route 2 in the northern edge of Massachusetts and also operates a line that goes south from that line through Springfield to Connecticut, spokeswoman Cynthia S. Scarano said. Its track system also extends throughout the rest of New England and into New York.

Pan Am is based in North Billerica and operates a major rail switching yard in East Deerfield.

Scarano said the railroad serves about 15 major customers in the Pioneer Valley. She declined to give details, but said traffic on Pan Am's rails had been going up until this year when the general economy started dragging it back down.

The same thing is playing out nationally, said Thomas C. White, spokesman for the Association of American Railroads.

He said American railroads carried the most freight they'd ever carried in 2005 and 2006. But a slackening economy, mostly the decrease in home building and auto sales, started cutting into that growth.

Railroads across the county are working to increase capacity by increasing overhead clearance so more trains can be double-stacked, adding heavier rail for heavier trains and improving safety signals so more trains can run on the same amount of track.

Business writer Jim Kinney can be reached at jkinney@repub.com

©2008 The Republican

© 2008 MassLive.com All Rights Reserved.