

## Municipal leaders demand rail safety

### Communities want accident-prone tank cars replaced

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Mayors and councils of communities across Canada won't tolerate any stalling on efforts to get older, hazardous rail cars off the tracks.

That's the message from Federation of Canadian Municipalities (FCM) president Claude Dauphin, who is part of a growing chorus of voices demanding immediate changes to the thousands of DOT-111 tank cars currently hauling crude oil on the North American rail network.

Numerous studies have found that these cars - the type involved in July's fiery explosion at Lac-Mégantic, Que. - are more likely to rupture in a derailment.

So far, however, the federal government has not moved to prevent their use, despite warnings from U.S. and Canadian safety officials and pressure from railway companies. And because the DOT-111s are central to North America's crude-by-rail business and comprise 70 per cent of all tank cars in use, some experts - including the Railway Supply

Institute, which represents North American rail suppliers - have predicted it could take 10 years to remove them all through a retirement or retrofit program.

That would be "unacceptable," Dauphin said.

"If they (the federal government) gave a time frame of a couple of years maximum, I think that would be reasonable," he said. "With all the attention from our Canadian citizens on that - all the concerns of my colleagues and mayors - politically speaking, it has to be very quickly."

Rail safety has been a hotbutton issue in North America since the Lac-Mégantic disaster that killed 47 people and forever altered life in that small holiday town.

The tragedy also shattered public complacency about the growing volumes of crude oil that travel daily on North American rail lines, driven largely by booming U.S. production of shale oil as well as a pipeline bottleneck that has forced oil companies to seek alternative routes to market.

About 68,000 carloads of fuel oils and crude petroleum moved on Canadian rail lines in 2011, Statistics Canada says. In 2012, that rose to nearly 113,000, and between January and September of 2013, about 118,000 carloads moved.

The Association of American Railroads estimates the U.S. total for 2013 at 400,000 carloads of crude, compared with 234,000 in 2012 and just 9,500 in 2008.

Rail-industry associations say their products safely get to their destination more than 99 per cent of the time. In fact, rail's safety record continues to improve. Since 2002, for example, CN Rail's main-track accidents have fallen by more than half, despite rising freight volumes. But the growing volume of oil shipments also heightens the risk of a spill. Rail accidents caused at least 10 crude-oil spills in the past year in the United States and Canada - including a derailment in New Brunswick in November and another near Gainford, Alta., in October.

For shipments coming out of the Bakken formation in North Dakota, the danger is heightened. The same qualities that make this light, sweet crude attractive to oil companies also make it more flammable than traditional heavy crude, experts say. The Montreal, Maine and Atlantic Railway train that derailed in Lac-Mégantic was carrying Bakken oil.

In the days after the Lac-Mégantic disaster, the Federation of Canadian Municipalities formed a working group to lobby for improved rail safety. The Canadian government also moved quickly to make changes, banning one-person crews for locomotives pulling rail cars with dangerous goods, setting minimum brakingsystem requirements, and adopting new restrictions for unattended trains.

Then in November, Transportation Minister Lisa Raitt ordered Class 1 railway companies that transport dangerous goods to give municipalities detailed information about their loads every three months. That was a victory for the FCM, Dauphin said, as was news that the government plans to increase railways' financial responsibility for spills.

Still, no decisions have been made on the future of the controversial DOT-111 rail cars - although Wendy Tadros, chair of the Canadian Transportation Safety Board, warned in January that "a long and gradual phase-out of older-model cars simply isn't good enough." Together with the U.S. National Transportation Safety Board, the TSB called for "immediate action" on unsafe rail cars.

Raitt has said Ottawa is "reviewing" the TSB recommendations. The Transport minister must formally respond to the TSB report before the end of April.

In the meantime, some companies aren't waiting for a federal directive before taking action. Saint John, N.B.-based Irving Oil announced it will remove older cars from its fleet. And Canadian National and Canadian Pacific railways have both said they will levy a safety surcharge on customers using the oldermodel cars.

The railways are on board because they bear the brunt of bad publicity in an accident - even though, for the most part, they don't own the cars they transport and under law cannot refuse to haul them as long as they meet federal standards.

In a Feb. 18 speech to the Calgary Chamber of Commerce, CP Rail CEO Hunter Harrison said the DOT-111s need to be removed from the system "tomorrow" and said it's the "almighty dollar" that prevents that from happening.

"Don't wait for a study, we know the facts," Harrison said.

Experts put the cost of retrofitting tank cars at between \$20,000 and \$70,000 each. Of the 228,000 DOT-111s in service in North America, about 92,000 carry flammable liquids and 14,000 of those are new, stronger cars built after October 2011. That means about 72,000 cars would have to be retrofitted.

Anthony Hatch, a New York-based transportation analyst, thinks it could be done within two to three years of a government order.

"It would mean some disruption to the supply chain, but not permanent, and hopefully higher safety levels and public reassurance," Hatch said in an email.

But David Pryce, vicepresident of operations for the Canadian Association of Petroleum Producers, sounded a note of caution. While he emphasized that the energy industry wants its products to reach their destination safely, he said producers favour "practical" steps.

Building rail cars, or retrofitting them, has to keep pace with the adoption of new standards, he said.

"Given the increasing importance of rail as a transportation option for oil and natural gas, we also look to governments to ensure the implementation of safety standards interrupts service as little as possible and that transporting our products by rail remains a competitive transportation option," Pryce said in an emailed statement.

Calgary-based Cenovus Energy expects to triple its oil-by-rail capacity from 10,000 barrels a day to more than 30,000 barrels a day by the end of this year. The company will take delivery of more than 1,000 additional leased tank cars by the end of the year, although they will all be coiled and insulated cars suitable for oilsands product, not generalpurpose DOT-111s.

Cenovus spokeswoman Jessica Wilkinson said the company will leave the issue of appropriate regulations up to Transport Canada, and will commit to meeting or exceeding those regulations. "We support smart regulations that will help ensure the health and safety of the public and the workers responsible for the cars, while making it both economic and efficient to move products using rail," she said.

However, in regulatory documents filed last week, Cenovus listed new regulations as a risk factor and said additional rail-safety rules "could adversely affect our ability to ship crude oil by rail or the economics associated with rail transportation."

The U.S. Department of Transportation issued an emergency order Tuesday prohibiting the transportation of crude oil in the loweststrength packing group. Dauphin said he is pleased with the progress Ottawa has made so far.

But he said Canadian municipalities will keep pushing until they receive the commitments they're looking for.

Only a significant strengthening of rail-safety regulations will help residents of communities along rail lines sleep soundly at night, he said.

"I think they feel, our citizens, that we're working on it, that the government is working on it - but they're still waiting for a solution," Dauphin said. "They want action. We've done a lot, but we still have a lot to do."