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# Trailing Canada, U.S. Starts a Push for Safer Oil Shipping

By JAD MOUAWAD APRIL 24, 2014

A day after Canada issued stringent new rules for the transportation of oil by rail, federal regulators in the United States said on Thursday that they would push forward their own tank standards next week, potentially resolving a critical safety issue that has been mired in regulatory limbo for years.

The Transportation Department said its proposed rules would include “options for enhancing tank car standards,” said Kevin Thompson, a spokesman.

Analysts said the agency could release its rules by the summer after review by the White House Office of Information and Regulatory Affairs.

Since a train carrying crude oil derailed and exploded in Canada last July, devastating a small town about 10 miles from the United States border, authorities in both countries have come under strong pressure to toughen regulations and improve the oversight of these hazardous shipments.

But while Canada has moved quickly after the accident, which killed 47 people in Lac Mégantic, Quebec, regulators in the United States have been much slower to act. The lag has angered members of Congress, as well as local and state officials, who have called for stronger action to enhance rail safety, including bolstering the tank cars used to transport crude oil.

On Wednesday, Canadian regulators said they would require emergency plans from the railroads on responding to catastrophic explosions, and would quickly retire older models of tank cars commonly used to carry crude oil and ethanol. Canada seeks to be “a model of world-class safety,” said Lisa Raitt, the country’s transportation minister, after announcing the measures, many of which had been recommended by the Transportation Safety Board of

Canada.

Canada also took a decisive step to force shippers to use a stronger model of tank car within the next three years. The new model is based on a standard developed by the railroad industry in 2011. It effectively sets a new benchmark in the United States as well given how much traffic crosses through both countries.

Barry Prentice, a transportation professor at the Asper School of Business at the University of Manitoba in Winnipeg, said that the horrors of the Lac Mégantic resonated throughout Canada, forcing the federal government to act.

“This is an issue that everybody across the country has become sensitized to,” he said. “The government needs to feel like it’s doing something.”

Updating the design of the tank cars — DOT-111s, dating from the 1960s — has been a far more vexing question for regulators in the United States despite warnings by safety officials for more than 20 years that those tank cars were prone to rupture in a derailment.

New standards have languished in a slow rule-making process since 2011, when railroads requested that regulators toughen tank car standards. The National Transportation Safety Board, in 2009, said defects on these cars contributed to the explosion of an ethanol train that killed one person in Cherry Valley, Ill. The Pipeline and Hazardous Materials Safety Administration formally initiated the process in September 2013, but has been under pressure to release its new rules quickly after a string of accidents and derailments involving oil trains.

Visiting Casselton, N.D., where an oil train exploded in December, Transportation Secretary Anthony Foxx said on Thursday that tank cars needed to be retrofitted with better protections or replaced, but he provided no details about the proposed new standards. “Our rule-making process requires that we go through several steps, and that’s what we’re going through,” he said.

The rules will be published in the Federal Register once they have been reviewed and will then be opened for public comments for a period of 60 days.

The issue is particularly vexing because it pits three powerful industries — oil companies, railroads and shipping companies — whose interests do not always align even as they do business together, against each other. All have at

one point or another sought to deflect blame for the accidents and explosions. By law, railroads cannot turn down any product from being shipped on their rails.

Also, while many trains carrying oil have derailed in the United States, they have generally done so far from populated areas, though the derailment near Casselton happened right outside town and prompted the voluntary evacuation of hundreds of residents.

More than 94,000 tank cars are used to transport crude oil and ethanol in service in Canada and the United States. About 14,000 of them were built after 2011 based on the new industry standard, referred to as CPC-1232, and comply with the new Canadian rules. And 55,000 of those have been ordered through 2015, according to Thomas D. Simpson, the president of the Railway Supply Institute, a trade group for rail-car suppliers and owners.

But the absence of a federal standard in the United States was complicating matters for shippers and oil companies. Canadian National Railway and Canadian Pacific said this year that they would charge higher rates for customers that move crude in railcars built before October 2011.

“We are in a tough position here,” Mr. Simpson said. “We want to take steps to remove the risk, but no one has given us a direction on what steps to take.”

Further complicating the issue, the Association of American Railroads, which helped set the new tank car standards in 2011, has since called for even tougher standards. The association, representing major freight rails in the United States and Canada, said in November that the government should develop more stringent regulations and aggressively phase out or refit old tank cars, including the CPC-1232.

The association’s latest proposals include strengthening the tank cars with thicker shells, equipping them with jacket and thermal protections, and full-height head shields, more top fitting protections, and install bottom outlet handles that do not open in a derailment. It is unclear whether those proposals are part of the rules being considered.

Canadian regulators said on Wednesday that they would work with their counterparts in the United States to determine whether additional requirements would be needed for the North American fleet of DOT-111s.

“Canada is committed to implementing more stringent tank car standards

in the future based on consultations with U.S. regulatory agencies and industry,” Canadian regulators said in a statement.

The Transportation Department said in February that the railroads had agreed to a series of measures to increase rail safety. This voluntary agreement includes commitments to reducing the speed of oil trains in urban areas by 10 miles an hour, to 40 miles an hour, and looking for the safest routes for crude-oil trains of more than 20 tank cars.

Ian Austen contributed reporting.

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