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BEFORE THE  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

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DOCKET NO. PHMSA-2012-0082 (HM-251)

HAZARDOUS MATERIALS: ENHANCED TANK CAR STANDARDS AND  
OPERATIONAL CONTROLS FOR HIGH-HAZARD FLAMMABLE TRAINS

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COMMENTS OF GBW RAILCAR SERVICES, LLC

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GBW Railcar Services, LLC (“GBW”) submits these comments in response to the notice of proposed rulemaking (“NPRM”) issued by the Pipeline and Hazardous Materials Safety Administration (“PHMSA”), in coordination with the Federal Railroad Administration (“FRA”), on August 1, 2014 (79 FR 45016). In the NPRM, PHMSA is proposing revisions to the Hazardous Materials Regulations that establish requirements for a high-hazard flammable train (“HHFT”).<sup>1</sup> The proposed rules would require: (1) better classification and characterization of mined gases and liquids; (2) rail routing risk assessment; (3) notification to State Emergency Response Commissions (“SERCs”); (4) reduced operating speeds; (5) enhanced braking; and (6) enhanced standards for both new and existing tank cars.

**About GBW**

GBW is a joint venture between Greenbrier Companies, Inc. (“Greenbrier”), and Watco Companies, LLC (“Watco”) formed in June 2014. Greenbrier is one of the leading designers, manufacturers and marketers of railroad freight car equipment in North America and Europe. Watco is one of North America’s largest short line railroad operators, and provides terminal and

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<sup>1</sup> HHFT is defined as a train comprising of 20 or more carloads of a Class 3 flammable liquid.

port services to a variety of industries, including crude oil and ethanol transloading, and fleet management services.

GBW owns and operates the railcar repair, refurbishment, and maintenance businesses formerly operated separately by Greenbrier and Watco. GBW is the largest independent railcar repair shop network in North America. The company operates 38 railcar repair, refurbishment and maintenance shops, including 14 repair shops specializing in tank car repairs that are certified by the Association of American Railroads for such work. The company repairs, maintains, qualifies and has substantial retrofit capacity for tank cars.

As noted in Table 8, page 27 of the NPRM, the North American tank car fleet includes more than 272,100 DOT-111 tank cars of which more than 257,000 were of the older legacy design. Among all tank cars, more than 97,000 are currently in flammable liquid service, with more than 72,000 of those tank cars transporting crude oil and ethanol.

GBW has the scale to meet a significant portion of the repair, retrofit, qualification and maintenance requirements for the growing North American tank car fleet. GBW employs several of the industry's best tank car experts and is actively growing its operations. GBW will be making substantial capital investments and will hire, train, and certify 400 new employees over the next year, creating jobs throughout the United States.

#### **Existing Tank Cars Can Be Made Substantially Safer**

GBW firmly believes that the existing tank car fleet can be made substantially safer than it is today by making the modifications suggested below.

The NPRM implies, but does not emphatically state, that retrofitted cars should have an equivalency to the new car standard. Transport Canada, on the other hand, has proposed regulations with one set of requirements for the new TC140 tank car and a separate set of requirements for the modified tank cars. GBW does not believe it is practical or economically

feasible to bring existing tank cars fully up to the proposed standards for new tank cars particularly with respect to the 9/16 inch shell thickness proposed for the Option 1 and Option 2 tank car. But the upgrades suggested by GBW will render the retrofitted existing tank cars comparable to the new car standard. Consequently, GBW suggests that PHMSA adopt Option 2 as the standard for the new tank cars, as supported by Greenbrier, and the following modifications to the existing tank car fleet used in Class 3 flammable liquid services. Such an approach would be consistent with the standards proposed by Transport Canada.

### **Two Modifications for Tank Cars Constructed to CPC-1232 Standard**

Existing CPC-1232 tank cars with a metal jacket should be allowed to continue in Class 3 flammable liquid service, PG I, II and III respectively, with two modifications:

- the application of a thermal protection system (*i.e.*, a combination of a thermal protection material and an appropriately sized pressure relief device); and
- reconfigured bottom outlet valve (“BOV”) handles to the new AAR standard.

Whereas a car owner may choose to use a ceramic fiber blanket, other owners may choose to use an intumescent coating on the exterior of the tank or the exterior tank jacket. The technology for intumescent coatings has advanced considerably over the last 40 years and newer systems not only behave like common coating materials for tank protection, but also perform exceedingly well when subjected to a fire. Many offshore oil wells use these systems in harsh salt-water environments to protect platforms from fire. There are currently several systems listed on the Department of Transportation’s list: “*Thermal Protection Systems Excepted from Test Verifications.*”

Existing CPC-1232 tank cars without a metal jacket should be allowed to continue in Class 3 flammable liquid service, PG I, II, and III respectively, with three modifications:

- a thermal protection system (*i.e.*, a combination of a thermal protection material and an appropriately sized pressure relief device);
- an 11-gauge metal jacket and ½ inch full height head shields; and
- a reconfigured BOV handle to the new AAR standard.

#### **Four Fundamental Safety Improvements to Legacy DOT-111 Tank Cars**

Existing legacy tank cars with a metal jacket should be allowed to continue in Class 3 flammable liquid service, PG I, II, and III respectively, with four modifications:

- top fittings protection that conforms to the AAR's Manual of Standards and Recommended Practices, Section C, Part III, M-1002, Specifications for Tank Cars, Appendix E, paragraph 10.2.1;
- ½ inch full height head shields;
- a thermal protection system (*i.e.*, a combination of a thermal protection material and an appropriately sized pressure relief device); and
- a reconfigured BOV handle to the new AAR standard.

Existing legacy tank cars without a metal jacket should be allowed to continue in Class 3 flammable liquid service, PH I, II, and III respectively, with four modifications:

- top fittings protection that conforms to the AAR's Manual of Standards and Recommended Practices, Section C, Part III, M-1002, Specifications for Tank Cars, Appendix E, paragraph 10.2.1;
- a thermal protection system (*i.e.*, a combination of a thermal protection material and an appropriately sized pressure relief device);
- an 11-gauge metal jacket and ½ inch full height head shields; and
- a reconfigured BOV handle to the new AAR standard.

### **Adding Retrofit Capacity: Aggressive Timelines Create Jobs Throughout America**

PHMSA's proposed timeline for the phase-out of DOT-111 tank cars in HHFT service is October 1, 2017 for PG I, October 1, 2018 for PG II, and October 1, 2020 for PG III. While the timeline is aggressive, the tank car repair industry, by expanded capacity at existing facilities and through new entrants into the industry, should be able to meet PHMSA's proposed timeline.

GBW plans to handle the large legacy retrofits in a streamlined environment at four of its current locations (Hockley, TX, Fitzgerald, GA, Marshall, TX and Cleburne, TX) through its multi-million dollar investment in retrofit capacity. Additionally, GBW could add additional certified tank car shops to provide retrofit services. GBW currently has the capacity to handle 600 units a year. By August 2015, GBW expects to have the capacity to handle 2,040 units a year.

GBW plans to hire, train and certify 400 new employees over the next year to perform tank car retrofit work. GBW also intends to add a second shift for mechanical and lining work at its four "large legacy retrofit" locations. All new employees will be hired in the United States to perform work contained entirely in the United States. As a result of the current expansion of the tank car fleet, GBW expects it will require a significant labor force for an extended period to perform routine maintenance and tank car recertifications in addition to the tank car retrofitting that emerges from the current rulemaking. The economic impact of the job creation resulting from tank car retrofit activity was not a factor in PHMSA's cost-benefit analysis in the NPRM. It should be considered by PHMSA, because this economic activity has the potential to materially offset the cost of any of the proposed retrofits.

The Railway Supply Institute estimates that there are approximately 109,500 tank cars in flammable liquid service and that 56,500 tank cars will need to be retrofitted or phased out in the next three years, or about 18,800 per year. Assuming that all of those cars will be retrofitted, the

GBW shops currently slated for tank car retrofit work will be able to handle about 11 percent of the tank cars starting in August 2015. To the best of GBW's understanding virtually all, if not all, of the tank car shops have only one shift and, like the GBW shops, can add a second shift. Also, a number of GBW's competitors are increasing their capacity and new companies are looking to enter the industry to handle the projected retrofit work. The industry, however, needs regulatory clarity to incentivize investment.

GBW considers the timeline for the retrofits to be tight but achievable. Once PHMSA mandates retrofits for existing tank cars, the necessary investments will be made to meet the demand. Moreover, GBW is making its capital investments now to expand retrofit capacity and conducting hiring activity in advance of a final rule. GBW, however, is not opposed to PHMSA providing some flexibility for those tank car owners who, despite their best efforts, are not able to meet the deadline for reasons such as delay in obtaining component parts or challenges ramping manufacturing and/or shop capacity.

Moreover, the tank car industry has an incentive to complete the retrofit work in the next three years because of the huge influx of requalifications for tank cars starting around 2018, especially in the ethanol fleet. Thus, the increase in capacity for retrofit work will be needed to accommodate the projected significant increase in the tank car fleet and its regular maintenance separate and apart from tank car retrofitting requirements.

The basis of the above projections consider the current and projected shop capacity based on investment, the ability to hire, train and retain a skilled labor force, the availability of necessary materials to complete the retrofits (*e.g.*, head shields, metal plate for tank inserts and reinforcements, thermal protection materials, and various valves and fittings), and timely AAR approval of the application and engineering drawings (including DOT approvals if the final rule requires such approval).

### **Harmonization with Canada**

Canada has proposed that all dangerous goods (the Canadian corollary to hazardous materials in the U.S.), including but not limited to flammable liquids, should be transported in a more robust tank car. GBW agrees with the Canadian proposal. The North America Free Trade Agreement requires Canada, Mexico and the United States to make compatible their regulations governing the transportation of hazardous materials. Since 1994, the Dangerous Goods Working Group, known as Working Group 5 of the Land Transportation Subcommittee, has advanced harmonization of its regulations governing hazardous materials. The compatibility of the current regulatory scheme is a direct result of the three governments and the regulated industries participating in formal and informal rulemaking proceedings.

Given the high volumes of tank car traffic moving across the U.S.-Canadian border, it is imperative that the two nations harmonize their regulations governing the transportation of Class 3 materials in tank cars particularly as the regulations address the construction and retrofitting of the tank cars. Harmonized regulatory systems will promote regulatory efficiency, facilitate trade, reduce costs and promote better emergency response to hazardous material incidents.

### **Conclusion**

The formation of GBW emerged from early advocacy by Greenbrier and Watco in this rulemaking in furtherance of improved tank car design standards that include the retrofit of existing cars. GBW is making major capital investments in its people and its facilities to respond rapidly to meet PHMSA's aggressive and important retrofit goals. We strongly encourage PHMSA to finalize a rule that allows tank car retrofits to be performed in a way that permits the industry to adopt these changes as rapidly as possible. Through this submission, GBW recommends a path PHMSA can pursue to maximize the industry's ability to respond to its

ambitious retrofit timeline and in so doing to significantly upgrade the safety performance of the North American tank car fleet.

GBW appreciates the opportunity to submit these comments to PHMSA.

Respectfully submitted,



KARL MORELL

Of Counsel

BALL JANIK LLP

655 Fifteenth Street, N.W.

Suite 225

Washington, D.C. 20005

(202) 638-3307

Attorney for:

GBW Railcar Services, LLC.

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