



GATX



Transportation of Hazardous Commodities – HM 216B Update

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GATX

Review the implications that HM216B has on tank car owners and lessees

- Rule overview
- Compliance with requirements

Qualification History

- Prior to the late 1990's
 - Tank test every 20 years
- Late 1990's / early 2000's
 - HM201
 - Tank thickness test
 - Structural integrity test
 - Service equipment test
- 2012
 - HM216B
 - Expands HM201 requirements and clarifies responsibilities

- HM216B places expanded requirements on car owners and shippers for developing and overseeing compliance processes
 - Shippers that own linings and service equipment require a qualification plan
- Responsible parties face daunting “build it or buy it” choice on compliance capability
 - Scale increasingly important to efficient and effective compliance practices
 - Access to shop capacity may become extremely valuable

HM216B Overview



- Applicable to all DOT tank cars & all cars carrying HAZMAT
- Clarifies definition of “tank car owner”
 - Service equipment qualification
 - Interior lining qualification
- Product purity
 - Non-corrosive – not subject to regulations
 - “Corrosive” – subject to regulations (revised definition) – corrosion rate > 2.5 mpy, or any substance listed in Appendix D to Part 180 of Hazmat regulations

HM216B Responsibility

- Party owning reporting marks = tank car owner
- Service equipment, interior coatings or linings owners =
 - Party having financial responsibility for the qualification and maintenance per lease agreement
- Owner must supply or approve written qualification procedures
- In the case of leased cars, lessee can elect to follow lessor procedures

Service Equipment & Lining Qualification

If lease contract provides that maintenance of service equipment or lining is customer responsibility, customer has duty to either:

- (a) provide lessor its written procedures for periodic qualification when cars are shopped at lessor's direction. Ensure work is performed correctly!

- (b) confirm owner wishes to use lessor's procedures by notifying lessors in writing that lessor procedures govern

HM216B Commodities

- Responsible party must consult federal regulations and tank car manual to determine whether a commodity is “corrosive” or “non-corrosive” commodity
- If non-corrosive commodity, no further customer requirement under HM216B
- If corrosive commodity, must follow HM216B for qualification and maintenance

Owner Requirements

Tank Car/Service Equipment/Coating/Lining Owners
Shall (Must):

- Develop written qualification & maintenance (Q&M) program. (180.501)
- Deploy their written Q&M program or authorize the use of program furnished by another (with written permission). (180.513)
- Ensure facilities inspect, test, evaluate, mark, document results, according to Q&M program and send documents to owner. (180.509)
- Ensure an appropriate inspection and test interval if the tank car shows evidence of abrasion, corrosion, cracks, dents, distortions, weld defects, or any other unsafe condition. (180.509)
- Retain inspection and test reports until next qualification. (180.517)
- Measure the execution and effectiveness of Q&M program.

Owner Requirements (cont.)

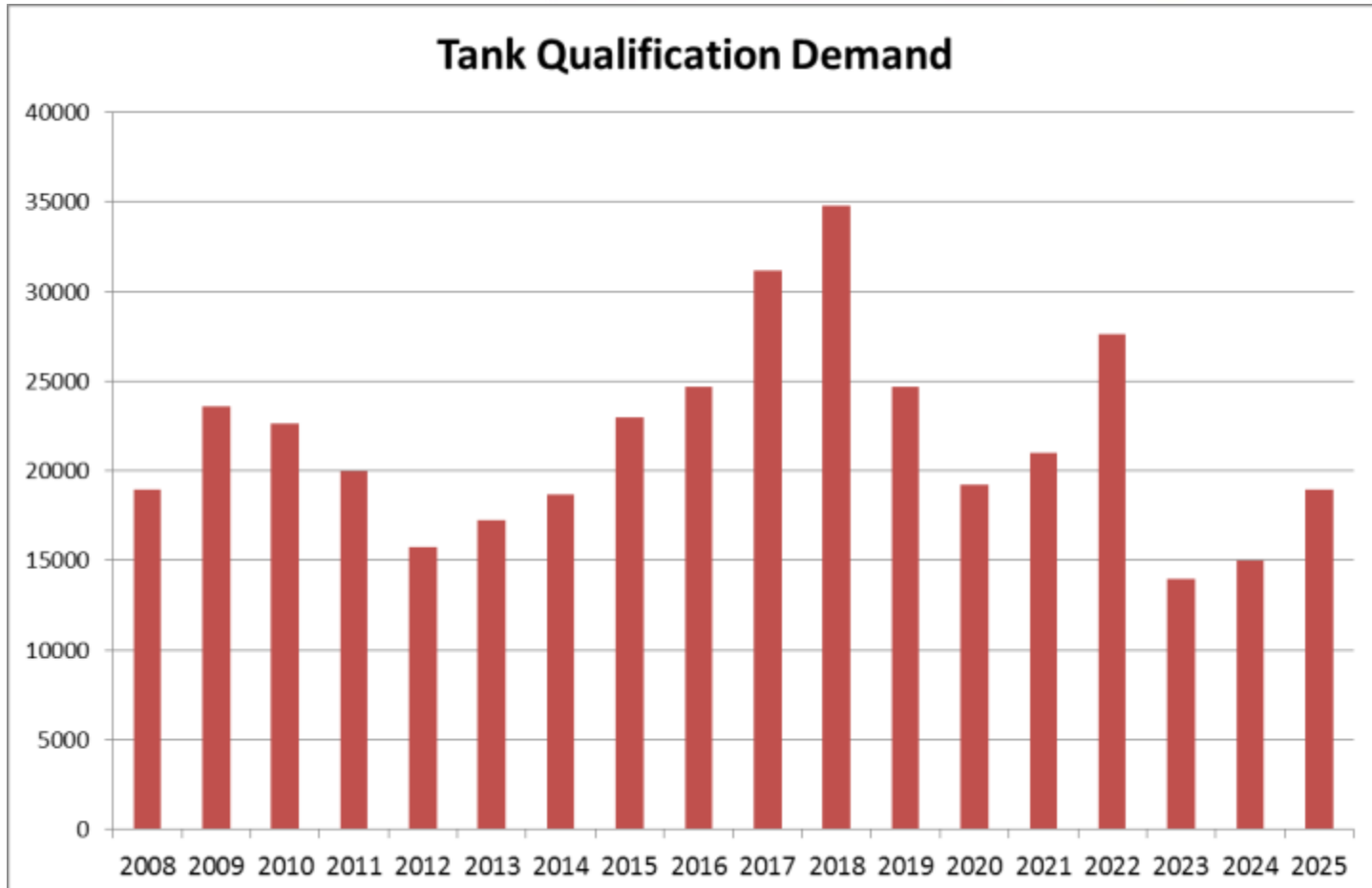
- Follow car owner approved Q&M program. (180.513)
- Obtain car owner approval prior to repairing car. (180.513)
- Report all work performed, observed damage, deterioration, failed components, and noncompliant parts to owner. (180.513)
- Mark the car with test and due dates (180.515)
- Provide car owners with signed inspection & test records. (180.517)

HM216B & Shop Selection

- Approved procedures must be
 - in place & kept current
 - accessible by shops
 - accompanied by necessary training at requisite shops
 - audited regularly to ensure shop adherence

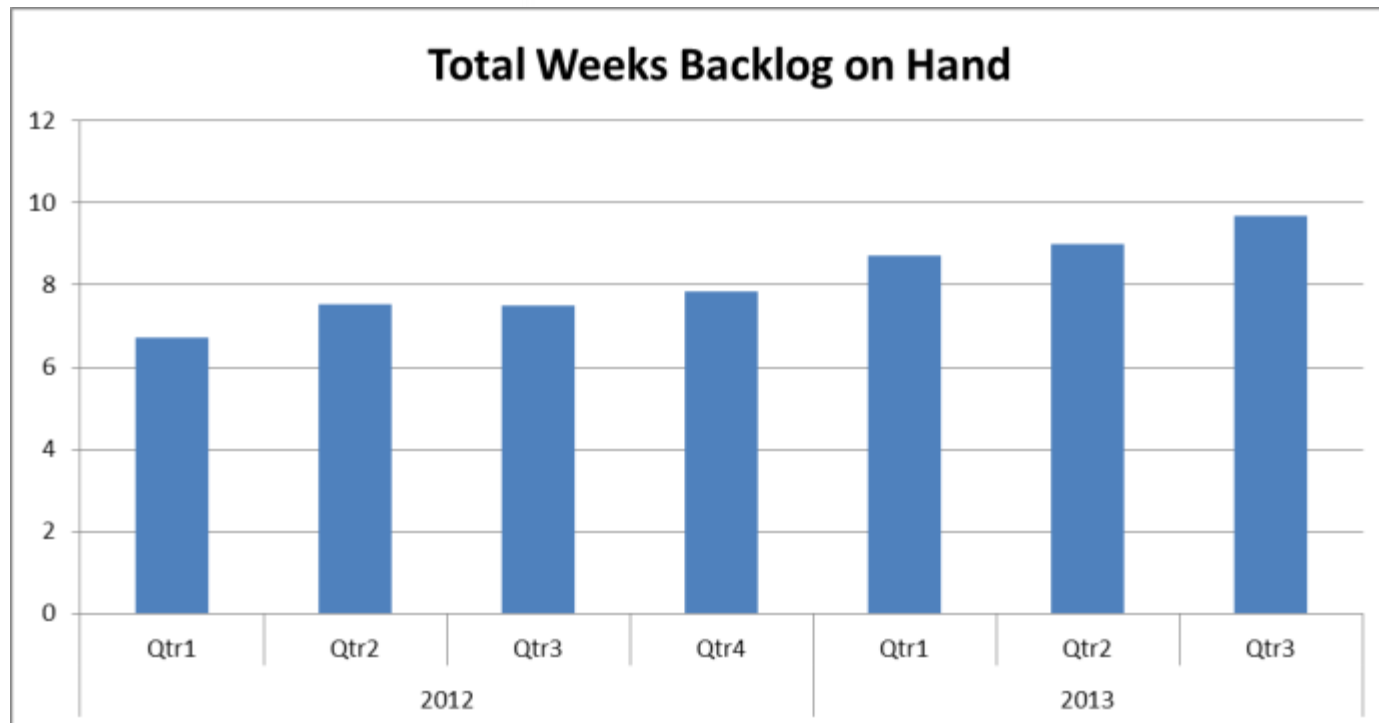
This process is complicated

Industry Qualifications Demand



The industry is experiencing the “compliance bubble”

Industry Repair Demand



The N.A. repair network is experiencing heightened demand

- Regulations are complex
- Owners of tank cars, service equipment and linings have a lot of responsibility
- Technical expertise is required
- More commodities affected
- Execution is critical
- Shop selection is vital
- Advanced owner approval is required for maintenance

Compliance requires knowledgeable resources

Questions?



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