

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Roberts, Jennifer  
**Sent:** Wed 9/27/2017 1:12:58 PM  
**Subject:** TOTE Briefing Material  
WSH084.PDF

Ryan please let me know if you need any additional information.

---

46 Offices in 21 Countries

This message is confidential and may be legally privileged or otherwise protected from disclosure. If you are not the intended recipient, please telephone or email the sender and delete this message and any attachment from your system; you must not copy or disclose the contents of this message or any attachment to any other person.

Squire Patton Boggs (US) LLP is part of the international legal practice Squire Patton Boggs, which operates worldwide through a number of separate legal entities. Please visit [www.squirepattonboggs.com](http://www.squirepattonboggs.com) for more information.

#US

---

Meeting with Administrator Pruitt  
September 27, 2017

Background & Talking Points



Thank you for the opportunity to visit with you today.

My partner, John Breaux and I have worked in support of Transportation Institute for many years. The goal of Transportation Institute is to help maintain America's political and economic strength and national security. Transportation Institute advocates and works for sound national maritime policy, including issues such as the Jones Act, Maritime Security Program, Cargo Preference, and other maritime related issues. Jim Henry is the longtime President of Transportation Institute. He is well-respected by Administration officials and the Congress.

The issue that we wish to discuss with you today relates to TOTE Maritime. TOTE Maritime is an owner/operator of domestic shipping in the United States. They specialize in moving cargo between North America to Puerto Rico and Alaska. Anthony Chidrelo is Chairman and CEO of TOTE Maritime. TOTE is a member company of TI and Anthony serves on their board.

As the CEO of an American owned shipping company that trades specifically in the domestic trades of Alaska and Puerto Rico, Anthony would like to share a story of extreme frustration with you. TOTE has been recognized globally as the first company in the world to develop, construct and operate LNG powered container vessels. Today they operate weekly in their service from Jacksonville, Florida to San Juan, Puerto Rico. They began operating October, 2015. Their investment in these ground breaking vessels exceeded \$500M. The vessels were constructed in U.S. Shipyards and are crewed by U.S. merchant mariners.

Prior to the construction of the above "Marlin Class" vessels, TOTE committed to convert their 10-year old vessels in the Alaska trade, to also burn LNG as a clean marine fuel. As this conversion from diesel fuel to LNG was also cutting-edge technology, they requested and were granted a waiver by the EPA and U. S Coast Guard to burn non-compliant fuel during the engineering and conversion period of an estimated 5 years. This permit went into effect in August of 2012.

After two years of engineering by the original engine manufacturer, they concluded the conversion was too complex to execute upon so they walked away from the project. This change caused TOTE to execute on a plan for complete replacement of the 4 engines per vessel (2 vessels in the Alaska trade). This necessitated a modification to the EPA permit which after much back and forth, was eventually granted.

As there was not a US shipyard capable of performing the new engine installations, due to capacity constraints, TOTE executed a contract to perform the work in Singapore. Also, in order to take on such a lengthy project, they earmarked one of their replaced Puerto Rico service

vessels to serve as a replacement vessel in the Alaska trade so that cargo movements were not to be interrupted to the people of Alaska.

On October 1, 2015, tragedy struck and their vessel and crew were lost in Hurricane Joaquin on their voyage to Puerto Rico. All 33 crew onboard the SS El Faro perished! A tragedy beyond words.

As a result of the loss of the El Faro, TOTE no longer had a viable relief vessel to serve the people of Alaska. They again revisited the original engine conversion option which this time the manufacturer noted technology had improved and they now felt the project had merit.

In the midst of this, EPA decided to rescind their permit noting that TOTE had not maintained their original schedule of engine conversions/replacements and that they needed to show TOTE that "schedules matter." When TOTE noted how the many changes to a project (not to mention the tragic loss of the El Faro and crew) which was ground breaking, were out of their control, they acknowledged the same but stated that did not matter. In 2016, TOTE met with EPA leadership (Obama Administration). The officials listened to the history as noted above. While the permit allowed for a 5-year extension, the EPA held firm in their decision to cancel the permit.

There are many additional specifics that Anthony looks forward to sharing directly with Administrator Pruitt. To date, TOTE has spent over \$75M on the Alaska vessel engine project with another \$125M to be spent before completion. This brings the total LNG related spend to over \$700M not to mention the creation of LNG plants in both Jacksonville, Florida and Tacoma Washington to support these efforts. The overall total investment is approaching \$1.0BN.

**Request:** TOTE will soon complete a new application with the EPA to request a new permit to burn non-compliant fuel, during the conversion period of the Alaska vessels. TOTE respectfully requests and is extremely hopeful that their small company, owned by US citizens and crewed by US merchant mariners, will find a more receptive EPA audience under your leadership in favorable approval of the new permit.