Okanagan rail connection severed - Kelowna Daily Courier

Written by J.P. SQUIRE Sunday, 07 July 2013 18:00 -

Kelowna Pacific Railway went into receivership on Friday, leaving numerous businesses and industries in the Okanagan, Shuswap and Thompson scrambling over the weekend. Since 2000, KPR has operated what is called a short-line railroad between Kelowna and CN's Kamloops railvard.

Owned by Knighthawk Rail, KPR reportedly leases 168 kilometres of CN mainline track and has running rights on 41 kilometres of Canadian Pacific Railway between Vernon and Armstrong-Lumby.

KPR offices were closed on the weekend and no one responded to voice mail messages. The company is believed to have between 40 and 50 employees, most of them based in Vernon. According to one online source, KPR transports more than 16,000 carloads annually.

Most of those are wood products from Tolko Industries' operations in Kelowna, Lake Country, Armstrong, Lavington and Lumby. But it also includes juice for Sun-Rype Products, cement for OK Builders Supplies, scrap metal for Action Metals and Knox Mountain Metals, and propane for Superior Propane, all in Kelowna. No one from the latter companies responded to weekend messages.

Customers also reportedly include Coldstream Lumber, Ashland Canada in Lake Country (industrial chemicals), Rogers Flour in Armstrong (grain), Unifeed in Armstrong (grain) and Armstrong Pellets.

Tolko Industries received a heads-up on the termination of KPR rail service at mid-day Friday and dusted off its transportation contingency plan.

Senior management staff immediately began discussing the impact on Tolko operations and reviewing options. Initial conversations were held with CN to determine how the stoppage could be resolved.

There was no indication from "very preliminary" discussions that CN would step in and temporarily provide rail service.

"We know that rail is important to our customers so that hopefully, we can identify a solution quickly. While implementing that contingency plan, we're also reaching out to our customers who are going to be affected by the interruption. The main thing for us is to maintain top customer service," said a company source.

"We do a considerable amount by truck now so our reliance on rail is not as heavy as it once was. It will definitely have an impact but it's probably not as devastating as it would have been at one point."