

**CPUC Public Agenda 3330**  
**Wednesday, February 5, 2014, 9:30 a.m.**  
**San Francisco, CA**



**Commissioners:**  
**Michael R. Peevey**  
**Michel Peter Florio**  
**Catherine J.K. Sandoval**  
**Carla J. Peterman**  
**Michael Picker**

[www.cpuc.ca.gov](http://www.cpuc.ca.gov)

# Safety and Emergency Information

- The restrooms are located at the far end of the lobby outside of the security screening area.
- In the event of an emergency, please calmly proceed out of the exits. There are four exits total. Two exits are in the rear and two exits are on either side of the public speakers area.
- In the event of an emergency and the building needs to be evacuated, if you use the back exit, please head out through the courtyard and down the front stairs across McAllister.
- If you use the side exits you will end up on Golden Gate Ave. Please proceed around the front of the building to Van Ness Ave and continue on down to the assembly point.
- Our assembly point is between the War Memorial Building and the Opera Building (House) which is on Van Ness Ave, located between McAllister and Grove.

# Public Comment



- Per Resolution ALJ-252, any member of the public who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President, depending on the number of speakers the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

## **The following items are NOT subject to Public Comment:**

- Items: 18, 21 and 22
- All items on the Closed Session Agenda

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- Once called, each speaker has up to 2 minutes to address the Commission.
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# Agenda Changes



- Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.
- Items on Today's Consent Agenda are: 1, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, and 27.
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- Item 30 from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.  
None have been moved to the Regular Agenda.
- Item 32 has been withdrawn.
- The following items have been held to future Commission Meetings:
  - Held to 2/27/14: 3, 4, 31.
  - Held to 3/13/14: 2.

# Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: [www.cpuc.ca.gov](http://www.cpuc.ca.gov).
- Late changes to agenda items are available on the Escutia Table.

## Regular Agenda – Energy Orders

### Item #28 [12589] - Regulations to Reduce the Fire Hazards Associated With Overhead Electric Utility Facilities and Aerial Communication Facilities

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**R08-11-005** - Order Instituting Rulemaking to Revise and Clarify Commission Regulations Relating to the Safety of Electric Utility and Communications Infrastructure Provider Facilities.

**Quasi-Legislative**

**Comr. Florio/ Judge Kenney**

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#### **PROPOSED OUTCOME:**

- Revises General Order (GO) 95 to incorporate new and modified rules to reduce the fire hazards associated with overhead power lines and aerial communication facilities in close proximity to power lines.
- Orders electric utilities and communications infrastructure providers to henceforth design and construct their overheard facilities in accordance with the will-not-fail performance standard Rule 48 of GO 95, as interpreted by this decision.
- Approves a consensus plan for investor-owned utilities to report fire incidents to the Commission's Safety and Enforcement Division (SED), and for SED to use this data to (1) identify systemic fire –safety risks and (2) develop measures to mitigate the fire-safety risks.

#### **SAFETY CONSIDERATIONS:**

- The fire-safety regulations in the proposed decision implement the statutory directive in Pub. Util. Code Section 451 that every public utility shall “furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities...as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”

#### **ESTIMATED COST:**

- There are no estimated costs for the regulations adopted by the proposed decision.
- The proposed decision finds that the additional costs, if any, are more than offset by the significant public-safety benefits.
- Cost-of-Service utilities are authorized to recover their reasonable and verified costs to implement the adopted fire-safety regulations using the procedures set forth in the proposed decision.



## Regular Agenda – Energy Orders

### **Item #29 [12687] - San Diego Gas & Electric Company's Power Purchase Agreement with Pio Pico Energy Center, LLC**

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**A13-06-015** - Application of San Diego Gas & Electric Company to Fill Local Capacity Requirement Need Identified in Decision 13-03-029.

**Ratesetting**

**Comr. Peevey/ Judge Yacknin**

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#### **PROPOSED OUTCOME:**

- Grants San Diego Gas & Electric Company authority to enter into a power purchase agreement with Pio Pico Energy Center, LLC and to recover its costs, subject to a cap on transmission upgrade costs, through its local generation charge.
- Closes the proceeding.

#### **SAFETY CONSIDERATIONS:**

- Pio Pico's operation of the Pio Pico Energy Center is subject to all applicable local, state and federal safety rules and regulations.

#### **ESTIMATED COST:**

- Confidential for three years from June 1, 2017, pursuant to Decision 06-06-066.



## Commissioners' Reports



# **Regular Agenda – Commissioners’ Reports**

## **Item #33 [12719]**

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**Commissioner Catherine J.K. Sandoval’s Recommendations Seeking  
Commission’s Approval of Appointments of three Members to the Low  
Income Oversight Board.**

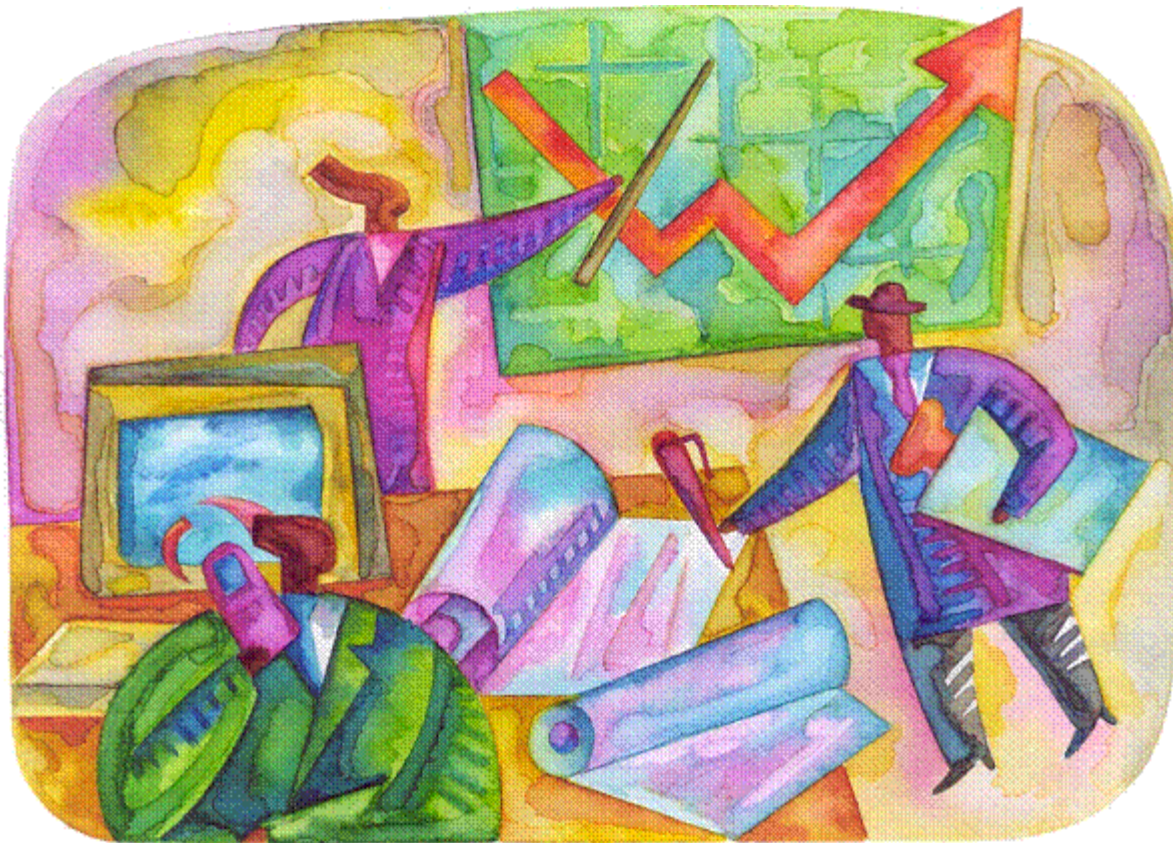
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## Commissioners' Reports



# Management Reports



# **Regular Agenda – Management Reports and Resolutions**

## **Item #34 [12709]**

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**Report and Discussion by Safety and Enforcement  
Division on Recent Safety Program Activities**

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# Crude Oil, Ethanol Railroad Shipment

## Review, Safety Activity, Highlights



**Paul King, PhD**  
***Deputy Director, Office of Rail Safety***  
**Safety and Enforcement Division**

February 5, 2014

*\* Disclaimer: Much of the information in this presentation is preliminary, represents some of the information examined to-date in an ongoing analysis and assessment, and should be independently verified before further use. This presentation is only intended to be a briefing, a primer, and material for further research and investigation.*





## Presentation Overview

- Review/update on oil-train and ethanol-train accidents.
- Oil, ethanol rail shipment trends.
- Regulatory responses:
  - National Transportation Safety Board.
  - U.S. Department of Transportation:
    - Federal Railroad Administration.
    - Secretary Foxx.
    - Pipeline and Hazardous Materials Safety Administration.
  - Governor's Task Force.
  - Department of Fish and Wildlife, Office of Spill Prevention and Response.
- CPUC rail safety oversight activities.







## Crude-Oil Tank Car Accidents

November 2013, Aliceville, Alabama

July 2013, Lac-Mégantic, Quebec



October 2013, Gainford, Alberta



December 2013, Casselton, North Dakota



January 2014, Plaster Rock, New Brunswick





## Ethanol Tank-Car Accidents



June 2009, Cherry Valley, IL



July 2012, Columbus, OH



October 2011, Tiskilwa, IL



February 2011, Arcadia, OH



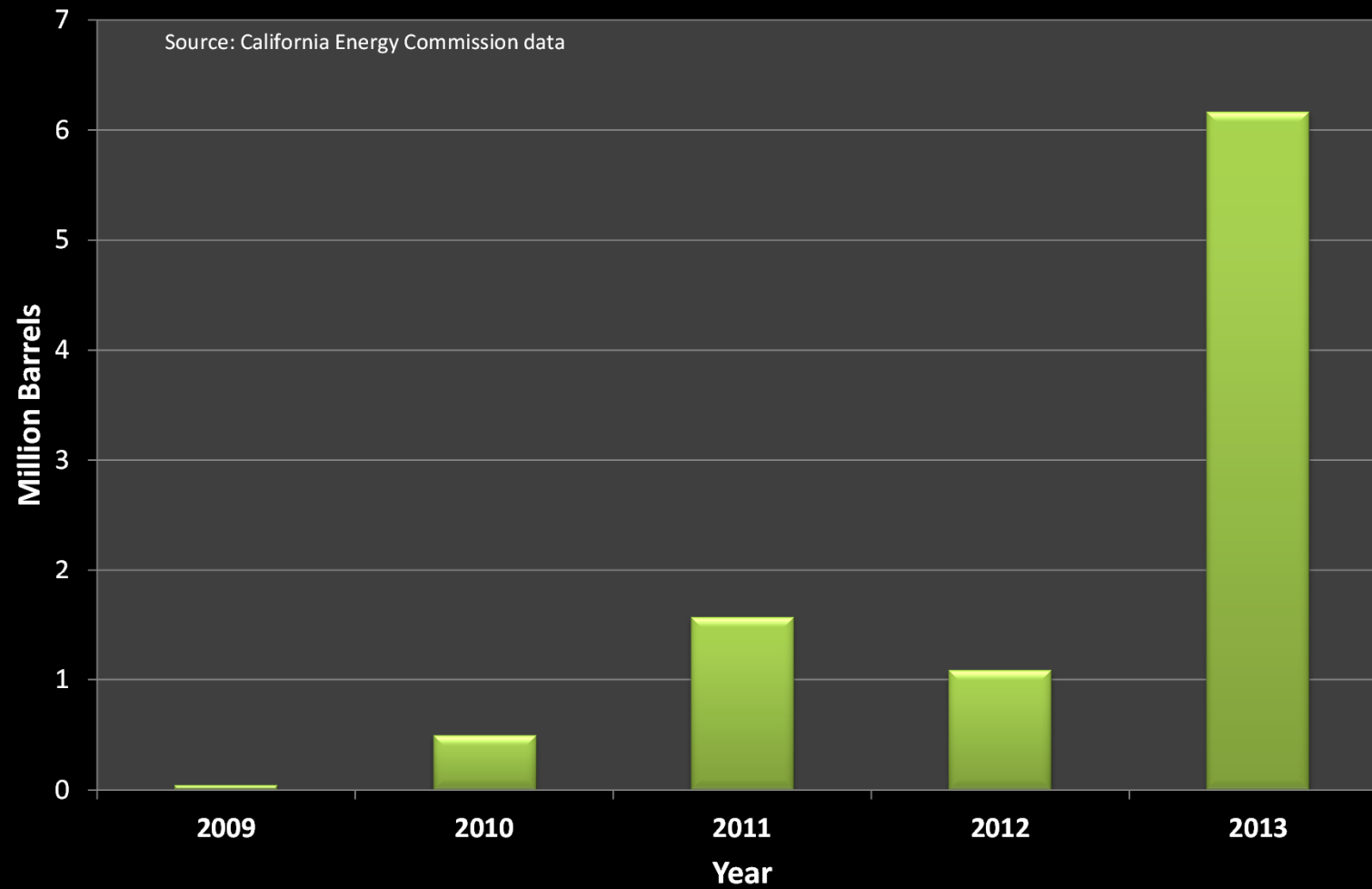
August 2012, near Plevna, MT







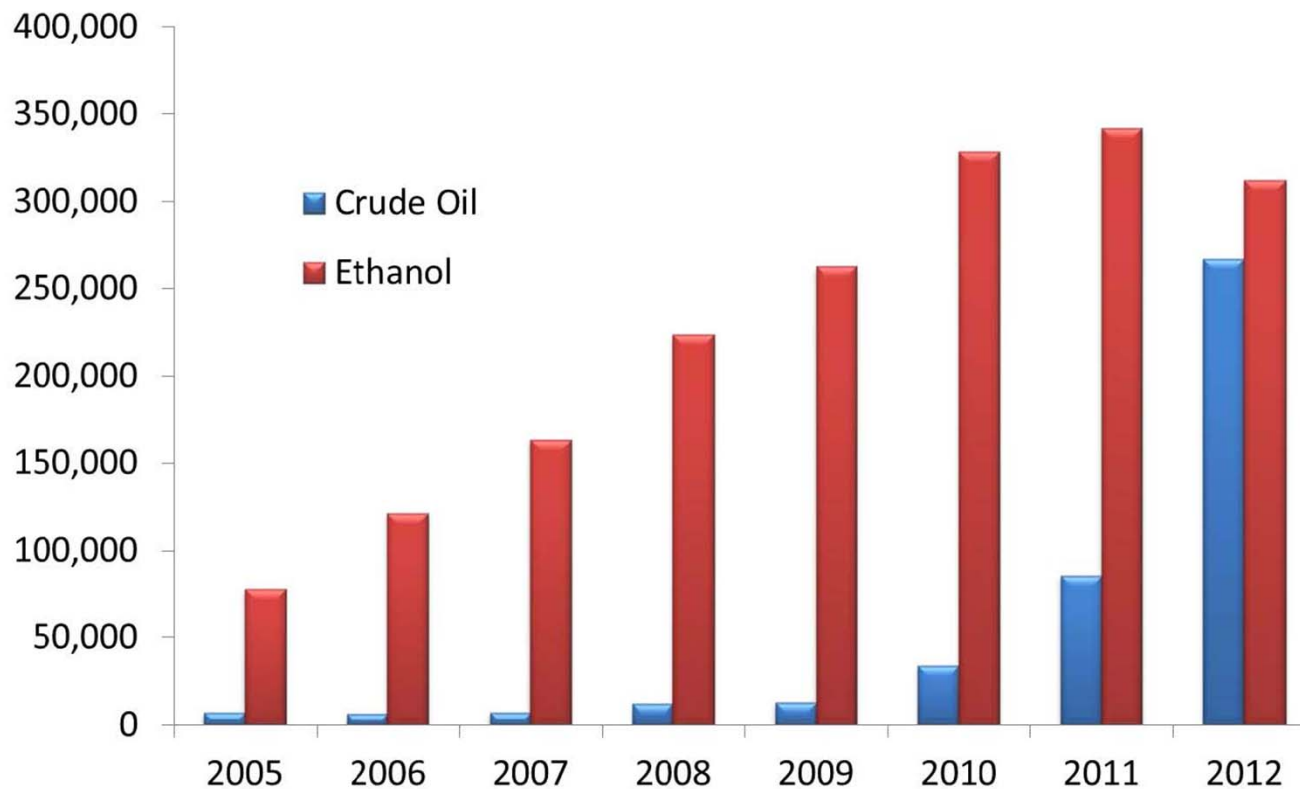
## Increase in Oil Shipments by Rail in California 2009 - 2013





## Crude Oil and Ethanol Rail Shipment Trends – U.S.

### Crude Oil and Ethanol Rail Originations



Source: Federal Railroad Administration, <https://rsac.fra.dot.gov/meetings/20130829.php>





## Planned Oil Refinery Facilities for Oil-by-Rail

- **Plains All American – Bakersfield – Under construction**
  - 90 cars per day.
- **Pittsburg – WesPac Energy Project – Planned**
  - 70 cars per day.
  - Construction could begin early 2014, 18 months for completion.
- **Benicia – Valero – Planned**
  - 100 rail cars per day.
  - Could be operational by early 2015, first quarter
- **Bakersfield – Alon – Planned**
  - 200 cars per day.
- **Wilmington – Valero – Planned**
  - 85 cars per day.
  - Seeking permit approval.





## Oil-by-Rail Projection for California\*

- Currently: Less than one percent of crude (produced and imported) originates by rail shipment.
- Projected to grow to as much as 25 percent by 2016, depending on:
  - Discounted crude oil prices compared to foreign sources.
  - How long these discounted prices will last.
  - Cost of rail transportation from Canada, the Dakotas, and Texas.
  - The extent that new crude-by-rail projects become operational.
  - Any reversal of California's trend of declining crude oil production.

\* Source: California Energy Commission





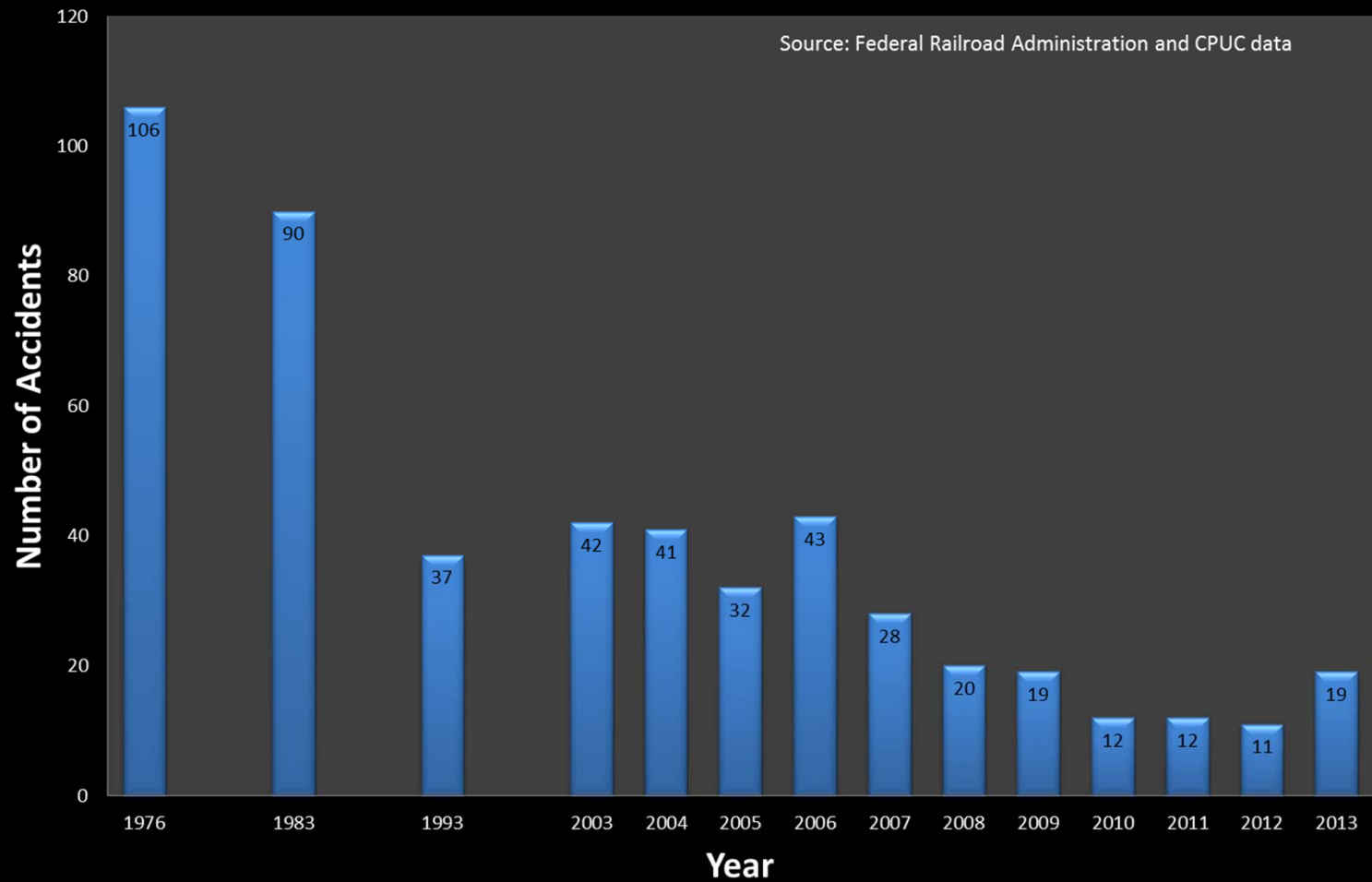
## Railroad Freight Routes into California

- Klamath Falls, Shasta, Dunsmuir, Sacramento River, Roseville.
- Klamath Falls, Feather River, Stockton.
- Reno Junction, Feather River, Stockton.
- Reno, Donner Pass, Roseville.
- Mojave, Tehachapi Pass, Bakersfield.
- Las Vegas, Barstow, Cajon Pass, Colton.
- Needles, Barstow, Cajon Pass, San Bernardino.
- Yuma, Palm Springs, Colton.





## California Main Line and Siding Train Accidents 1976, 1983, 1993, 2003-2013







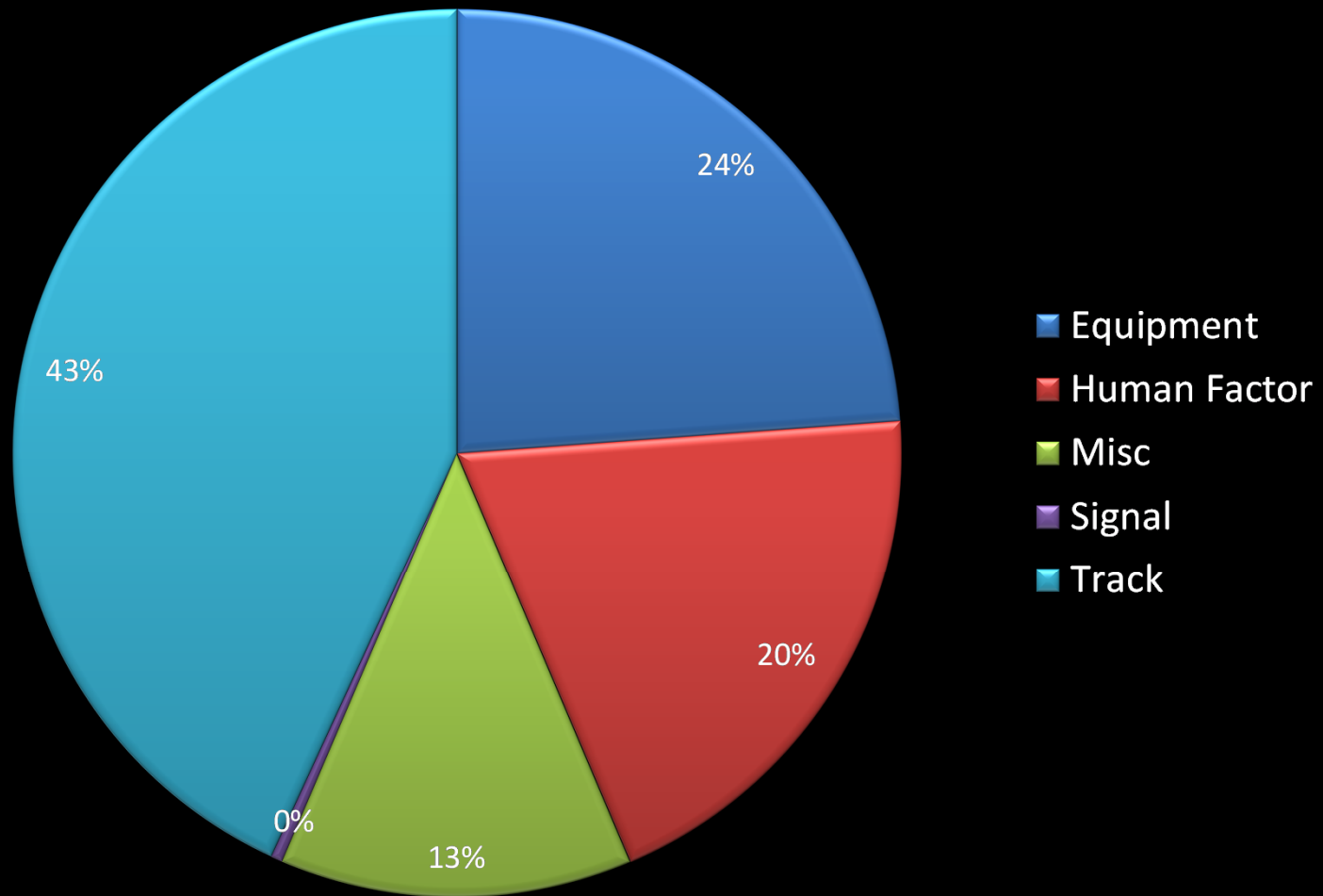
## National Transportation Safety Board

- Involvement in investigation of Lac-Mégantic tragedy.
- Recommendations to the Federal Railroad Administration (FRA) and the Pipeline and Hazardous Materials Safety Administration (PHMSA):
  - Route planning, rerouting. (FRA and PHMSA)
  - Audit, ensure adequate rail carrier response plans. (FRA)
  - Audit, ensure appropriate hazardous materials classifications, safety and security plans. (FRA)
  - Revise spill response thresholds. (PHMSA)
  - Require shippers to test for and ensure proper classification, packaging, documentation. (PHMSA)



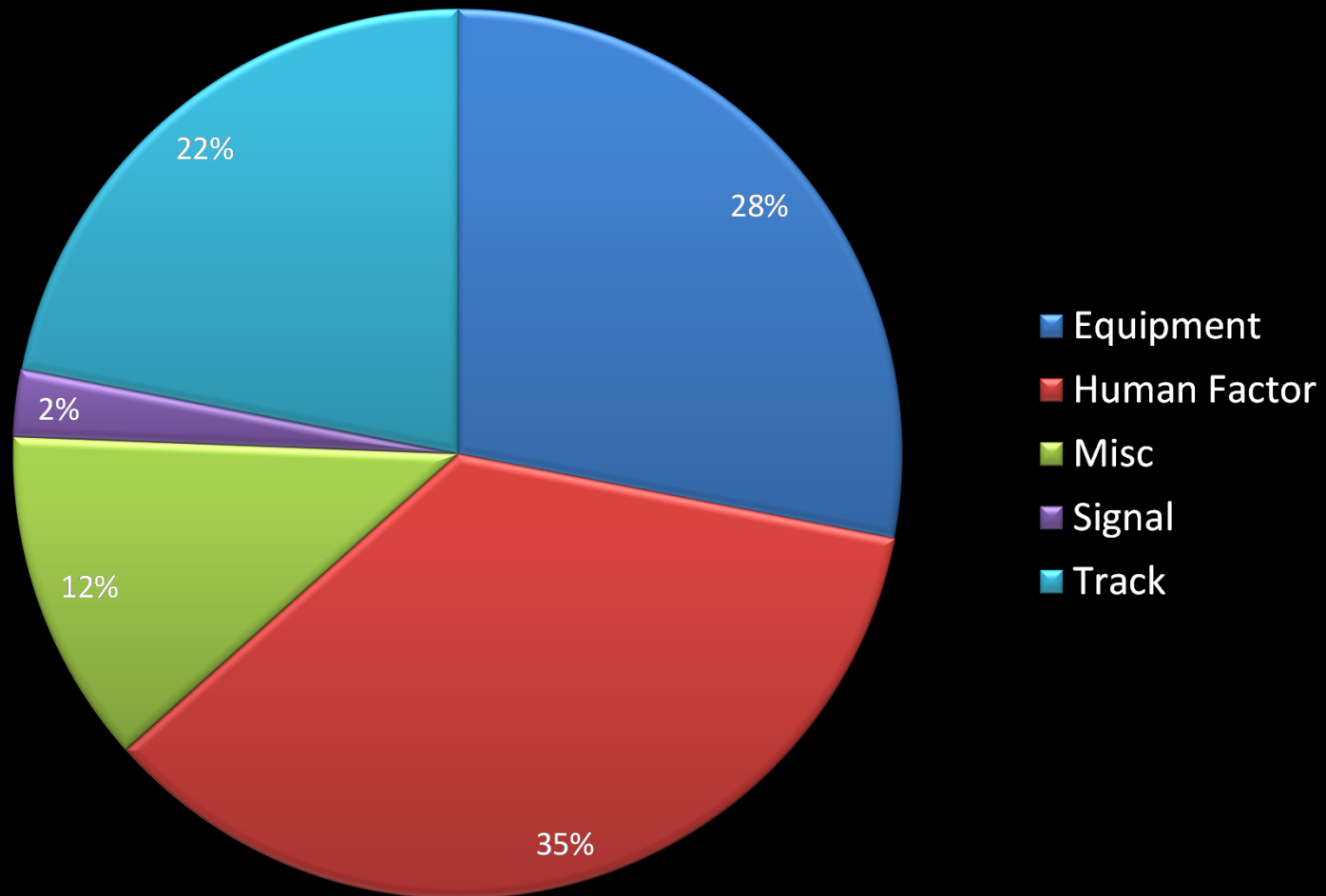


## Cause Categories for Main Line Derailments and Collisions - U.S. 2009 - 2013





## Cause Categories for Mainline Derailments and Collisions - California 2009 - 2013





## Federal Railroad Administration Rulemakings

- Rail Safety Advisory Committee tasks and workgroups in response to Lac-Mégantic:
  - Hazardous materials issues.
  - Train securement.
  - Crew size.
- Consists of about 50 members from railroads, unions, shippers, car owners, equipment suppliers.
- States have one “seat” or vote – Association of State Rail Safety Managers (ASRSM).
  - ASRSM managers from the 30 states with FRA/State Participation Program.





## U.S. Department of Transportation, Secretary Foxx

- Secretary Foxx's January 16 "Call to Action" meeting with:
  - Association of American Railroads (AAR).
  - American Petroleum Institute (API).
  - Association of Short Line and Regional Railroad Association (ASLRRA).
- January 22 follow-up letter documenting meeting accomplishments, agreements:





## Secretary Foxx Meeting (cont.)

- AAR agreed to consider and provide details on:
  - The use of existing Federal protocols for routing hazardous materials, such as Toxic-by-Inhalation hazardous materials, for crude oil unit train shipments.
  - The use of speed restrictions where appropriate on crude oil unit trains travelling through high consequence areas.
  - The use of distributed power on unit crude oil trains.
  - Increasing and improving track, mechanical, and other rail safety inspections.





## Secretary Foxx Meeting (cont.)

- API recommended and agreed to:
  - Share expertise and testing information with DOT, notably PHMSA, about characteristics of crude oil in the Bakken region.
  - Work on identifying best practices to ensure that appropriate and comprehensive testing and classification of crude oil being transported by rail is performed.
  - Collaborate with PHMSA on improving its analysis of crude oil characteristics..





## Secretary Foxx Meeting (cont.)

- AAR and API agreed to:
  - Improve emergency responder capabilities and training to address crude oil incidents.
  - Recommission the AAR's Rail Tank Car Standards Committee – to agree on a new AAR rail tank car standard.







## Governor's Task Force on Oil-by-Rail

- To examine safety issues relating to the increased transport of crude oil by rail into California.
- To explore what actions the state can and should take.
- Consists of California State agencies that might take action.





## Pipeline and Hazardous Materials Safety Administration

- *Operation Classification, aka “Bakken Blitz”*
  - Joint FRA/PHMSA operation.
  - To investigate how shippers and carriers are classifying crude oil and what actions they are taking to determine the characteristics of the material.
  - Launched in August 2013:
  - Primarily targeted shipments from the Bakken.
  - Consisted of unannounced spot inspections, data collection and sampling, and verifying compliance.
  - Ongoing.





## Office of Spill Prevention and Response (OSPR)

- Office is within the Department of Fish and Wildlife.
- Updating program to address projected shift in oil by ships to oil by rail.
  - Less than one percent by rail in 2013.
  - Projected to rise to 25 percent.
  - Working with CPUC, other state agencies on Governor's Task Force.
  - Looking for opportunities to work together with other agencies.





## CPUC Activities

### General:

- 38 FRA-certified railroad inspector/investigator positions.
  - Track and Structures.
  - Motive Power and Equipment.
  - Signal and Train Control.
  - Operating rules and practices.
  - Hazardous materials shipment.
  - State regulations.
- Accident analysis, risk management staff.





## CPUC Activities (cont.)

- Joint CPUC/FRA focused inspections of hazardous materials shipments.
- Plan review, construction monitoring, inspections, of Bakersfield to Plains refinery trackage, bridges, crossings, operating practices...
- FRA Rail Safety Advisory Committee rulemakings on oil-train emergency order, permanent regulations.
- Discussion, updates with UPRR and BNSF in quarterly meetings.
- Examples: Tehachapi Pass track inspection, accident investigation.





## Tehachapi Pass Track Inspection



**First Defect: What is the defect?**







## Track Inspection (cont.)

- Continuous welded rail (CWR) shrinks in winter cold.
- The greater the temperature drop, the more likely CWR will break.
- Recent cold temperature swings.
- Rail breaks, need to repair and keep traffic moving.





## Track Inspection (cont.)

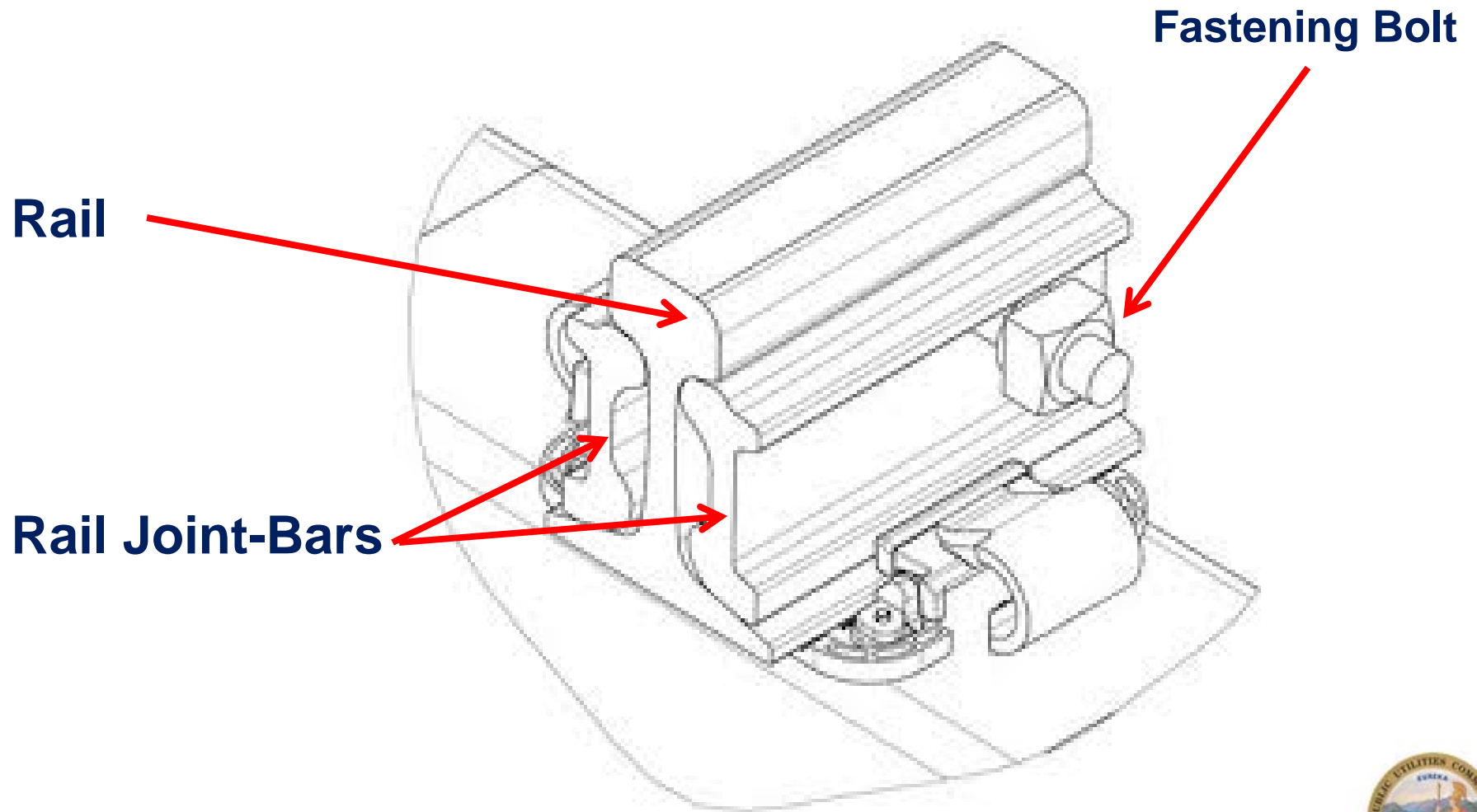
- Inclusion Nucleus







## Rail Joint-Bars Used for Repair





## Rail Ends and Joint Bars in a Normal Rail Joint





## Best Practices:

### Thermite Weld



### Rail Drill for Holes





## Using a Torch to Cut Rails: Not a Good Practice for Cutting Joint-Bar Holes







## Second Rail Break, Subsequent Derailment Tehachapi, December 10, 2013







## Broken Rail and Bars – Rail Defect Due to Torch-Cutting Holes for Bolts







## Staff Actions

- CPUC staff discovered the first rail break:
  - Wrote an FRA defect report.
  - Slow order, repair.
- Railroad discovered the second rail break:
  - Less than optimal repair: torch-cut bolt holes.
  - Torch-cutting can change metallurgical properties.
  - No slow-order.
  - Derailment.
  - CPUC staff files FRA-violation for no slow-order.



# **Regular Agenda – Management Reports and Resolutions**

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**Report and Discussion by Safety and Enforcement  
Division on Recent Safety Program Activities**

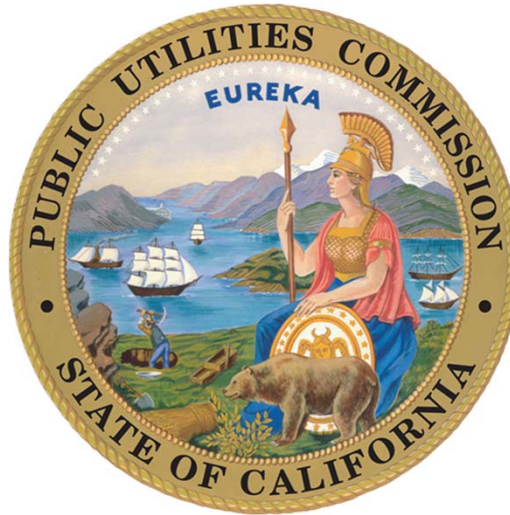
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# Management Reports





# CPUC Budget Overview



**Michelle Cooke**  
*Deputy Executive Director*

**California Public Utilities Commission**

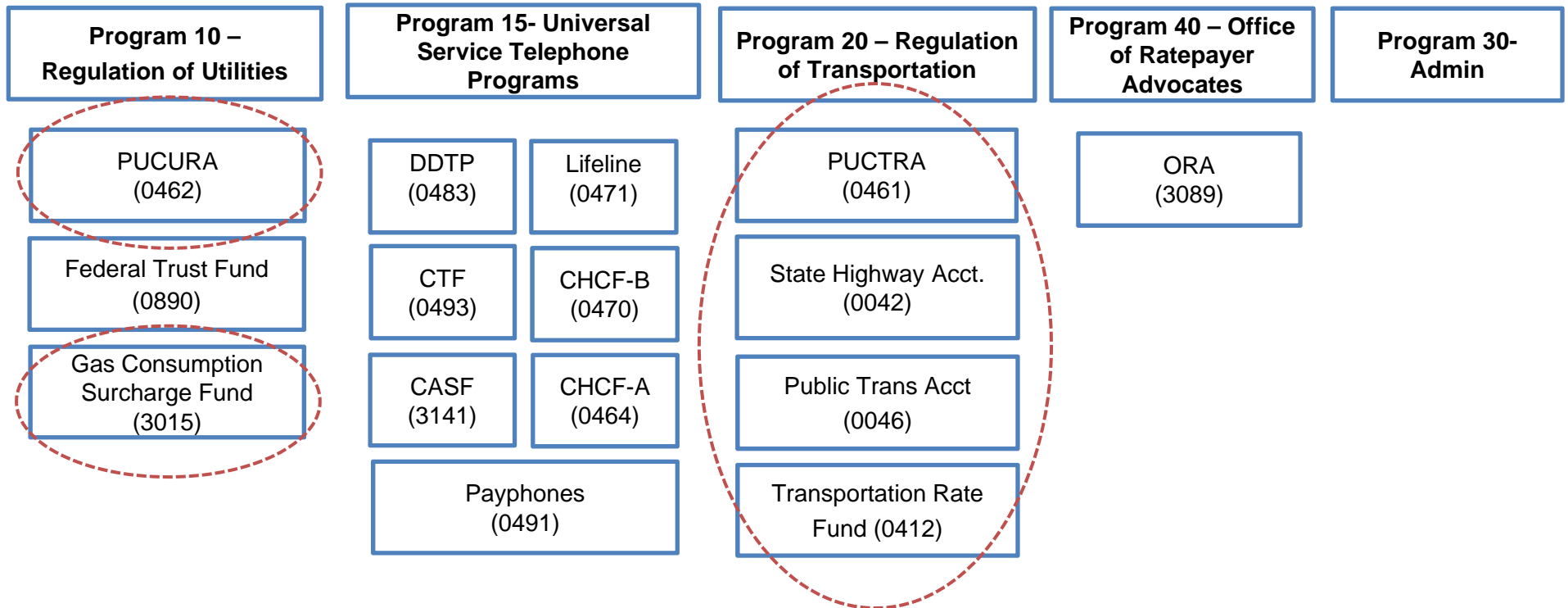
February 5, 2014



# CPUC Fund Overview

Program 10 – Regulation of Utilities	Program 15- Universal Service Telephone Programs		Program 20 – Regulation of Transportation	Program 40 – Office of Ratepayer Advocates	Program 30- Admin
PUCURA (0462)	DDTP (0483)	Lifeline (0471)	State Highway Acct. (0042)	ORA (3089)	
Federal Trust Fund (0890)	CTF (0493)	CHCF-B (0470)	Public Trans Acct (0046)		
Gas Consumption Surcharge Fund (3015)	CASF (3141)	CHCF-A (0464)	Transportation Rate Fund (0412)		
	Payphones (0491)		PUCTRA (0461)		

# CPUC Fund Overview



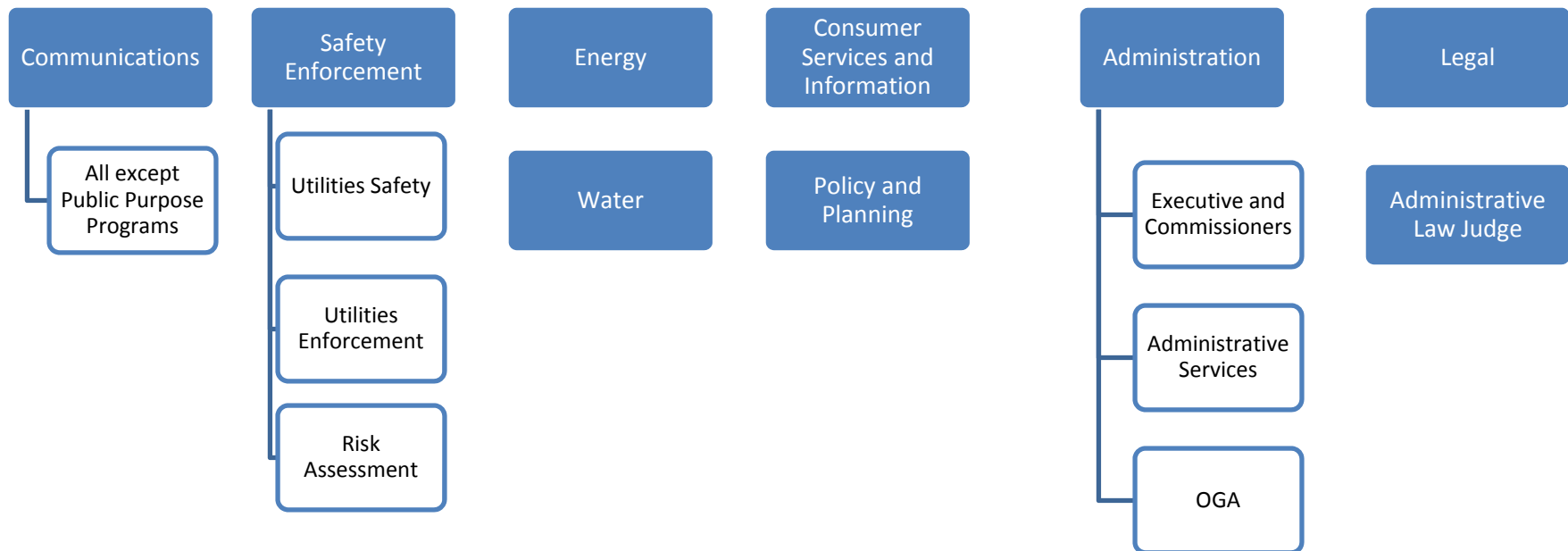


## Fund 0462: PUC Utilities Reimbursement Account

- Fund 0462 is CPUC's main operating fund; its purpose is to support CPUC regulation of electric, gas & heat, telephone & telegraph, and water and sewer system corporations
- FY 2013-14 appropriation: \$86,126,000

Revenue Source	Current Fee
Electric Corporations	0.024¢/kWh
Gas and Heat Corporations	0.068¢/therm
Telephone & Telegraph Corporations	0.18% of revenue
Water & Sewer System Corporations	0.03% of revenue

## Areas of Work Funded by PUCURA (0462)



## Fund 3015: Gas Consumption Surcharge Fund

- The Gas Consumption Surcharge Fund supports low-income, energy efficiency, conservation and public interest research programs.
- Revenues are based on a surcharge on all natural gas consumed in California.
- CPUC does not spend against this fund: Revenues deposited into fund 3015 **are claimed against by the utilities to fund programs.**
- In FY 2014-15 Governor's Budget the entire fund will be classified as local assistance.

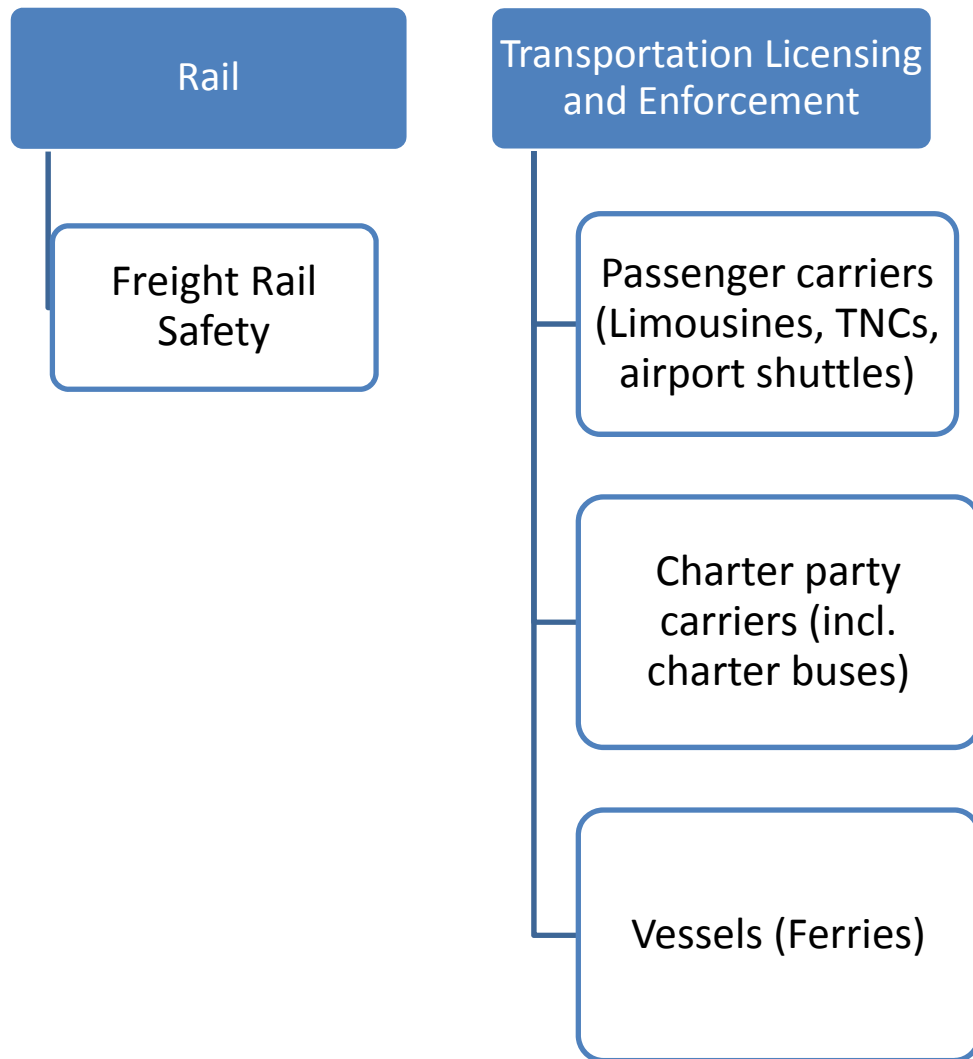
Utility	Expected FY 14-15 Gas Surcharge	Source
SDG&E	\$38,254,374	Advice Letter 2236-G
SoCalGas	\$287,905,100	Advice Letter 4552
Southwest	\$12,246,317	Advice Letter 923
PG&E	\$255,754,453	Advice Letter 3426-G

## Fund 0461: PUC Transportation Reimbursement Account

- Funds CPUC 's regulation of common carriers and related businesses
- FY 2013-14 appropriation: \$11,510,000

Revenue Source	Current Fee
Passenger Vehicle Operators	¼ of 1% & 1/3 of 1% of revenue based on size
Railroads	Based on annual railroad safety budget
Vessel Operators	½ of 1% of revenue
Pipeline Corporations	0.03% of revenue

## Main Areas of PUC Activity Funded by PUCTRA (0461)



## Fund 0042: State Highway Account

- The State Highway Account is a shared fund, administered by the Department of Transportation
- Revenues include tax revenues from the Motor Vehicle Fuel Account, transfers from the Natural Disaster Assistance Fund, rental and sale of excess property, contributions from federal and local governments and outdoor advertising licenses, permit fees and fines.
- FY 2013-14 appropriation: \$3,848,000
- **CPUC uses the State Highway Account to support Railroad Crossings safety work**





## Fund 0046: Public Transportation Account

- The State Highway Account is a shared fund, administered by the Department of Transportation
- Fund supports transportation planning, mass transportation, Intercity Rail programs, and State Transportation Improvement Program (STIP) Transit projects.
- Revenues include retail sales and use taxes on Diesel Fuel and federal funding.
- FY 2013-14 appropriation: \$5,434,000
- **CPUC uses the Public Transportation Account to support Railroad Transit safety work**

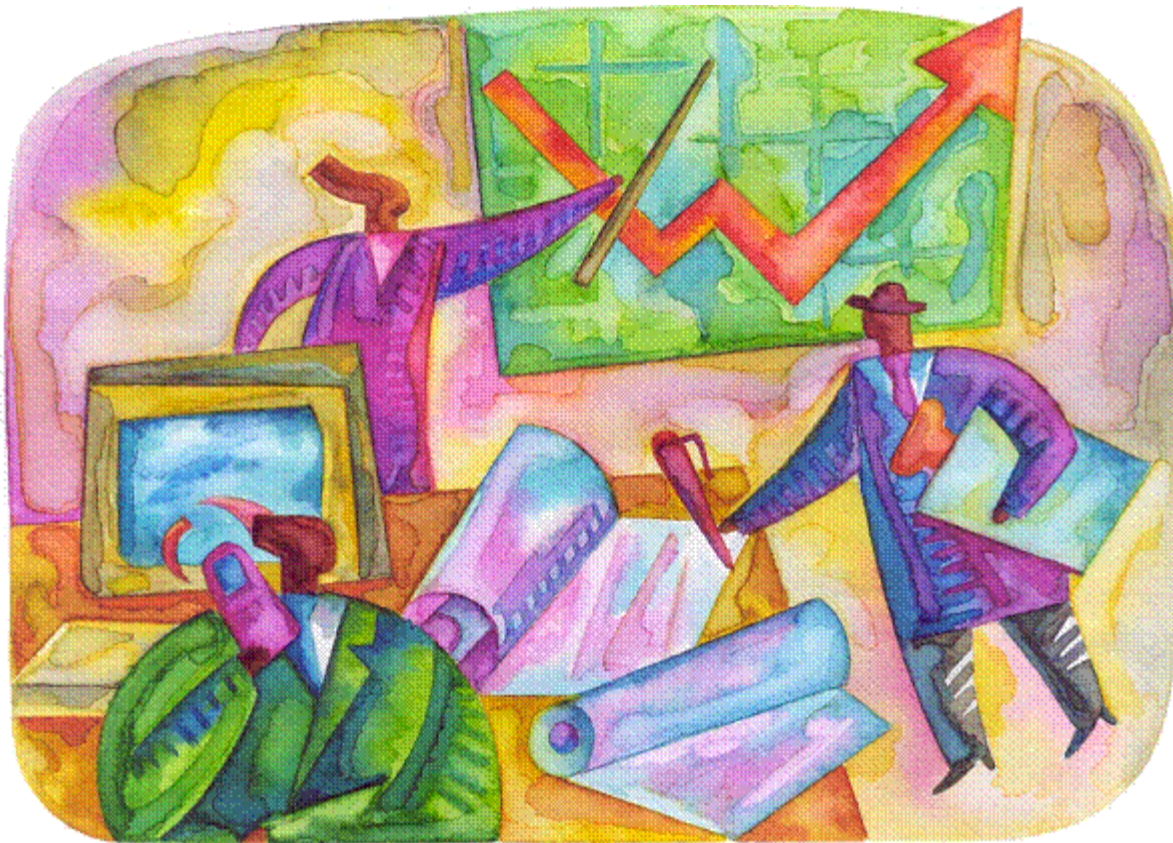


## Fund 0412: Transportation Rate Fund

- The Transportation Rate Fund supports the CPUC's work to administer and enforce the Household Goods Carriers Act.
- Revenues include quarterly fees based upon the gross operating revenue of household goods movers as well as regulatory licenses, penalties, and fees.
- FY 2013-14 appropriation: \$2,779,000
- **CPUC uses the Transportation Rate Fund to support household goods mover licensing and inspection work**



# Management Reports





# **The CPUC Thanks You For Attending Today's Meeting**

**The Public Meeting is adjourned.**

**The next Public Meeting will be:**

**February 27, 2014, at 9:30 a.m.  
in San Francisco, CA**

