



CPUC Public Agenda 3365

Thursday, October 22, 2015 9:30 a.m.

Sacramento, CA



Commissioners:
Michael Picker, President
Michel Peter Florio
Catherine J.K. Sandoval
Carla J. Peterman
Liane M. Randolph

www.cpuc.ca.gov





The Pledge of Allegiance



“I pledge allegiance to the Flag of the
United States of America,
and to the Republic for which it stands,
one nation under God,
indivisible,
with liberty and justice for all.”





Safety and Emergency Information

- In the event of an emergency, please calmly proceed out the exits.
- We have one exit at the main entrance.
- In the event that we do need to evacuate the building:
- **Exit at the main entrance and turn right. Proceed on 11th Street towards P Street and turn right and continue to 10th Street. Meet at Roosevelt Park at 10th and P Streets.**
- Our assembly point is Roosevelt Park on 10th and P Streets.





Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) 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:

- 8, 30, 35
- All items on the Closed Session Agenda





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Public 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, 2, 4, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 33, 34, 35, and 36.**
- 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 39** 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.
- **Item 32** has been moved to the Regular Agenda.
- **Items 42, 43, and 44** have been withdrawn.
- The following items have been held to future Commission Meetings:
Held to 11/05/15: **3, 5, 6, 7, 29, 38**





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 final 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.
- Late changes to agenda items are available on the Escutia Table.





Regular Agenda – Intervenor Compensation Orders

Item # 32 [14333] – Compensation to The Utility Reform Network

I12-10-013, A13-01-016, A13-01-005, A13-03-013, and A13-03-014 – Related matters –
Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company and San Diego Gas and Electric Company Associated with the San Onofre Nuclear Generating Station Units 2 and 3.

Ratesetting

Comr. Sandoval / Judge Darling

PROPOSED OUTCOME:

- Awards The Utility Reform Network (TURN) \$289,794.41 for substantial contribution to Decision (D.) 14-11-040. D.14-11-040 approved the settlement agreement between Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and four settling parties, which provided resolution of rate recovery issues related to the shutdown of San Onofre Nuclear Generating Station. TURN requested \$289,821.00.

SAFETY CONSIDERATIONS:

- Substantial contribution by intervenors, as found here, enhances the Commission's regulation and oversight of public utilities, which under Pub. Util. Code § 451 must "promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

ESTIMATED COST:

- \$289,794.41 plus interest, to be paid by ratepayers of SCE and SDG&E.





Regular Agenda – Energy Orders

Item # 37 [14147] – Approving Southern California Gas Company Application to Establish a Distributed Energy Resources Services Tariff

A14-08-007

Ratesetting

Comr. Peterman / Judge Kersten

PROPOSED OUTCOME:

- Grants Southern California Gas Company's (SoCalGas) Application to establish a Distributed Energy Resources Services (DERS) Tariff by which SoCalGas will facilitate the adoption and use of combined heat and power (CHP) "advanced energy systems," subject to specific modifications, terms, and conditions.
- Among other things, finds that the DERS Tariff, when subjected to the cost-based pricing methodology, enhanced market mitigation measures, and reporting and accounting requirements adopted, is in the public interest because it:
- Meets untapped demand in underserved markets for smaller customers who would benefit from CHP, offers additional choices to customers, and supports innovative business partnerships;
- Protects ratepayer interests and guards against unfair competition consistent with the Commission's Affiliate Transaction Rules; and
- Makes more widely available a service that reduces the health and environmental impacts from air pollution, reduces greenhouse gas emissions, and provides operational efficiencies, consistent with California environmental goals.
- Denies the proposed Joint Settlement Agreement entered into by SoCalGas and the Office of Ratepayer Advocates.
- Closes the proceeding.

SAFETY CONSIDERATIONS:

- Allows the Commission to continue to fulfill its duties under Pub. Util. Code § 451, including taking all actions necessary to promote the safety, health, comfort, and convenience of utility patrons, employees, and the public.

ESTIMATED COST:

- Unknown.





Regular Agenda – Orders Extending Statutory Deadline

Item # 40 [14345] – Order Extending Statutory Deadline

A13-06-011 – Application of Pacific Gas and Electric Company to Set New Core Interstate Pipeline Capacity Planning Range.

Ratesetting

Comr. Florio / Judge Wong

PROPOSED OUTCOME:

- Extends the statutory deadline for completion of this proceeding to January 1, 2016.

SAFETY CONSIDERATIONS:

- There are no safety implications associated with this Order Extending Statutory Deadline.

ESTIMATED COST:

- There are no costs associated with this decision.





Regular Agenda – Orders Extending Statutory Deadline

Item # 41 [14356] – Order Extending Statutory Deadline

A13-09-010 – In the Matter of the Application of Southern California Gas Company for Approval of The Branch Office Optimization Process.

Ratesetting

Comr. Peterman / Judge Halligan

PROPOSED OUTCOME:

- Extends statutory deadline for completion of this proceeding to January 4, 2016.

SAFETY CONSIDERATIONS:

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST:

- There are no costs associated with this decision.





Regular Agenda – Legislative and Other Matters

Item #45 [14331]

Office of Governmental Affairs Legislative Report





2015 Legislative Wrap-up



Lynn Sadler, Director

Nick Zanjani | Michael Minkus | Lori Misicka | Ivy Walker

Office of Governmental Affairs

October 22, 2015





Legislative Overview

- ❖ 143 total bills monitored
 - 85 (59%) failed or became two-year bills
 - 58 (41%) sent to the Governor
- ❖ CPUC position taken on 12 bills this year
 - 11 'Support' positions
 - 9 passed, 9 signed, 2 defeated/delayed
 - 1 'Oppose Unless Amended' position
 - 1 bill delayed





CPUC-sponsored Bill Summary

SB 348 (Galgiani) – Railroad Crossing Safety

- ❖ Exempts unsafe rail crossing closures from CEQA.
 - Final Outcome: Signed (8/7)

SB 631 (Hueso) – CPCN Fee Adjustment

- ❖ Adjusts CPCN fee from \$75 to \$500 and authorizes future adjustments based on the Consumer Price Index.
- ❖ Clarifies CPUC fee revenues be retained by the CPUC rather than the General Fund.
 - Final Outcome: Signed (9/1)

SB 697 (Hertzberg) – PUC Accountability Act of 2015

- ❖ Consolidates all ongoing CPUC reporting requirements into a single article of code.
- ❖ Extends CPUC authority to issue financing orders related to energy crisis bonds.
- ❖ Corrects the requirement for limousines to use decals.
- ❖ Authorizes the CPUC to submit reports electronically unless otherwise requested.
 - Final Outcome: Signed (10/8)





Operations & Governance Summary

CPUC trailer bill was not heard. Six bills were vetoed, with guidelines for future bills:

- Do not increase litigation
- Do not delay decision-making
- Adequately fund the CPUC
- Focus on technology improvement
- Require more meetings outside San Francisco
- Give more consideration of public comments
- Reform Section 583
- Reform Bagley-Keene
- Tighten ex parte rules
- Keep options open for energy crisis litigation settlements





Energy Bill Summary

- ❖ SB 350 (de León) requires that renewable electricity sold to retail customers be increased to 50% by December 31, 2030.
- ❖ AB 802 (Williams) requires aggressive to-code energy efficiency portfolio timelines.
- ❖ Other successful energy bills include redirecting IOU cap and trade monies to subsidize low-income solar projects and the simplification of Green Tariff billing.





Safety Bill Summary

❖ Successful bills included:

- Diablo Canyon seismic safety review panel extension
- Two-person rail crew mandate
- TNC drivers added to DMV pull notice program
- Limits on IOU executive pay from rate base for safety lapses

❖ Failed measures included:

- Prohibition on PG&E from deducting any CPUC fines from their California tax liability
- A new governance structure for preventing excavation accidents (dig-ins)





Telecom & Water Bill Summary

- ❖ Telecom focus areas included:
 - Telecommunications facilities siting “shot clock”
 - CASF consortia funding (\$5 million)
 - California Electronic Communications Privacy Act (CalECPA)
- ❖ Water bills with impact on private water companies:
 - Groundwater management
 - Rate protection for low-income water consumers
 - Drought response measures





2015-16 Budget Actions

The Governor's 2015-16 budget included 54.5 positions. The Legislature also removed \$5 million from the CPUC's operating budget.

*Regular BCPs	Positions	Purpose
Risk Assessment	3	Safety
Utility Safety Engineer (ORA)	3	Safety
Fiscal Audits	1	Auditing
Internal Audit Leadership	1	Auditing
Review of Balancing Accounts	2	Auditing
Enhanced Regulatory Auditing Capacity	7	Auditing
Internal Audit Unit	5	Auditing
Speech Generating Devices	4.5	Program
Rate Design Analysts (ORA)	2	Ratesetting
Total	28.5	

*Legislative BCPs	Positions	Legislation
Gas Leakage Abatement	4	SB 1371 (Leno)
Electrical Grid Security	4	SB 699 (Hill)
Modified Limos	3	SB 611 (Hill)
Mobile prepaid collection	8	AB 1717 (Perea)
Demand response	4	SB 1414 (Wolk)
San Joaquin Valley	3	AB 2672 (Perea)
Total	26	





13 Informational & Oversight Hearings

- **ASSEMBLY UTILITIES AND COMMERCE COMMITTEE HEARINGS**

- August 17, 2015 - California Public Utilities Commission Contracting Practices
- July 13, 2015 - California Public Utilities Commission Ex Parte Communications and Related Practices
- March 16, 2015 - Reports on California Public Utilities Commission and Office of Ratepayer Advocates Activities in 2013 - 2014

- **SENATE ENERGY, UTILITIES & COMMUNICATIONS**

- March 25, 2015 - CPUC and Public Safety: a Focus on Energy Infrastructure.
- March 11, 2015 - Ex Parte Communications and the CPUC Rule Making Process.
- March 3, 2015 - CPUC & ORA Annual Report to the Legislature and Initial Inquiry Into the Adequacy of Rules Governing Ex Parte Communication and Safety.

- **SELECT COMMITTEE HEARINGS, BUDGET SUBCOMMITTEE HEARINGS & TOWN HALLS**

- September 25, 2015 – Diablo Canyon Nuclear Power Plant Seismic Safety Informational Town Hall
- August 22, 2015 –Town Hall on the Power Outages in Long Beach
- August 19, 2015 – Assembly Select Committee on California's Clean Energy Economy
- July 28–30, 2015 – California FirstNet Consultation
- June 23, 2015 – Select Committee on Renewable Energy Development and Restoration of the Salton Sea
- 10 Senate and Assembly budget subcommittee hearings

- **CONFIRMATION HEARINGS**

- August 19, 2015 – Senate Rules Committee – Michael Picker & Liane M. Randolph





Other OGA Accomplishments 2015

- ❖ Held 13 CPUC Academy presentations
- ❖ Convened ~50 formal briefings
- ❖ Convened ~125 informal briefings
- ❖ Fielded ~500 legislative inquiries
- ❖ Participated in enterprise reforms and actions
- ❖ Briefed 5 LIOB meetings
- ❖ Hosted 3 international delegations
- ❖ Onboarded two new OGA staff members





Thank You

❖ Team Effort

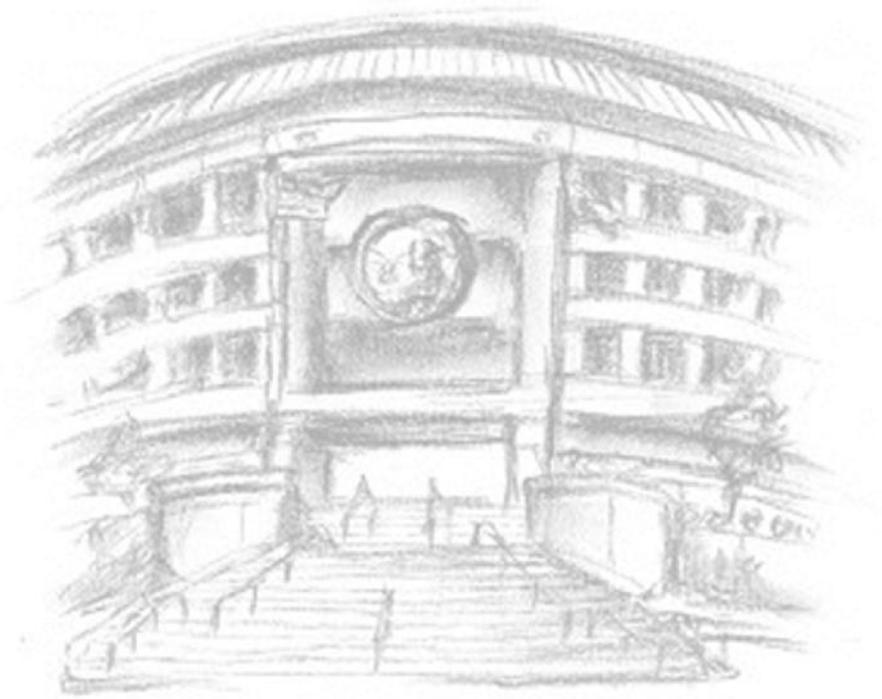
- OGA staff
- OGA liaisons and division staff
- Division directors
- Legislative partners and coalitions
- Agency partners
- Governor's Office
- Commissioners and advisors





**For Additional Information and
2015 Legislative Outcomes Report:**

www.cpuc.ca.gov/PUC/legislation/





Regular Agenda – Legislative and Other Matters

Item #45 [14331]

Office of Governmental Affairs Legislative Report





Commissioners' Reports





Management Reports





Regular Agenda – Management Reports and Resolutions

Item #46 [14286]

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





Update on Crude-Oil Rail Shipments In California



Unloading crude oil at Plains All-American
Bakersfield CA

Daniel Kevin, Senior Analyst
Office of Rail Safety
Safety and Enforcement Division
October 22, 2015





Presentation Overview

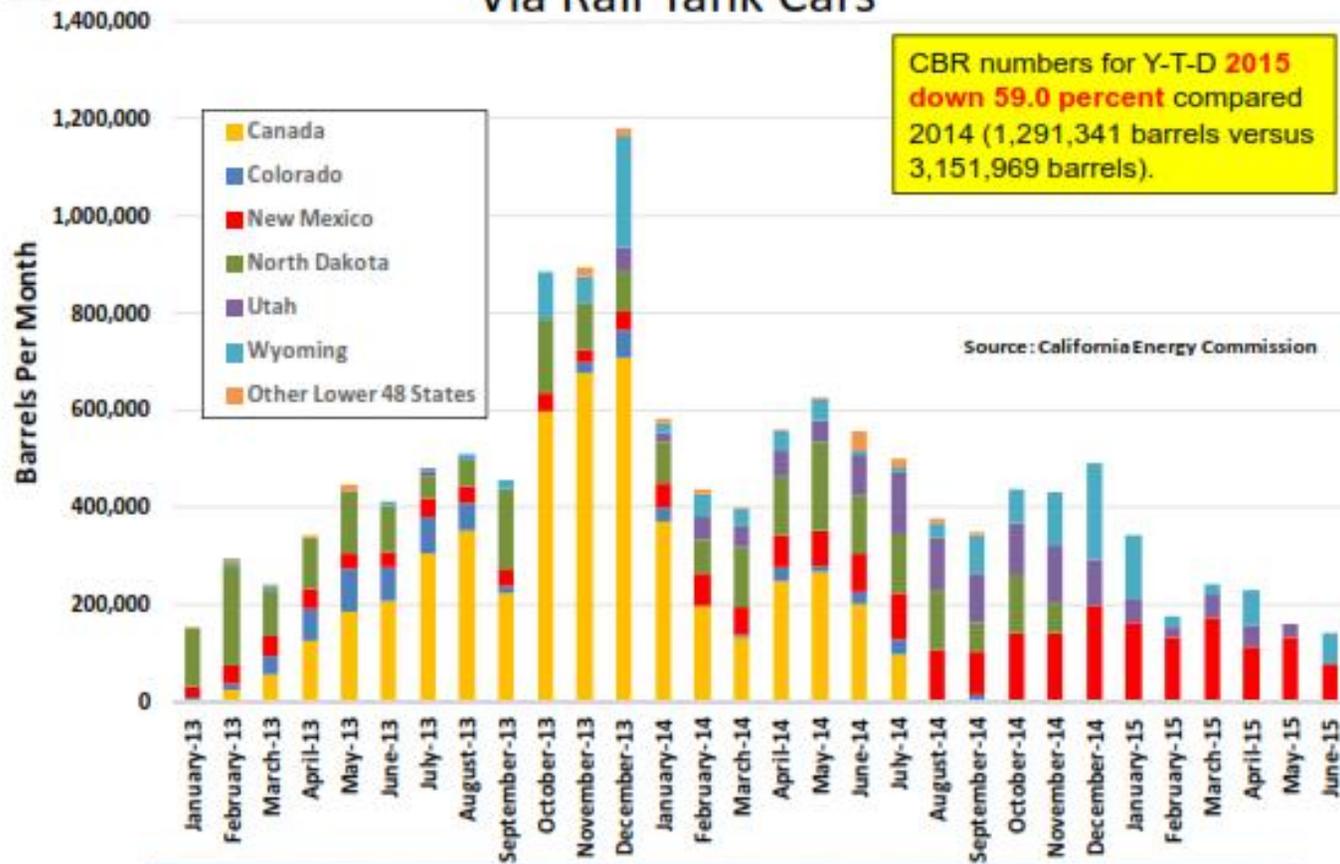
Updates:

- Crude-by-rail imports.
- New federal regulations.
- New state laws.





California Crude Oil Imports Via Rail Tank Cars





Crude Oil Recon Team (CORT)



Initiated to proactively monitor crude oil projects before they come online by:

- Identifying and remediating regulated and non-regulated risks to employee and public safety.
- Providing guidance to the railroads, crude oil facilities and their respective contractors to ensure compliance and mitigate any identified risks.





Current California Crude Oil Traffic

- No Bakken crude oil currently coming into California.
- Receiving crude from Canadian tar sands and from the Niobrara shale formation in Colorado, Kansas, Nebraska, and Wyoming.
- 12 trains expected in October (two over Tehachapi, the rest enter from Oregon).
- CORT has been inspecting all trains. To date, only one defect has been taken, which was a loose secondary closure on a vapor valve.





“Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains” Final Rulemaking – PHMSA/FRA*

- Effective July 7, 2015.
- Scope of Rulemaking:
 - Unless stated otherwise, the rule applies to “High-hazard flammable trains” (HHFT) which means “a continuous block of 20 or more tank cars loaded with a flammable liquid or 35 or more tank cars loaded with a flammable liquid dispersed through a train.”
 - A “high-hazard flammable unit train” (HHFUT) means a train comprised of 70 or more loaded tank cars containing Class 3 flammable liquids traveling at greater than 30 mph.
 - A unit train is a train that travels back and forth from origin to destination as a unit - not switched enroute.

* Adapted from FRA summary document: <https://www.fra.dot.gov/eLib/details/L16353>





New Standards and Controls for High-Hazard Flammable Trains (continued)

- Enhanced Braking
 - Requires HHFTs to have in place a functioning two-way end-of-train (EOT) device or a distributed power (DP) braking system.
 - EOT – a telemetry device mounted in the coupler at the rear of the train.
 - Provides the engineer with brake air pressure information.
 - Provides for a simultaneous emergency application of the brakes at two locations - the front and rear of the train.
 - DP – locomotives placed at different locations in the train, such as head-end, middle, and rear of train.
 - Provides for simultaneous brake applications at each locomotive's location.





New Standards and Controls for High-Hazard Flammable Trains (continued)

- Enhanced Braking (cont.)
 - Requires any high-hazard flammable unit train (HHFUT) transporting at least one car of the most flammable liquids (e.g., Bakken crude, ethanol) be operated with an electronically-controlled pneumatic (ECP) braking system by January 1, 2021.
 - Requires all other HHFUTs be operated with an ECP braking system by May 1, 2023.





New Standards and Controls for High-Hazard Flammable Trains (continued)

- ECP brakes (cont.)
- Brakes are applied by an electronic signal to each car instantaneously and simultaneously, rather than by a reduction in air pressure beginning at the controlling locomotive.
- Cost of implementing ECP brakes is most efficient for unit trains – i.e., those trains that travel back and forth from origin to destination as a unit and not switched enroute.





New Standards and Controls for High-Hazard Flammable Trains (continued)

- Advantages of ECP brakes:
 - Shorter stopping distances - up to 70 percent shorter.
 - Brakes applied simultaneously on all cars.
 - Brakes applied much faster.
 - In a derailment, brake application stops non-derailed cars faster, reducing the potential for them to derail.
 - Constant charging of brake air reservoirs to prevent depletion of braking air pressure and loss of brakes.





New Standards and Controls for High-Hazard Flammable Trains (continued)

- Advantages of ECP brakes (cont.):
 - Improved train handling.
 - Reduction of excessive in-train forces and the resultant derailment forces.
 - Less brake shoe and wheel wear.
 - Reduced fuel consumption.
 - Information on the condition of the braking system is continuously available.





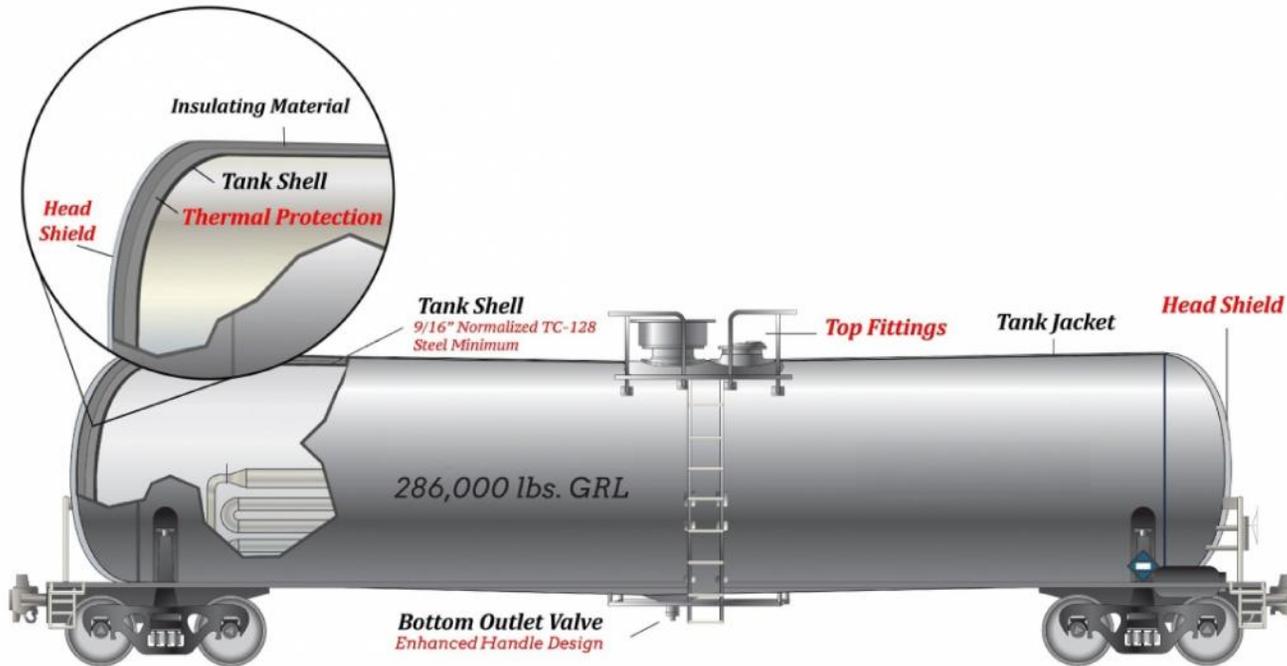
New tank car specifications

- Half-inch steel head-shields required.
- Tank shell thickness increased from 7/16" to 9/16."
- Thermal insulation protection required.
- Steel jacket around thermal insulation required.
- Top and bottom fittings improved.
- Electronically-controlled brakes required.





DOT 117 Specification Car



Safety enhancements of DOT Specification 117 Tank Car:

- Full-height ½ inch thick head shield
- Tank shell thickness increased to 9/16 inch minimum TC-128 Grade B, normalized steel
- Thermal protection
- Minimum 11-gauge jacket
- Top fittings protection
- Enhanced bottom outlet handle design to prevent unintended actuation during a train accident





New Standards and Controls for High-Hazard Flammable Trains (continued)

- Enhanced Standards for New and Existing Tank Cars Used in HHFTs
 - New tank cars constructed after October 1, 2015, must meet enhanced DOT Specification 117 design or performance criteria for use in an HHFT.
 - Existing tank cars must be retrofitted in accordance with the DOT-prescribed retrofit design or performance standard for use in an HHFT, with some exemptions allowed.
 - Retrofits must be completed based on a prescriptive retrofit schedule, with deadlines between 2017 and 2025 based on risk factors.





New Standards and Controls for High-Hazard Flammable Trains (continued)

- Reduced Operating Speeds
 - Restrict all HHFTs to 50-mph in all areas.
 - Require HHFTs containing any tank cars not meeting the new tank car standards to operate at a 40-mph speed restriction in densely populated areas, “high-threat urban areas,” as defined by the Transportation Security Administration.





New Standards and Controls for High-Hazard Flammable Trains (continued)

- High Threat Urban Area (HTUA)
 - Means an area comprising one or more cities and surrounding areas including a 10-mile buffer zone.
 - California HTUAs:*

CA	Anaheim/Santa Ana Area.	Anaheim, Costa Mesa, Garden Grove, Fullerton, Huntington Beach, Irvine, Orange, Santa Ana, and a 10-mile buffer extending from the border of the combined area.	Anaheim, CA; Santa Ana, CA.
	Bay Area	Berkeley, Daly City, Fremont, Hayward, Oakland, Palo Alto, Richmond, San Francisco, San Jose, Santa Clara, Sunnyvale, Vallejo, and a 10-mile buffer extending from the border of the combined area.	San Francisco, CA; San Jose, CA; Oakland, CA.
	Los Angeles/Long Beach Area.	Burbank, Glendale, Inglewood, Long Beach, Los Angeles, Pasadena, Santa Monica, Santa Clarita, Torrance, Simi Valley, Thousand Oaks, and a 10-mile buffer extending from the border of the combined area.	Los Angeles, CA; Long Beach, CA.
	Sacramento Area *	Elk Grove, Sacramento, and a 10-mile buffer extending from the border of the combined area.	Sacramento, CA.
	San Diego Area *	Chula Vista, Escondido, and San Diego, and a 10-mile buffer extending from the border of the combined area.	San Diego, CA.

* From Title 49 Code of Federal Regulations, Part 1580, Appendix A





New Standards for High-Hazard Flammable Trains (cont.)

- Rail routing - Risk Assessment
 - Railroads operating HHFTs must perform a routing analysis considering at least 27 safety and security factors, and select a route based on its findings.
- Rail routing - Notification
 - New rule: Railroads must provide contact information for State, local, and tribal officials to request information related to the routing of hazardous materials through their jurisdictions.
 - The May 7, 2014, FRA Emergency Order requiring railroads to notify emergency responders of expected shipments, but only of Bakken crude – was set to expire in March 2016, being replaced with the new rule.
 - PHMSA will not let the Emergency Order expire following Congressional objections.
 - PHMSA and FRA indicate a new rulemaking will be opened to reconcile the notification emergency order with the new notification rule.





New Standards and Controls for High-Hazard Flammable Trains (continued)

- Status:
 - The new HHFT rules are in effect, with timelines.
 - Association of American Railroad (AAR) has appealed the ECP brake requirement .
 - AAR has appealed the allowances for railroads to use any old tank cars in trains with fewer than the 20-car and 35-car HHFT thresholds.
 - American Petroleum Institute has appealed for more time to make tank car retrofits
 - Environmental groups and two Illinois municipalities have appealed for shorter timelines for old tank car phase-out.





New California State Laws

- AB 380 – Dickinson.
 - Requires information be provided to CalOES on the 25 top hazardous materials commodities, by volume, shipped in CA.
 - Requires notification of expected Bakken shipments, and changes in expected shipments.
 - Requires railroads to maintain an emergency response management communications center with hazardous materials commodity information.
 - Requires summary of emergency response plans be provided.





Regular Agenda – Management Reports and Resolutions

Item #46 [14286]

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





Management Reports





The CPUC Thanks You For Attending Today's Meeting

**The Public Meeting is adjourned.
The next Public Meeting will be:**

**November 5, 2015 at 9:30 a.m.
in San Francisco, CA**

