



CPUC Public Agenda 3328

Thursday, December 19, 2013, 9:30 a.m.

San Francisco, CA



Commissioners:
Michael R. Peevey
Michel Peter Florio
Catherine J.K. Sandoval
Mark J. Ferron
Carla J. Peterman

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: 27, 28, 30
- All items on the Closed Session Agenda





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

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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, 2, 4, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, and 34.
- 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.
- Items 38, 42, and 45 from the Regular Agenda have 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.
22 have been moved to the Regular Agenda.
- None have been withdrawn.
- The following items have been held to future Commission Meetings:

Held to 1/16/14: 3, 5, 5a, 6, 20, 23, 36, 40, and 44.





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





Regular Agenda – Energy Orders

Item #22 [12609] - Lifting Operating Pressure Restriction on Pacific Gas and Electric Company's Line 147

R11-02-019 - Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms.

Ratesetting

Comr. Florio/ Judge Bushey

PROPOSED OUTCOME:

- Lifts operating pressure restrictions on Pacific Gas and Electric Company's (PG&E) Line 147.

SAFETY CONSIDERATIONS:

- Finds that PG&E has provided sufficient supporting information of pressure test results and safety certification to allow Line 147 to operate at a maximum allowable operating pressure of 330 psig.

ESTIMATED COST:

- None.





Regular Agenda – Energy Orders

Item #35 [12533] - Decision Imposing Sanctions for Violation of Rule 1.1 of the Commission's Rules of Practice and Procedure

R11-02-019 - Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms.

Ratesetting

Comr. Florio/ Judge Bushey

PROPOSED OUTCOME:

- Imposes fine for violations of Rule 1.1 of Commission's Rules of Practice and Procedure.

SAFETY CONSIDERATIONS:

- Addresses safety violations by Pacific Gas and Electric Company.

ESTIMATED COST:

- \$6,750,000.





Regular Agenda – Energy Orders

Item #35a [12549] - ALTERNATE TO ITEM 12533

R11-02-019 - Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms.

Ratesetting

Comr. Ferron

PROPOSED OUTCOME:

- Imposes \$14,350,000 fine for violations of Rule 1.1 of Commission's Rules of Practice and Procedure.

SAFETY CONSIDERATIONS:

- Addresses safety violations by Pacific Gas and Electric Company.

ESTIMATED COST:

- \$14,350,000.





Regular Agenda – Energy Orders

Item #37 [12592] - Petition for Rulemaking

P13-05-008, R_____ - Related matters. Petition of The Division of Ratepayer Advocates to Adopt, Amend, or Repeal a Regulation Pursuant to Pub. Util. Code Section 1708.5.

Comr. Ferron/ Judge Halligan

PROPOSED OUTCOME:

- Opens an Order Instituting Rulemaking to develop a partnership framework between investor owned utilities and the water sector designed to promote co-funding programs that reduce energy consumption by the water sector in supplying, conveying, treating, and distributing water.

SAFETY CONSIDERATIONS:

- The Order Instituting Investigation will consider safety issues and concerns raised as part of the rulemaking proceeding to consider new policies regarding joint funding of water-energy nexus programs by the energy utilities and the water sector.

ESTIMATED COST:

- None.





Regular Agenda – Energy Resolutions and Written Reports

Item #39 [12369] - Southern California Edison Company's Four Power Purchase Agreements with Central Antelope Dry Ranch C, LLC, North Lancaster Ranch, LLC; Sierra Solar Greenworks, LLC, and American Solar Greenworks, LLC

Res E-4559, Advice Letters (AL) 2773-E, AL 2774-E, AL 2775-E, and AL 2776-E all filed on September 4, 2012 - Related matters.

PROPOSED OUTCOME:

- Denies Commission approval of four Southern California Edison Company amended and restated renewable power purchase agreements with Central Antelope Dry Ranch C, LLC, North Lancaster Ranch, LLC; Sierra Solar Greenworks, LLC, and American Solar Greenworks, on account of their inconsistency with D.10-12-048, Resolution E-4445, and the uncompetitive value provided by these projects.

SAFETY CONSIDERATIONS:

- Denies approval of four amended and restated renewable power purchase agreements and thus is not expected to have any impact on public safety.

ESTIMATED COST:

- None.





Regular Agenda – Energy Resolutions and Written Reports

Item #39a [12565] - ALTERNATE TO ITEM 12369

Res E-4559, Advice Letters (AL) 2773-E, AL 2774-E, AL 2775-E, and AL 2776-E all filed on September 4, 2012 - Related matters.

(Comr. Peevey)

PROPOSED OUTCOME:

- Approves Cost Recovery for four Southern California Edison Company (SCE) amended restated Renewable Power Purchase Agreements (PPA) with Silverado Power LLC.

SAFETY CONSIDERATIONS:

- The Amended and Restated Silverado PPAs are between SCE and Silverado Power, LLC. Based on the information before the Commission, the Amended and Restated Silverado PPAs do not appear to result in any adverse safety impacts on the facilities or operations of SCE.

ESTIMATED COST:

- Actual costs are confidential at this time.





Resolution E-4559 Agenda Item 39 & Alternate Resolution E-4559 Agenda Item 39a

**Southern California Edison (SCE)
requests approval of four amended and
restated renewable energy power
purchase agreements with Silverado
Power, LLC.**

Presented by:

Judith Iklé, Program Manager - Procurement Strategy and Oversight





Background of 4 Amended & Restated (A&R) PPAs

1. SCE originally executed 4 PPAs with Silverado through RPS procurement from its 2010 Renewable Standard Contract (RSC) program.
 - a) RSC was SCE's pre-cursor to the Commission-approved Renewable Auction Mechanism (RAM) program.
2. In an effort to recognize SCE's pre-existing RPS procurement through its RSC program, D. 10-12-0148 (the RAM decision) allowed a one-time opportunity for SCE to apply the MW capacity of its RSC procurement towards its RAM MW capacity requirement.
3. SCE filed AL-2547 to apply the MW capacity of its 20 RSC PPAs (including the 4 Silverado PPAs) towards its RAM capacity requirement.
4. SCE terminated the 4 Silverado PPAs prior to Commission approval of AL-2547.





Background of 4 A&R PPAs – Continued

5. The Commission approved 15 of the 20 RSC PPAs from AL-2547 in Resolution E-4557.
 - a) The Original Silverado RSC PPAs were never approved by the Commission.
 - b) Resolution E-4557 explicitly finds that SCE “may not count the five terminated contracts towards the RAM capacity cap.”
6. Silverado disputed the validity of the termination of the original RSC PPAs and entered negotiations with SCE.
7. As a result of mediation between Silverado and SCE, 4 separate, bilaterally-negotiated A&R PPAs for the same projects are executed by SCE and Silverado on July 3, 2012.
8. SCE files ALs 2773-2776-E seeking Commission approval of the 4 A&R PPAs on September 4, 2012.





Differences Between Resolution and Alternate Resolution

The Resolution and Alternate Resolution used different cohorts for the price and value reasonableness comparison of the 4 A&R PPAs:

- The Resolution compares the A&R PPAs against competing offers from SCE's 2011 RPS Shortlist and contracts executed by SCE during the 12 months prior to the execution of the A&R PPAs.
- The Alternate Resolution compares the A&R PPAs against competing offers from SCE's RAM 2 auction.
- Both the cohorts used in the Resolution and Alternate Resolution were the most recent cohorts available to SCE at the time the A&R PPAs were executed on July 3, 2012.





Resolution (Denies 4 A&R PPAs)

Item # 39

- A&R PPAs were compared against competing offers from SCE's 2011 RPS Solicitation and offers executed by SCE during the 12 months prior to the execution of the A&R PPAs.
 - Since these PPAs are not eligible for RAM credit and Silverado did not bid the 4 projects into a RAM auction, the A&R PPAs were not compared against competing RAM offers from SCE's most recent RAM auction.
 - The A&R PPAs should be treated as individual, stand alone contracts, since the Original Silverado RSC PPAs were never approved by the Commission.





Resolution (Denies 4 A&R PPAs)

Item # 39

- The A&R PPAs should be rejected because:
 - A&R PPAs' prices are significantly higher and values are significantly lower than competing offers from SCE's 2011 RPS solicitation and offers recently executed by SCE.
 - This price and value comparison is even worse when comparing the prices of the A&R PPAs to solar PV offers from SCE's 2012 RPS Solicitation and SCE's RAM 3 and 4 auctions (offers available to SCE after the A&R PPAs were executed).
 - SCE has no definitive RPS need for these projects to justify their high costs.
 - A&R PPAs were executed as a result of mediation between SCE and Silverado.





Alternate Resolution (Approves A&R PPAs with Modifications)

Item # 39a

- A&R PPAs were compared against competing offers from SCE's RAM 2 auction, the most recent RAM auction available at the time the A&R PPAs were executed in 2012.
 - Since there was a dispute over the validity of the termination of the original RSC PPAs (which were RAM-eligible) and the A&R PPAs meet the RAM program requirements (<20 MW, COD within 2 years), it is fair to compare the A&R PPAs against the most recent RAM auction available at the time the A&R PPAs were executed.
- A&R PPAs are competitive based on their overall price and value when compared against competing offers from SCE's RAM 2 auction.





Alternate Resolution (Approves A&R PPAs with Modifications)

Item # 39a

- The A&R PPAs should be approved because:
 - Projects are highly viable.
 - Projects are competitive for price/value when compared against RAM 2 offers.
 - Modifications push out CODs to better align RPS deliveries with SCE's projected RPS need.
 - Modifications require Silverado to pay for all costs associated with transmission network upgrades for the projects.
 - The A&R PPAs are consistent with the outcome of the mediation process between Silverado and SCE.





Summary of A&R PPAs

Generating facility	Resource	Contract Length	Megawatt Capacity	Expected Annual Deliveries	PPA Online Date	Alternate Resolution Modified Online Date	Location
Sierra Solar Greenworks	Solar PV	20 years	20	41 GWh/yr	12/31/2014	12/31/2014	Lancaster, CA
Central Antelope Dry Ranch C	Solar PV	20 years	20	41 GWh/yr	12/31/2014	12/31/2015	Lancaster, CA
North Lancaster Ranch	Solar PV	20 years	20	41 GWh/yr	12/31/2014	12/31/2016	Lancaster, CA
American Solar Greenworks	Solar PV	20 years	15	31 GWh/yr	12/31/2014	6/30/2016	Lancaster, CA





Regular Agenda – Energy Resolutions and Written Reports

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SAFETY CONSIDERATIONS:

- Denies approval of four amended and restated renewable power purchase agreements and thus is not expected to have any impact on public safety.

ESTIMATED COST:

- None.





Regular Agenda – Energy Resolutions and Written Reports

Item #39a [12565] - ALTERNATE TO ITEM 12369

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ESTIMATED COST:

- Actual costs are confidential at this time.





Regular Agenda – Communication Orders

Item #40 [12535] - Revisions to Modernize and Expand the California LifeLine Program

R11-03-013 - Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program.

Quasi-Legislative

Comr. Sandoval/ Judge Bushey

PROPOSED OUTCOME:

- Adopts revised service elements for the LifeLine Program.
- Extends wireline LifeLine rate caps.
- Sets minimum minute requirements for wireless LifeLine.

SAFETY CONSIDERATIONS:

- All telecommunications carriers remain responsible for the safe operation of their systems.

ESTIMATED COST:

- Unknown.





Regular Agenda – Communication Orders

Item #41 [12552] - Modification of the Deaf and Disabled Telecommunications Program and Adoption of Rules Regarding Speech Generating Devices

R13-03-008 - Order Instituting Rulemaking to Add Speech Generating Devices to the Deaf and Disabled Telecommunications Program.

Quasi-Legislative

Comr. Sandoval/ Judge Wilson

PROPOSED OUTCOME:

- Adopts rules, guidelines and procedures, pursuant to Assembly Bill 136, to govern the access to and distribution of Speech Generating Devices to any subscriber who is certified as having a speech disability requiring this device.
- Adopts rules to govern the access to and distribution of other assistive devices not addressed in Assembly Bill 136.

SAFETY CONSIDERATIONS:

- The adoption of Rules for Speech Generating Devices allows persons with speech impairments to communicate by telephone and ensures these customers have access to critical communications services, including 9-1-1.

ESTIMATED COST:

- \$12 million per year.





Regular Agenda – Communication Resolutions and Reports

Item #43 [12458] - Funding for Ponderosa Telephone Company's Beasore/Central Camp Project

Res T-17424

PROPOSED OUTCOME:

- Approves funding in the amount of \$1,755,042 from California Advanced Service Fund (CASF) for Ponderosa Telephone Company's CASF grant application for its Beasore/Central Camp LastMile Unserved and Underserved Broadband Project.
- The project will extend high-speed internet service to 3.49 square miles covering the Beasore and Central Camp communities of unincorporated Madera County and provide safety-enhancing landline telephone service in an area where there currently is none.

SAFETY CONSIDERATIONS:

- Completion of the project would improve communications with emergency services, including E-911.
- New infrastructure could potentially provide a low-vulnerability communications infrastructure in this fire-prone area.

ESTIMATED COST:

- \$1,755,042.





BEASORE/CENTRAL CAMP CASF PROJECT



Ryan Dulin
Director, Communications Division
California Public Utilities Commission

December 19, 2013



Beasore/Central Camp Project

- Proposed by Ponderosa Telephone Co.
- No landline phone service, poor cell reception
- Fiber-to-the-home with supporting backhaul
- Up to 50 mbps downstream / 20 mbps up
- Project seeks \$1,755,042 in CASF funds
(61.6 percent of \$2,847,306 total estimated cost of project)





CASF UNDERSERVED APPLICATION - FEBRUARY 1, 2013
Ponderosa Telephone Company - Beasore Project



Geography

- Eastern Madera County
- Sierra Nevada Foothills
- 3.49 square miles in aggregate
- Altitudes: Beasore, 6,800 feet; Central Camp 5,400 feet
- Weighted median income: \$44,757 per household
- Per 2010 Census:
 - Beasore 32 households, 84 housing units, 75 population
 - Central Camp 0 households, 75 housing units, 0 population
 - USFS, Ponderosa and County of Madera disagree, saying there are residents in Central Camp year round.





Responses to Commissioners' questions from Dec. 5 meeting

Follow up items	Research and Results		
1. Cost per housing unit, per area			
	Total Costs	CASF Match (61.6%)	Ponderosa Match (38.4%)
Beasore	\$2,335,166	\$1,439,366	\$895,800
Central Camp	\$421,040	\$259,523	\$161,517
Shared Costs (Design, Engineering, inspection, testing, etc.)	\$91,100	\$56,153	\$34,947
Total Project Costs	\$2,847,306	\$1,755,042	\$1,092,264
CASF Funds Requested	\$1,755,042		
Ponderosa Internally Funded	\$1,092,264		
	CPUC Cost Per Household	CPUC Cost Per Housing Unit	
Beasore	32 Households - \$45,858	84 Housing Units - \$17,488*	* Includes shared costs of \$353 per housing unit.
Central Camp	0 Households – Undefined	75 Housing Units - \$3,813*	
Total Project	32 Households - \$54,845	159 Housing Units - \$11,038*	
2. Confirmation that people live in the area; specifically in Central Camp	<p>Letter 1: USDA Forest Service Letter confirming that people live in Central Camp</p> <ul style="list-style-type: none"> • “Despite the findings of the 2010 US Census, Central Camp includes a permanent population” • “Central Camp includes many senior citizens living in the area” <p>Letter 2: Resident from Central Camp; past president of the Central Camp Home Owners Association</p> <ul style="list-style-type: none"> • “I have been an homeowner in Central Camp since 1986. There are approximately 70 homes in Central Camp. The majority of use is from May 1st to the end of Nov. Although some homes are used through the winter months. We have no cell phone service or internet access due to the terrain...” <p>➤ Information provided by CPUC Water Division: There are two Class D water utilities in the affected area; Beasore Meadows Water Company and Central Camp Water Company. Beasore serves 75 connections from June through October, while Central Camp serves 78 connections from May through October 15. Both systems shut down for winter.</p>		
3. Are there any school-age children living in the area?	Per the 2010 Census, six of the 32 household in the Beasore area have children under 18 years old. Despite inquiries to local authorities, CASF is unable to determine how many children are actually enrolled in area schools.		
4. Will the build out of the project benefit any surrounding communities that includes any schools?	Ponderosa has affirmed that wholesale access to the network will be provided in the project area. For example, if a wireless carrier chooses to put up a tower in the project area, backhaul access will be available. CASF staff has checked with the project team to see if there are future possibilities that the built-out of the project can benefit and extend to surrounding communities. Due to the isolated location of the project area, Ponderosa has stated that it will be difficult to further extend the current planned built out to surrounding areas that have schools. One of the surrounding communities in the area with schools is Oakhurst (an estimated 8 horizontal map miles; 19 road miles west of Central Camp). In Oakhurst, the schools show as having broadband at speeds greater than or equal to 6 mbps and less than 10 mbps upload and download. The community is also located outside of Ponderosa's exchange; in Sierra Telephone's service area.		





Central Camp (wide angle, with fiber routes)





Central Camp (fiber routes)





Central Camp (close up)



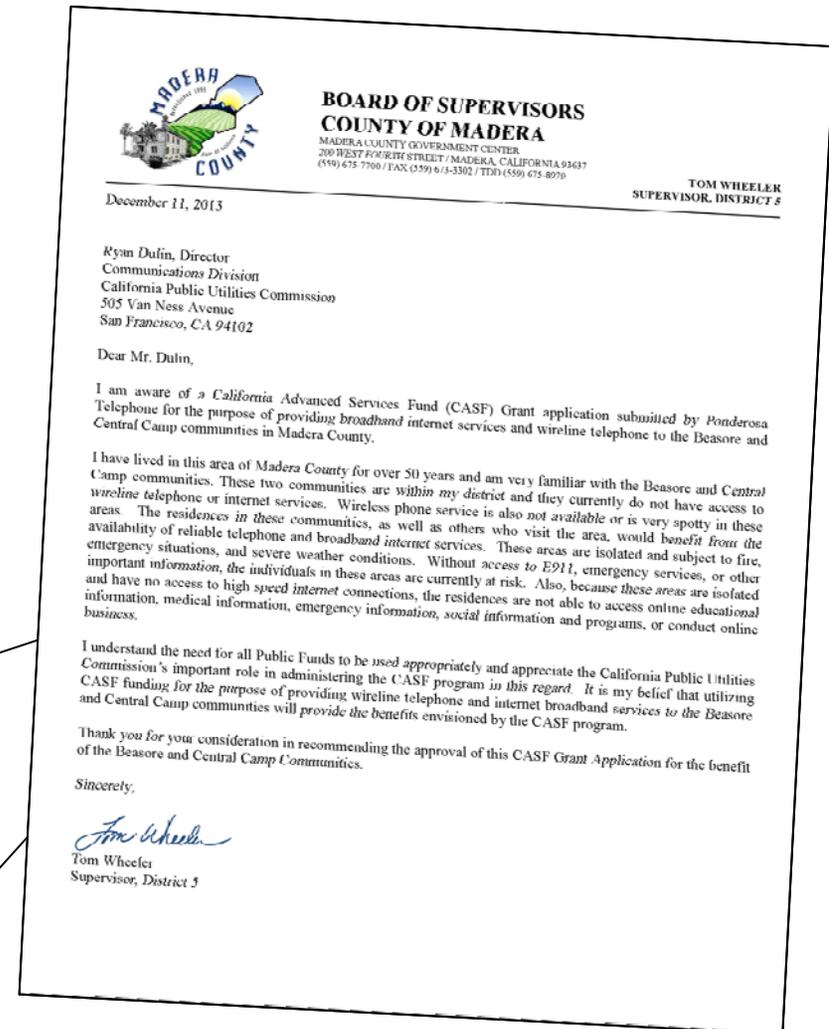


Five Letters of Local Support:

- United States Forest Service
- Supervisor Tom Wheeler (right)
- San Joaquin Valley Regional Broadband Consortium
- Richard Gonsalves
(Past President, Central Camp HOA)
- Scott Marsh
(Madera County Economic Development Commission)

“Without access to E911, emergency services, or other important information, the individuals in these areas are currently at risk.”

-- Supervisor Tom Wheeler

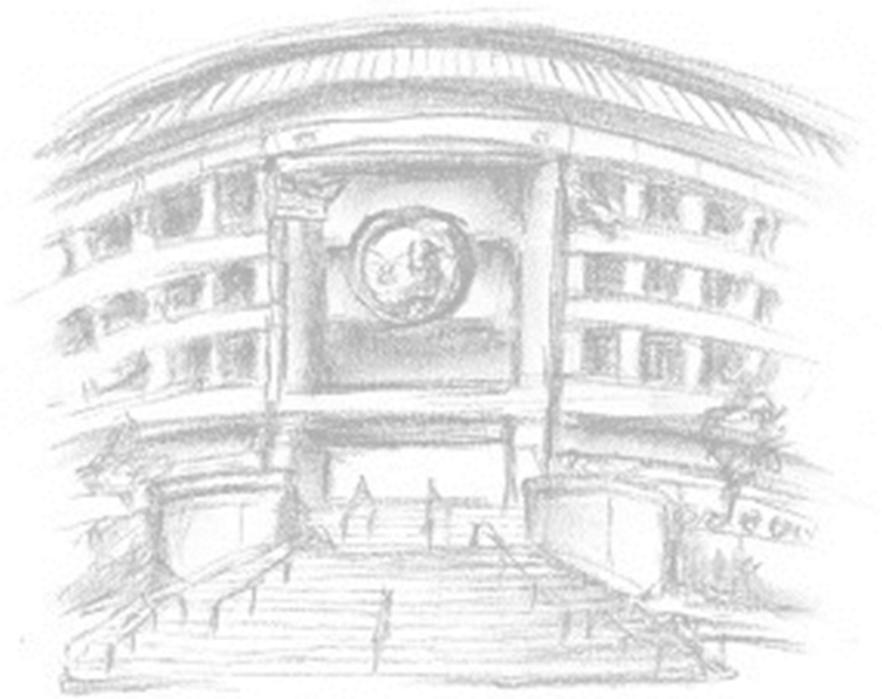




Thank you!

For Additional Information:

www.cpuc.ca.gov





CASF Project Site Visit



Beasore/Central Camp California Public Utilities Commission December 19, 2013















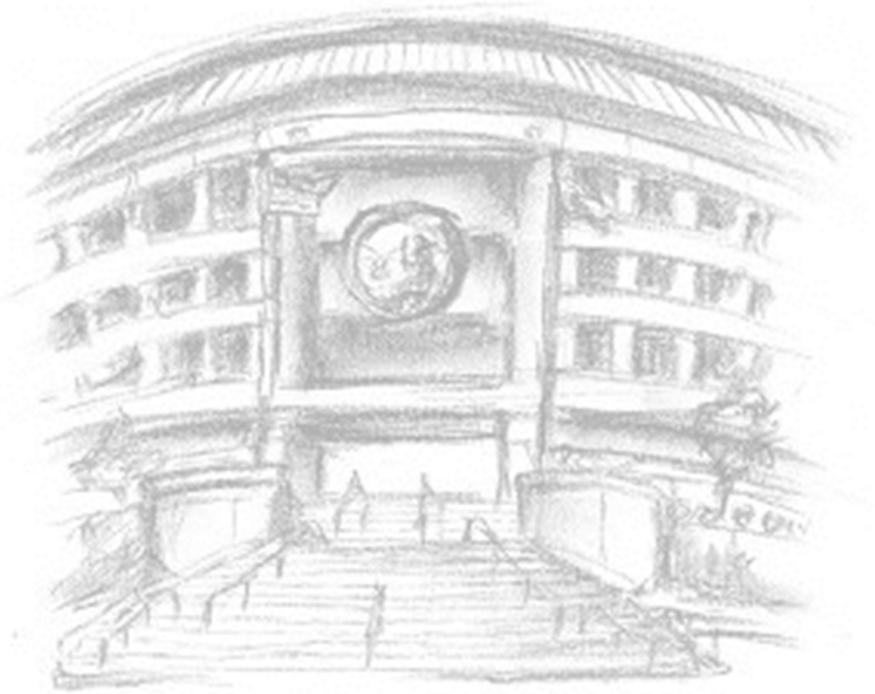








Thank you!
For Additional Information:
www.cpuc.ca.gov
www.GoSolarCalifornia.ca.gov
www.CalPhoneInfo.com





Regular Agenda – Communication Orders

Item #43 [12458] - Funding for Ponderosa Telephone Company's Beasore/Central Camp Project

Res T-17424

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- The project will extend high-speed internet service to 3.49 square miles covering the Beasore and Central Camp communities of unincorporated Madera County and provide safety-enhancing landline telephone service in an area where there currently is none.

SAFETY CONSIDERATIONS:

- Completion of the project would improve communications with emergency services, including E-911.
- New infrastructure could potentially provide a low-vulnerability communications infrastructure in this fire-prone area.

ESTIMATED COST:

- \$1,755,042.





Commissioners' Reports





Management Reports





Regular Agenda – Management Reports and Resolutions

Item #46 [12606]

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





Rail Defect, Repair, Consequences



Roger Clugston, Program Manager
Railroad Operations and Safety Branch
Office of Rail Safety
Safety and Enforcement Division

December 19, 2013





Presentation Overview

- A history of two rail defects.
- First defect: Test – What is the defect?
- Second defect: Rail defect, repair, consequences.
- Staff actions.





First defect: What is the defect?





- 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.



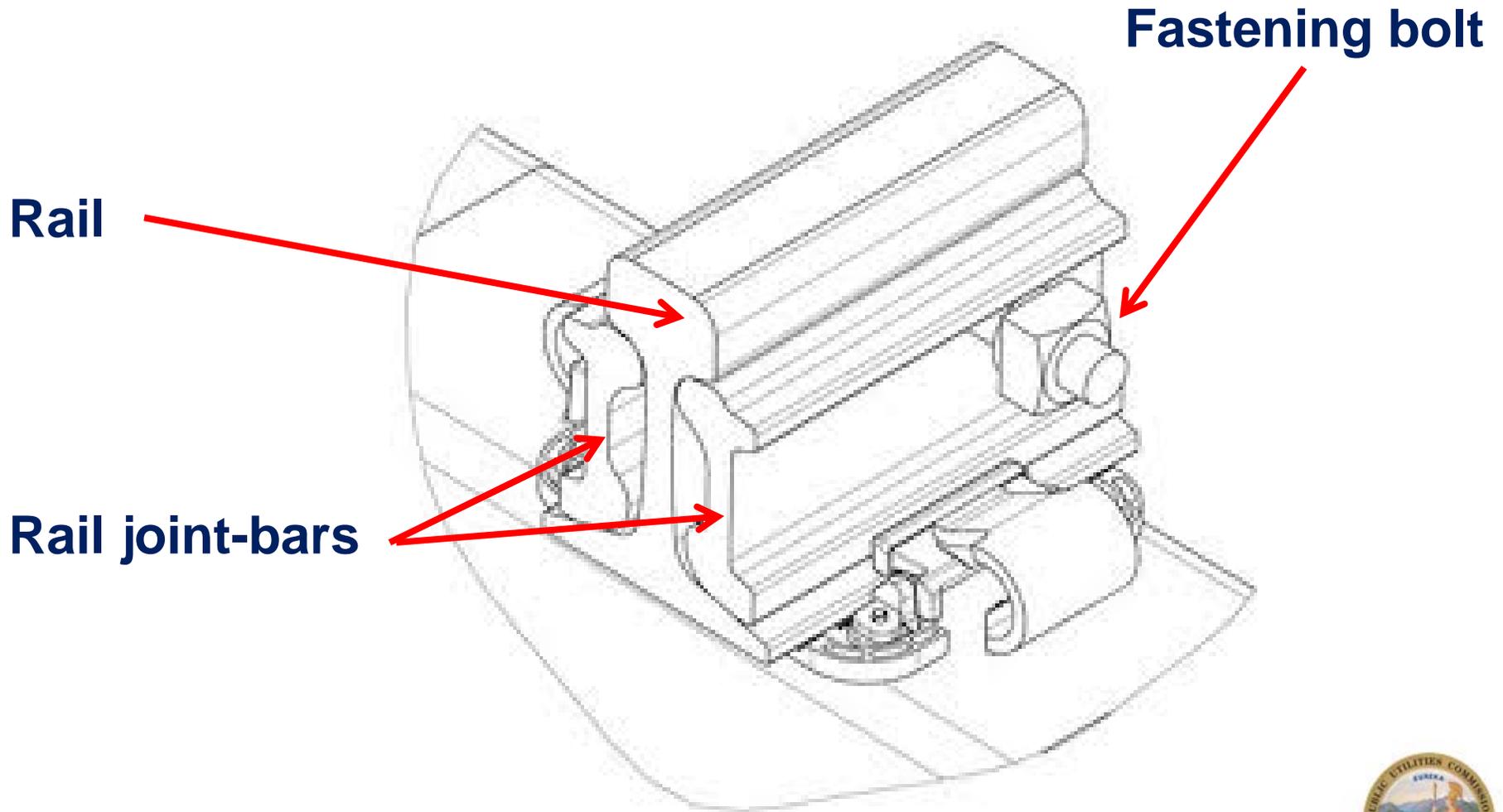


- Inclusion nucleus





Rail Joint-bars Used for Repair





Rail Ends and Joint Bars in a Normal Rail Joint





Best Practices:

Thermite Weld



Rail Drill for Holes

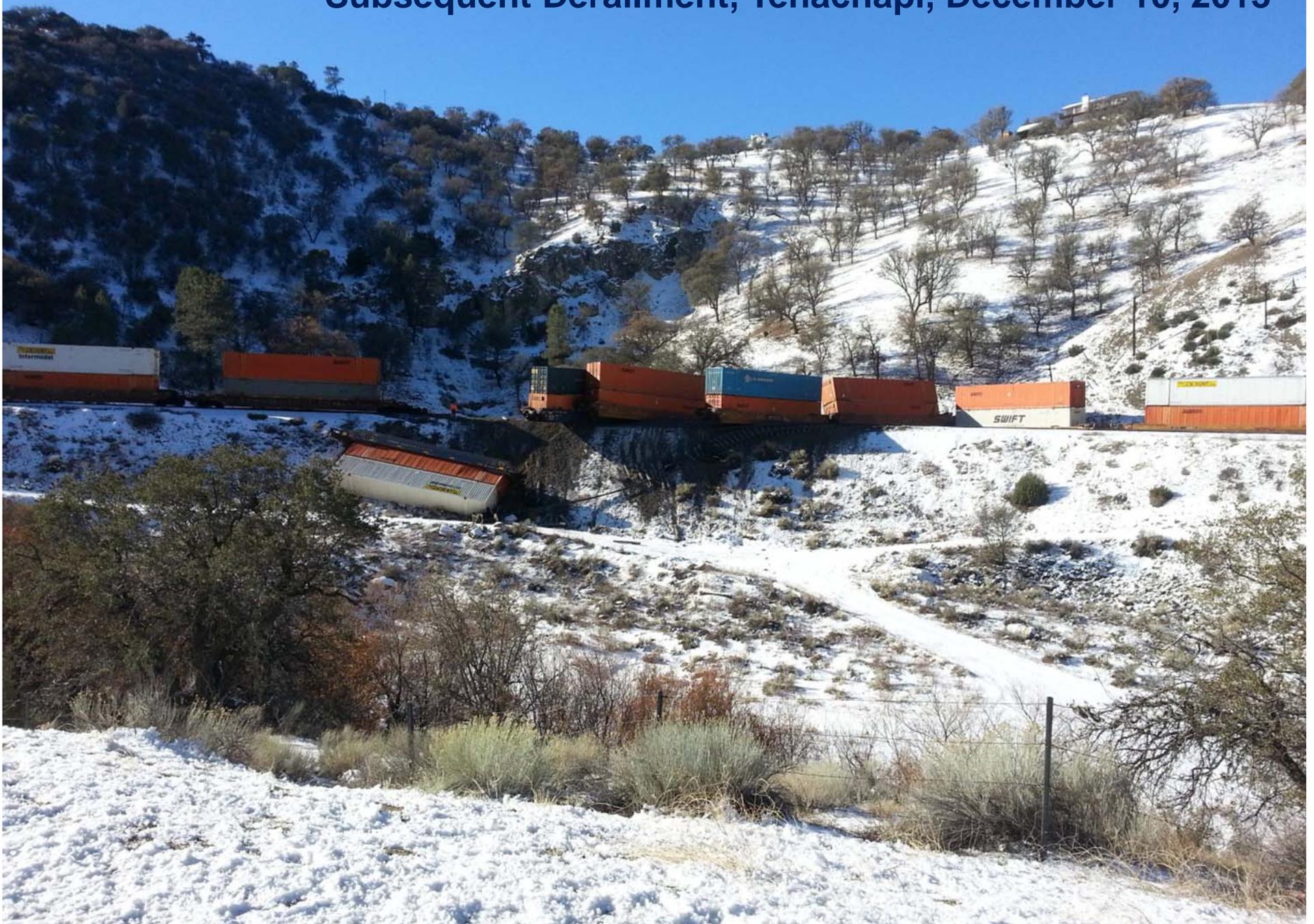




Using a Torch to cut Rails: Not a Good Practice for Cutting Joint-bar Holes



Subsequent Derailment, Tehachapi, December 10, 2013





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





Staff Actions

- SED 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.
 - SED staff files FRA-violation for no slow-order.





Regular Agenda – Management Reports and Resolutions

Item #46 [12606]

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:

**January 16, 2014, at 9:30 a.m.
in San Francisco, CA**

