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Subject: CPUC and Interagency Working Group Release Oil by Rail Report Highlighting

Need for Sustainable Funding and Close Coordination to Protect Public Safety:

CPUC Press Release

FOR IMMEDIATE RELEASE PRESS RELEASE

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CPUC AND INTERAGENCY WORKING GROUP RELEASE OIL BY RAIL REPORT HIGHLIGHTING NEED FOR SUSTAINABLE FUNDING AND CLOSE COORDINATION TO PROTECT PUBLIC SAFETY

SAN FRANCISCO, June 11, 2014 – The California Public Utilities Commission (CPUC) and the Interagency Rail Safety Working Group have issued a report outlining recommendations to improve public safety in the transport of oil by railroad in California.

State energy officials estimate that crude oil imports by rail will increase from 1 percent of total California oil imports in 2013 to 25 percent of imports by 2016. The CPUC is charged with enforcing state and federal safety requirements of freight railroads, intercity and commuter railroads, highway-rail crossings, and rail transit agencies in the State of California. The CPUC employs a team of Federal Railroad Administration-certified field inspectors to perform inspections, audits, and investigations of railroad facilities and operations across the state.

Recognizing the increase in oil transport by rail, the CPUC developed a Crude Oil Reconnaissance Team to proactively monitor crude oil projects before they come online by identifying and seeking remediation on all regulated and non-regulated potential, perceived, and existing risks; and by providing independent safety oversight and guidance to the railroads, crude oil facilities, and their respective contractors to mitigate identified risks and noncompliant issues. The team also coordinates with emergency responders, who have strategic plans for dealing with all hazardous materials commodities.

The report issued yesterday by the state Interagency Rail Safety Working Group will help prepare state and local emergency responders for the dramatic increase in shipments of oil by rail in California communities by outlining recommendations to improve public safety during transport.

"The CPUC is committed to pursuing and addressing safety concerns in the industries we regulate. While we hope that increased crude oil by rail does not pose a threat to California's public safety or environment, we want to have the boots on the ground to make sure risks are identified and managed," said CPUC President Michael R. Peevey. "Our dedicated corps of field inspectors perform surveillance activities on all aspects of railroads systems, working long hours day and night, weekends, and holidays in an effort to ensure that the railroads are operating safely. Our inspectors look beyond the regulations, and ensure that all identified unsafe conditions, situations, and acts are addressed."

In response to increased oil by rail transport, Governor Edmund G. Brown Jr. included proposals in his budget to prepare the state for the influx of oil by rail, including increasing safety inspections of railways by the CPUC and establishing an inland oil spill preparedness and response program.

The Interagency Rail Safety Working Group report details 12 main recommendations:

- Increase the number of CPUC rail inspectors;
- Improve emergency preparedness and response programs;
- Request improved identifiers on tank placards for first responders;
- Request railroads to provide real-time shipment information to emergency responders;
- Request railroads provide more information to affected communities;
- Develop and post interactive oil by rail map;
- Request the federal Department of Transportation to expedite phase-out of older, riskier tank cars;
- Accelerate implementation of new accident prevention technology;
- Update CPUC incident reporting requirements;
- Request railroads provide California with broader accident data;
- Ensure compliance with industry voluntary agreement; and,
- Ensure state agencies have adequate data.

Several state agencies engage in prevention, planning, emergency response, and cleanup activities applicable to oil by rail, including the Office of Emergency Services (OES), the Office of State Fire Marshal (OSFM), California Environmental Protection Agency (CalEPA), and the Office of Spill Prevention and Response (OSPR). Local agencies, including the local Certified Unified Program Agencies (CUPAs), also play critical roles in emergency preparedness and response, and have expressed growing concern about increased oil by rail transport.

In addition to the administration's budget proposal, state officials are updating California's emergency response programs, including the CalEPA Emergency Response Management Committee revising the Hazardous Material and Oil Spill annex of the State Emergency Plan and OES reviewing and updating the six Regional Plans for Hazardous Materials Emergency Response.

The Interagency Rail Safety Working Group report is the product of an intensive 6 month effort by multiple state agencies, including the CPUC; OES; CalEPA; Department of Toxic Substances Control; California Energy Commission; California Natural Resources Agency; OSFM; Department of Oil, Gas and Geothermal Resources; and OSPR.

View the Interagency Rail Safety Working Group report: http://bit.ly/OBR-pdf.

Visit the web page: http://bit.ly/OBR-page. For more information on the CPUC, please visit www.cpuc.ca.gov.

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