

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Environmental and Energy
Advisory Branch

Resolution E-3271
May 8, 1992

R E S O L U T I O N

RESOLUTION E-3271, ORDER AUTHORIZING SOUTHERN CALIFORNIA EDISON COMPANY TO RECORD UP TO \$969,170 IN A MEMORANDUM ACCOUNT FOR EXPENSES ASSOCIATED WITH GAS MIGRATION CONTROL AND LANDFILL COVER FOR THE CLEANUP OF THE FORMER OPERATING INDUSTRIES, INC LANDFILL SITE LOCATED IN MONTEREY PARK, CALIFORNIA AS DEFINED IN THE THIRD PARTIAL CONSENT DECREE.

BY ADVICE LETTER 932-E, FILED MARCH 2, 1990.

SUMMARY

1. Southern California Edison Company (SCE) filed Advice Letter 932-E on March 2, 1992 requesting authority to record in a memorandum account expenses associated with landfill gas migration control and landfill cover at the Operating Industries, Inc. Landfill site in Monterey Park, CA. The memorandum account was effective April 12, 1992 after forty days notice under General Order 96-A, Paragraph IV B.
2. This Resolution clarifies the authority of Edison to record up to \$969,170 into a memorandum account for the expense of a cash settlement to the U.S. Environmental Protection Agency (EPA) for remedial costs at the Operating Industries, Inc. Landfill site.

BACKGROUND

1. Advice Letter 932-E was filed by SCE under the procedures adopted by the Commission in Decision (D.) 89-01-039 to expedite authorization to book cleanup costs into a memorandum account. D.89-01-039 authorized SCE to file advice letters on a project-by-project basis and required SCE to include in the filing project specific information.
2. The Operating Industries, Inc. Landfill site is a former 190-acre landfill facility located at 900 Potrero Grande Drive, Monterey Park, California. The site operated from 1948 through 1984, and over the course of its operation accepted industrial solid, liquid, and hazardous wastes and municipal trash.

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3. The Commission has approved recording costs associated with cleanup of this site in a memorandum account on two occasions prior to this advice letter filing; in D. 89-03-045 and Resolution G-2868.

4. The site was proposed by the EPA for inclusion on the National Priorities List (NPL) in October 1984 and was subsequently placed on the NPL in May 1986.

5. The EPA and the California Department of Toxic Substances Control filed a complaint seeking to compel entities that contributed to the contamination of the Operating Industries, Inc. Landfill site to perform certain remedial actions and to recover certain costs it incurred. The parties to the case settled and entered into a Consent Decree to avoid litigation and admission or finding of guilt or liability.

6. The EPA began performing a Remedial Investigation/ Feasibility Study (RI/FS) at the site in 1984. The EPA is still performing that study. The RI/FS will result in the selection, design and implementation of a final remedy for the site.

7. EPA has identified and required three pollution control activities to date: site monitoring; leachate management; and gas migration control and landfill cover. Gas control is the subject of the Third Partial Consent Decree and this advice letter filing.

NOTICE

Public notice of this Advice Letter has been made by publication in the Commission's Calendar and by mailing copies of the Advice Letter to other utilities and government agencies.

PROTESTS

1. The Division of Ratepayer Advocates (DRA) filed a protest with the Commission Advisory and Compliance Division (CACD) on March 23, 1992. DRA protested the advice letter for the following reasons:

a. A copy of the order or directive to undertake site work was not provided in sufficient detail for DRA to determine whether the requested costs represent a reasonable estimate of SCE's liabilities.

b. A detailed budget was not provided to show DRA how the money will be spent.

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2. SCE filed a response to DRA's protest on April 10, 1992. In its response, SCE made the following points.
- a. SCE did, contrary to DRA's protest, provide a directive to perform the work.
 - b. SCE did not provide a detailed budget because it is not a work defendant and is settling its share of the liability with a cash payment.
 - c. SCE request that DRA's recommendation be modified to read that the information (Exhibit C of the Consent Decree) will be provided as part of the reasonableness review.

DISCUSSION

1. SCE is a Cash Defendant in the Third Partial Consent Decree and is required to pay a settlement amount set forth in Exhibit C of the Consent Decree. In its advice letter filing, SCE stated it would upon request provide details of the settlement pursuant to Section 583 of the California Public Utilities Code. Neither Exhibit C nor any details of the settlement were provided to the Commission when requested by CACD. SCE stated in a letter to DRA that it is prohibited from disclosing Exhibit C or any of its contents to entities that are not a party to the case.
2. In its filing, SCE states that it is settling its liability for the gas control phase of the cleanup with a lump sum payment of \$969,170, making a detailed budget inappropriate.
3. DRA protested the advice letter filing on the grounds that it does not meet the informational requirements set forth in D. 89-01-039. DRA is concerned that the lack of information limits its ability to judge the reasonableness of the estimate and method used to derive the estimate.
4. DRA recommends that SCE be ordered to provide a complete description of its share of the costs and a detailed budget associated with this phase of the project if the advice letter is approved. DRA also recommends the following:
 - a. Authority to implement the account be effective on the date of the Resolution. Costs incurred prior to the date of the resolution be excluded.
 - b. All expenditures be consistent with the project set forth in the advice letter.
 - c. All expenses booked in the memorandum account should be subject to reasonableness review prior to being placed into rates.
 - d. Expenses recorded in the account should accrue interest at the three-month commercial paper rate.

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5. On March 19, 1992, SCE submitted additional documentation for Advice Letter 932-E. The additional document was a letter from Boone and Associates, the law firm retained by the Operating Industries, Inc. Steering Committee, stating that the amount that SCE will be required to pay for Third Partial Consent Decree activities is approximately \$1,000,000. The letter also stated that the amount is subject to further review upon receipt of the total past costs for EPA and the State of California.

6. CACD has reviewed the filing and DRA's comments. CACD recommends adopting a clarified version of DRA's comments, that is, SCE should provide Exhibit C for review prior to the reasonableness review. DRA's other comments, items a, b and c are already governed by General Order 96-A and the decision which authorized SCE to file advice letters.

FINDINGS

1. SCE is authorized to record in a memorandum account up to \$969,170 for expenses associated with gas migration control and landfill cover for the cleanup of the former Operating Industries, Inc. landfill site located in Monterey, California as defined in the Third Partial Consent Decree.

2. Authorization to record expenses associated with the Operating Industries, Inc. Landfill site in a memorandum account is subject to the provision of Exhibit C of the Consent Decree to the Commission for review in the reasonableness review.

3. Expenses recorded in the account should be subject to a subsequent reasonableness review and should not be placed into rates until ordered by the Commission after the review.

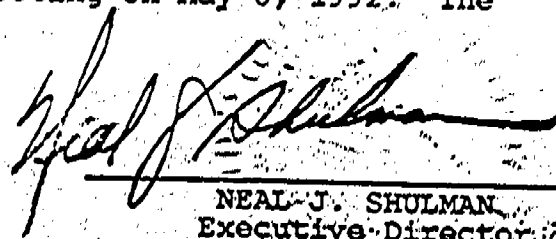
4. SCE should be authorized to accrue interest at the three-month commercial paper rate on the amount booked into the memorandum account.

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THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company is authorized to record in a memorandum account up to \$969,170 for expenses associated with landfill gas migration control and landfill cover at the Operating Industries, Inc. landfill site in Monterey Park, California.
2. Southern California Edison should provide Exhibit C of the Third Partial Consent Decree to the Commission Advisory and Compliance Division and Division of Ratepayer Advocates prior to the reasonableness review.
3. Expenses recorded in the account shall be consistent with documents submitted in Advice Letter 932-E filed by Southern California Edison on March 2, 1992.
4. Expenses recorded in the account by Southern California Edison shall be subject to a reasonableness review and shall not be placed into rates until ordered by the Commission.
5. Advice Letter 932-E shall be marked to show that it was approved by Commission Resolution E-3271.
6. This Resolution is effective today.

I certify that this Resolution E-3271 was adopted by the Public Utilities Commission at its regular meeting on May 8, 1992. The following Commissioners approved it.



NEAL J. SHULMAN
Executive Director

DANIEL WM. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners