

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Environmental Branch

Resolution G-2886
August 3, 1989

RESOLUTION

RESOLUTION G-2886, ORDER AUTHORIZING SOUTHERN CALIFORNIA GAS COMPANY (SOCAL) TO RECORD UP TO \$265,000 IN A MEMORANDUM ACCOUNT FOR REMEDIAL INVESTIGATIVE/FEASIBILITY STUDY WORK COSTS ASSOCIATED WITH THE DINUBA BASE SITE IN DINUBA; BY ADVICE LETTER 1878-G, FILED JUNE 13, 1989.

SUMMARY

1. Socal filed Advice Letter (AL) 1878-G on June 13, 1989 requesting authority to book up to \$265,000 in remedial investigative/feasibility study work costs associated with the Dinuba Base Hazardous Waste Site in Dinuba.
2. This resolution approves the request.

BACKGROUND

1. Advice Letter 1878-G was filed by SCE under the procedure adopted by the Commission in Decision (D.) 88-07-059 to expedite the process of authorizing the booking of hazardous waste cleanup expenses. Decision 88-07-059 authorized advice letters to be filed on a project-by-project basis and to contain comprehensive, specific information about each site. It also required that expenditures incurred undergo an annual reasonableness review.

2. The Dinuba Base Site is a former manufactured gas plant site located in Dinuba, California. SoCal purchased the site in 1927 and used the site as a gas manufacturing facility in the early 1900's. SoCal currently owns the northern portion of the site and uses it as a gas distribution facility. The southern portion of the site is owned by the Pacific Latin American District Council of the Assemblies of God Church (PLADC).

3. SoCal conducted soil tests and found hazardous substances, presumably resulting from gas manufacturing activities. The California Department of Health Services (DHS) also conducted soil tests and found hazardous substances. The Central Valley Regional Water Quality Control Board (CVRWQB) directed SoCal to submit a workplan for additional site investigation. SoCal hired consultants, Dames and Moore, that compiled a three stage site investigation plan. SoCal completed Stage I of the investigative work, but was unsuccessful in getting the workplan for Stage II approved by DHS and CVRWQB.

4. In August 1988, the DHS issued Docket No. HSA 88/89-007 naming SoCal as a responsible party and ordering full scale remedial investigation and a clean up proposal for the Dinuba Base Site. SoCal submitted a workplan in May 1989 and the remedial investigation was scheduled to begin in July 1989.

5. The activities in the remedial investigation workplan required by DHS Docket No. HSA 88/89-007 are similar to those in the Stage II proposal of the original site investigation required by the CVRWQB. However, the proposed remedial investigation activities go beyond the proposed Stage II activities. SoCal estimates that this work will cost \$265,000.

6. The Commission has previously allowed memorandum account treatment for remedial investigation expenses (completion of Stage I and preparation and implementation of Stage II work plan) for the Dinuba Base site in the amount of \$127,000. Because of the overlap between the previous Stage II work and the remedial investigation, SoCal has stated "whatever amount is not spent from the existing authorization of \$127,000 will be spent on Stage II remedial investigation which must start on July 5, 1989. The total amount spent on Stage II remedial investigation activities from the prior \$127,000 authorization will reduce the amount booked under this Advice Letter filing."

7. SoCal proposes that "Expenses incurred after the December 31, 1989 date will not be booked under this authorization, but will be included in the 1990 General Rate Case (GRC) expenditures." Though the Commission has not yet rendered a decision, DRA and SoCal did agree during the course of hearings on that GRC that all remedial investigation expenses associated with hazardous waste cleanups would be handled, after December 31, 1989, in base rates.

COMMENTS

1. The Division of Ratepayer Advocates (DRA), in comments filed July 13, 1989, recommended the acceptance of Advice Letter 1878-G. It also recommended that SoCal be allowed to book \$265,000 into a memorandum account, with several conditions that have previously been applied to memorandum accounts for hazardous projects. These conditions include: (1) the prohibition of booking costs or expenses paid or incurred prior to the date of the order; (2) the requirement that all expenses are to be consistent with documents filed as part of the advice letter; (3) the requirement that costs recorded in the account be subject to a subsequent reasonableness review and should not be placed into rates until ordered by the Commission; and (4) the recommendation that interest accrue at the three-month commercial paper rate on amounts booked in the memorandum account.

DISCUSSION

1. The Commission Advisory and Compliance Division (CACD) has reviewed the filing and DRA's recommendations. CACD believes that SoCal's AL 1878-G and supporting documents meet the information requirements set out in D.88-07-059 and include an order to undertake site work, a work plan, schedule and budget.

2. CACD concludes that the Advice Letter is satisfactory, that separate hearings are unnecessary, and that the Dinuba Base site is appropriate for memorandum account treatment.

FINDINGS

1. SoCal should record in a memorandum account up to \$265,000 for costs associated with the cleanup of the Dinuba Base site and consistent with project documentation set forth in AL 1878-G and supporting documents.

2. Authority to implement this account should be effective on the date of this order because construction is scheduled to begin soon. No expenses paid or incurred prior to the date of this order shall be included in the account.

3. Expenses recorded in the account should be subject to a subsequent annual reasonableness review, as required in D.88-07-059, and should not be placed into rates until ordered by the Commission after the review.

4. SoCal should be authorized to accrue interest at the three-month commercial paper rate on amounts booked into the memorandum account.
5. Because of the overlap between the previous Stage II work and the remedial investigation at the Dinuba site, the total amount spent on Stage II remedial investigation activities from the prior \$127,000 authorized by the Commission will reduce the amount booked under this Advice Letter filing.

IT IS ORDERED THAT:

1. Southern California Gas Company (SoCal) is authorized to implement a memorandum account not to exceed \$265,000 for remedial costs associated with the cleanup of the Dinuba Base site in Dinuba. No expenses paid or incurred prior to the date of this order shall be included in the account.
2. Expenses recorded in the account shall be consistent with documents submitted in Advice Letter 1878-G filed by SoCal June 13, 1989, and supporting documents, included herein by reference.
3. These costs shall be subject to a reasonableness review, as ordered in Decision 88-07-059, and shall not be placed into rates until ordered by the Commission after the review.
4. SoCal is authorized to accrue interest at the three-month commercial paper rate on amounts booked into the memorandum account.
5. The total amount spent on Stage II remedial investigation activities from the \$127,000 previously authorized by the Commission will reduce the amount booked under this Advice Letter filing.
6. This resolution is effective today.

I certify that this Resolution G-2886 was adopted by the Public Utilities Commission at its regular meeting on August 3, 1989. The following Commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners


Executive Director