

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Environmental Branch

RESOLUTION G-2983
March 31, 1992

R E S O L U T I O N

RESOLUTION G-2983, REQUESTS OF SOUTHERN CALIFORNIA EDISON COMPANY (EDISON) AND SOUTHERN CALIFORNIA GAS COMPANY (SOCAL) TO RECORD IN A MEMORANDUM ACCOUNT EXPENSES ASSOCIATED WITH THE INVESTIGATION AND CLEANUP OF THE VENICE MANUFACTURED GAS PLANT SITE.

BY SCE ADVICE LETTER 925-E, FILED JANUARY 13, 1992 AND SOCAL ADVICE LETTER 2094, FILED JANUARY 14, 1992.

SUMMARY

1. Edison filed Advice Letter (AL) 925-E on January 13, 1992 requesting authority to book up to \$1,500,000 into a hazardous waste memorandum account for expenses associated with the clean-up and excavation of the former Venice Manufactured Gas Plant site. SoCal filed Advice Letter (AL) 2094 on January 14, 1992 requesting \$1,500,000 for the same project.

2. This Resolution approves the authority of Edison and SoCal Gas to book up to \$1,500,000 into a memorandum account for remedial cleanup associated with Parcel B of the former Venice Manufactured Gas Plant site.

BACKGROUND

1. Advice Letters 925-E and 2094 were filed by Edison and SoCal under the procedures adopted by Commission Decision (D.) 89-01-039 and D. 88-07-059. These decisions authorize Edison and SoCal to seek approval through advice letter, to book expenses associated with cleanup of hazardous waste into a memorandum account and to file for authorization on a project-by-project basis.

2. The Venice site is a former manufactured gas plant site located in Venice, California. Edison owned and operated the site from 1903 to 1916, when it was sold to Southern California Gas Company. In 1977, the site was sold to the Richlar Partnership and divided into three parcels; Parcels A, B, and C. Presently, Parcel A is owned by Chiat/Day Advertising, Inc., Parcel B is owned by Perloff/Webster Company, and the Richlar Partnership continues to own Parcel C.

3. In May 1986, a malodorous layer of soil was discovered on Parcel A of the site and the California Environmental Protection Agency, Department of Toxic Substance Control (DTSC), formerly part of the Department of Health Services conducted subsequent investigation. The DTSC issued a Remedial Action Order naming Edison and SoCal as Potential Responsible Parties and directing both to perform an investigation and remediation of the site.

4. The Commission has issued one decision and two resolutions authorizing memorandum account treatment for expenses associated with the cleanup of Parcel A. The Commission adopted D. 88-08-022 allowing Edison to book \$417,000 into a memorandum account for expenses associated with preparation of a Remedial Investigation, Feasibility Study, Risk Assessment, Community Relations Plan, and Remedial Action Plan. Resolutions E-3184 and G-2843 authorized Edison and SoCal to book into memorandum account expenses associated with the cleanup of Parcel A. On January 22, 1992, the DTSC issued a certification that all appropriate response action has been completed and that no further remedial measures are necessary for Parcel A of the Venice site.

5. On November 4, 1991, DTSC approved the Remedial Action Plan (RAP) for Parcel B. Both Edison and SoCal are requesting authorization to book up to \$1,500,000 for expenses associated with the implementation of the approved RAP.

COMMENTS

1. The Division of Ratepayer Advocates (DRA), in comments filed February 20, 1992 recommended the acceptance of Advice Letters 935-E and 2094.

2. In its comments, DRA points out that the specific requests by Edison and SoCal are for authority for each utility to record \$1,500,000 in a memorandum account for its estimated costs for soil excavation, treatment, and possible replacement. However, the total cost for the remediation is only \$1,500,000, not \$3,000,000. The two utilities have not yet allocated the expense between them, and are each requesting authority to book the total cost at this time. DRA does not object to this treatment, but the Commission authorization of memorandum account booking for the two utilities should note that the ultimate cost of remediation is expected to be allocated, and that the total estimate is \$1,500,000.

3. DRA recommends that the advice letters only be approved subject to the following conditions:

- a) Edison and SoCal may record up to \$1,500,000 in a memorandum account for costs associated with conducting remedial action plan work at Parcel B of the Venice site pursuant to the July 7, 1987 DTSC order. An expenditure limit of \$1,500,000 with an expiration date of December 31, 1993, should be imposed on both Edison and SoCal.
- b) The total expense is expected to be allocated in some manner between the two utilities in the future. The total expense estimate for the remediation project is \$1,500,000. Expenditures in excess of \$1,500,000 will not be recoverable in rates unless further advice letters are filed by the utilities and Commission memorandum account authority is granted for total expenditures in excess of \$1,500,000.
- c) Authority to implement the memorandum accounts is effective on the date of the Commission resolution authorizing the memorandum account. No costs or expenses paid or incurred prior to the date of the resolution shall be included in the account.
- d) All expenditures shall be consistent with the project activities set forth in the subject advice letters filed on January 13 and 14, 1992.
- e) Costs recorded in the account shall be subject to subsequent reasonableness review, and shall not be placed in rates until ordered by the Commission.

DISCUSSION

1. DRA comments that the authorization for an amount not to exceed \$1,500,000 requested by Advice Letters 925-E and 2094 for expenses associated with cleanup of Parcel B of the Venice site is expected to be allocated between the two utilities.
2. The Commission Advisory and Compliance Division (CACD) has reviewed the filing and DRA's recommendation.

FINDINGS

1. Edison and SoCal should record in a memorandum account up to \$1,500,000 for costs associated with the cleanup of Parcel B of the Venice site consistent with implementation of the approved RAP and project documentation set forth in AL 925-E and AL 2094.

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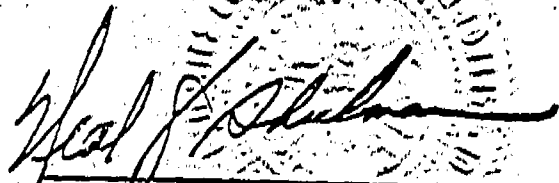
2. Authority to implement this account should be effective on the date of this order. No expenses paid or incurred prior to the date of this order shall be included in the account.
3. Expenses recorded in the account should be subject to a subsequent reasonableness review and should not be placed into rates until ordered by the Commission after the review.
4. Edison and SoCal 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 and Southern California Gas Company are authorized to implement a memorandum account not to exceed \$1,500,000 for costs associated with the clean-up of Parcel B of the former Venice Manufactured Gas Plant Site. The total \$1,500,000 will be allocated equitably between the two utilities.
2. An expenditure limit of \$1,500,000 with an expiration date of December 31, 1993, is imposed on both Edison and SoCal.
3. Expenses recorded in the account shall be consistent with documents submitted in Advice Letters 925-E and 2094 filed by Edison on January 13, 1992 and SoCal January 14, 1992, and supporting documents, included herein by reference.
4. These costs shall be subject to a reasonableness review as ordered in Decisions 89-01-039 and 88-01-039, and shall not be placed into rates until ordered by the Commission after the review.
5. Edison and SoCal shall be authorized to accrue interest at the three-month commercial paper rate on amounts booked into the memorandum account.
6. This Resolution is effective on today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 31, 1992. The following Commissioners approved it.


NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. O'BANLAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners