

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2986
MARCH 31, 1992

R E S O L U T I O N

RESOLUTION G-2986. SOUTHERN CALIFORNIA GAS COMPANY'S
REQUEST FOR COMMISSION APPROVAL TO RECORD IN AN INTEREST
BEARING MEMORANDUM ACCOUNT REMEDIATION COSTS UP TO
\$559,664 FOR ITS MISSION VIEJO BASE.

BY ADVICE LETTER 2074, FILED ON OCTOBER 8, 1991.

SUMMARY

1. Southern California Gas Company (SoCalGas) requests approval to record in an interest bearing memorandum account expenses for remedial work at its Mission Viejo Base in an amount not to exceed \$559,665.
2. DRA filed a protest on November 4, 1991.
3. SoCalGas filed its response on November 12, 1991.
4. This Resolution grants a portion of the original advice letter request, allowing SoCalGas to record up to \$531,714 in a memorandum account.

BACKGROUND

1. In their advice letter filing, SoCalGas has stated that the Mission Viejo Base, constructed in 1977 and owned by SoCalGas, is located at 28242 Marguerite Parkway, Mission Viejo, California. The facility, a service center for the Company's distribution and customer service operations, is a combination office/warehouse and a two bay garage which had an 8,000-gallon underground gasoline storage tank used to refuel company vehicles. In 1987, the tank was taken out of service, replaced and moved to meet proposed State and Federal standards for installation and operation of underground storage tanks. During the removal of the tank, gasoline contaminated soil was discovered. Leaking fittings had allowed gasoline to enter the soil for an unknown length of time. Subsequent studies have defined the scope of the soil contamination and led to a workplan for remediation of the site. The depth of the contamination is from 5 to 30 feet and

the amount of contaminated soil is estimated to be at least 2,000 cubic yards.

2. SoCalGas owns the site and is responding proactively to this contamination issue without receiving a written order from any agency.

NOTICE

1. Public notice of this Advice Letter has been made by publication in the Commission's Calendar on October 11, 1991, 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 Commission Advisory and Compliance Division (CACD) on November 4, 1991. DRA protested the advice letter for the following reasons:

1. the \$10,000 for project management is not needed,
2. the additional \$2,500 for soils testing for compaction is not needed,
3. the additional \$43,694 for shoring is not needed, and
4. if the soil may be backfilled rather than sent to a disposal site, the \$63,900 is not needed.

DISCUSSION

1. Federal and State legislation impose requirements for the cleanup of sites contaminated by hazardous substances. The current property owner, with any contributor to the contamination, is financially liable for the costs of this cleanup. Per SoCalGas's advice letter, liability for underground fuel storage tanks is found in California Health and Safety Code, Division 20, Chapter 6.7 and the California Water Code, Division 7, Chapter 4 and 5. In addition, the United States Environmental Protection Agency regulates the operation of underground storage tanks through 40 CFR Part 280, including the cleanup of released materials. The site has concentrations of petroleum fuel hydrocarbons that without remediation would exceed the California Administrative Code, Title 22, 1990. Allowing the contamination to remain in the soil would be unacceptable to environmental agencies statewide.

2. As part of this advice letter SoCalGas will be installing monitoring wells which will provide data that may accurately determine groundwater contamination which may then require additional remediation not included in this advice letter filing.
3. SoCalGas constructed and has operated this site since 1977. Leaking fittings on the underground gasoline storage tank allowed gasoline to enter the soil for an unknown length of time.
4. DRA protested the \$10,000 project management cost. SoCalGas responded that it was for a consulting engineer to oversee the project. No detailed budget or specific contractual details of the work to be done were submitted. In response to a request by CACD SoCalGas submitted a revised budget deleting the request for \$10,000.
5. DRA protested \$2,500 requested for soils testing for compaction as it appeared that this was included in the Ryan-Murphy contract. SoCalGas said this request is for engineered compaction testing as the excavation is filled on a "lift" basis. Ryan-Murphy's contract was for surface testing only. This is not a cost that is included in the Ryan-Murphy contract and therefore is not redundant and should be allowed.
6. DRA protested the \$43,694 for shoring and pointed out that this cost was already included in the Ryan-Murphy estimate. SoCalGas responded that DRA was correct that \$15,450 was included in the Ryan-Murphy contract and should have been excluded from the advice letter request. SoCalGas has stated that for safety reasons \$43,694 is estimated to be the amount to provide sufficient shoring. In its revised budget SoCalGas removed \$15,450 from the Ryan-Murphy estimate. SoCalGas will be allowed to book up to 43,694 for shoring.
7. DRA stated that off-site disposal may not be necessary if the soil can be backfilled as stated in the SoCalGas filing. If offsite disposal is necessary, \$63,900 may be required for disposal. DRA requested that this cost be included on a conditional basis. SoCalGas responded that this was an unnecessary complication as all costs booked into memorandum account are subject to a reasonableness review prior to being recovered in rates. SoCalGas also states correctly that by "including the \$63,900 in the amount authorized by this advice letter does not in any way allow SoCalGas to collect these dollars from ratepayers, it only allows them if they are subsequently found by the Commission to be prudently incurred. The amount is no different than any other approved cost". The \$63,900 will be allowed as part of the costs to be booked into a memorandum account.

8. At the request of CACD, SoCalGas submitted a revised budget estimate on February 19, 1991 which deleted \$15,450 in shoring costs and deleted \$10,000 in project management costs. The revised budget was \$534,214. This included an arithmetic error of an additional \$2,500. Taking into account the error, SoCalGas should be authorized to book \$531,714 into a memorandum account.

FINDINGS

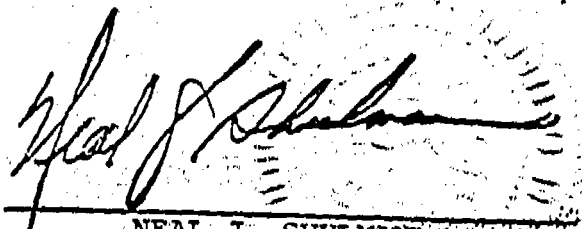
1. There is site contamination by petroleum fuel hydrocarbons, which are considered hazardous substances.
2. SoCalGas's operations created this site contamination.
3. SoCalGas is liable for the cleanup costs associated with its operation of the underground fuel storage tank and is responding proactively to this contamination issue without receiving any written order from any agency.
4. After adjusting for DRA's protest, and for SoCal's errors, the correct amount for the memorandum account is \$531,714.
5. It is reasonable to authorize the memorandum account, as modified.

March 31, 1992

THEREFORE, IT IS ORDERED that:

1. Southern California Gas Company is authorized to record in an interest bearing Memorandum Account costs for the remedial work defined in Advice Letter 2074 and the revised budget of February 19, 1992 as corrected, at the Mission Viejo Base.
2. Southern California Gas Company is limited to recording a maximum of five hundred thirty one thousand seven hundred and fourteen dollars (\$531,714) into this Memorandum Account.
3. Proceedings to determine the reasonableness and prudence of the entries into this Memorandum Account shall be done at a later date.
4. No costs or expenses paid or incurred prior to the date of this Resolution shall be included in the account.
5. Advice Letter 2074 shall be marked to show that it was approved by Commission Resolution G-2986.
6. This Resolution is effective today.

I hereby 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. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners