

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Environmental Branch

Resolution G-2996
May 8, 1992

R E S O L U T I O N

RESOLUTION G-2996. ORDER AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY TO RECORD UP TO \$710,000 IN A MEMORANDUM ACCOUNT FOR EXPENSES ASSOCIATED WITH REMEDIAL DESIGN WORK AT THE PURITY OIL SALES SITE LOCATED IN MALAGA, CALIFORNIA, ONE-HALF MILE SOUTH OF THE CITY OF FRESNO.

BY ADVICE LETTER NO. 1677-G/1383-E, FILED DECEMBER 31, 1991.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) filed Advice Letter 1677-G/1383-E on December 31, 1991 requesting authority to book up to \$710,000 for expenses associated with remedial design work for the Purity Oil Sales site located in Malaga, California, one-half mile south of the City of Fresno. PG&E also requests memorandum account treatment for an additional \$300,000 for administrative costs to investigate other Potentially Responsible Parties (PRPs) and other administrative activities.
2. This Resolution partially approves the request, but rejects inclusion of the administrative costs.

BACKGROUND

1. Advice Letter 1677-G/1383-E was filed by PG&E under the procedure adopted by the Commission in Decision (D.) 88-09-020 to expedite authorization to record cleanup costs in a memorandum account. D. 88-09-020 authorized PG&E to file advice letters on a project-by-project basis and required PG&E to include in the filing project specific information.
2. The Purity Oil Sales site operated as a used oil recycling facility from 1934 to the early 1970's. The site is located in Malaga, CA, about one-half mile south of the City of Fresno.

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3. In 1973, the owners of Purity Oil began complying with a court order to empty and backfill waste pits located on the property. In January 1975, the pits were backfilled, but it is unclear whether they were emptied.

4. In 1980, the Central Valley Regional Water Quality Control Board (RWQCB) obtained surface-water samples from the North Central Canal and groundwater samples from private wells near the site. A subsequent investigation was carried out by the Environmental Protection Agency, the Department of Health Services, and the RWQCB in February 1982. The site was placed on the EPA National Priority List later that year as a Superfund site.

5. In 1983, a remedial investigation was performed by Harding Lawson Associates. An additional field survey and chemical testing were performed the following year. In 1986, a remedial investigation report was issued which concluded extensive soil removal was necessary at the site.

6. In 1986, CH2M Hill was hired to expand soil and groundwater studies, primarily to determine the nature and extent of groundwater contamination. In 1989, CH2M Hill submitted a remedial investigation report to EPA. That same year, EPA released to the public and held public meetings on a feasibility study on alternatives for cleaning up the site. The findings of the remedial investigation and the feasibility study were incorporated in a Record of Decision (ROD). The purpose of an ROD is to spell out remedial action necessary at the Purity Oil Sales site in accordance with the Comprehensive Environmental Response, Compensation and Liability Act.

7. In 1983, EPA issued 104 information requests in attempts to identify viable PRPs for the Purity Oil Sales site. EPA's information search yielded identification of 87 PRPs. Due to limited resources, EPA has been unable to continue further PRP identification efforts.

8. Based on its determination of viability, conclusive evidence, and percentage of contamination contribution, EPA directed nine of the identified PRPs to perform groundwater cleanup. PG&E is one of the nine PRPs.

COMMENTS OR PROTESTS

1. No comments or protests to Advice Letter 1677-G/1383-E were received.

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.

DISCUSSION

1. EPA has evidence that leads it to believe PG&E contributed a sizable percentage of the contamination present at the Purity Oil Sales site. Consequently, PG&E was named as a PRP by the EPA for the Purity Oil Sales site.
2. U.S. EPA Docket No. 91-28 directs PG&E to perform certain remedial activities specified in the Record of Decision, primarily remedial design and eventually groundwater and soil monitoring and cleanup.
3. PG&E included in its Advice Letter 1677-G/1383-E the information required pursuant to D. 88-09-020, that is, a directive to perform the work, a budget, and a work schedule.
4. The Commission Advisory and Compliance Division (CACD) confirmed that that EPA believes PG&E is responsible for approximately \$710,000 for expenses associated with remedial design, via discussions with EPA representatives.
5. With regard to PG&E's request for authorization to book \$300,000 for administrative costs, CACD believes that while these expenses are incurred because PG&E is a PRP and related to remedial work, the costs are not direct cleanup costs and do not fit the definition of costs eligible for memorandum account treatment.
5. CACD recommends that PG&E be authorized to book up to \$710,000 for costs associated with remedial design. CACD does not recommend authorization of the additional \$300,000 for administrative costs. CACD believes these costs are not within the allowance of D. 89-09-020.

FINDINGS

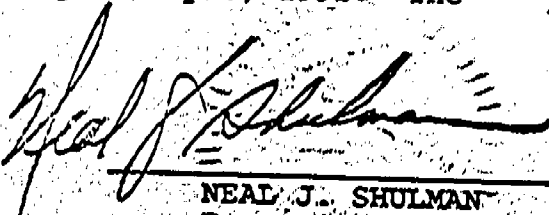
1. The Purity Oil Sales is listed as a Superfund site by the EPA. Evidence exists that PG&E contributed to the contamination of the site and is therefore responsible for expenses associated with cleanup.
2. PG&E is one of nine PRPs directed by the EPA to perform groundwater cleanup at Purity Oil Sales site. According to EPA representatives, PG&E is responsible for approximately \$700,000 for expenses associated with remedial design work. CACD believes this is a reasonable estimate. CACD does not believe the additional \$300,000 for administrative costs requested by PG&E is appropriate for memorandum account treatment.
3. PG&E is authorized to record in a memorandum account up to \$710,000 for expenses associated with remedial design work at the Purity Oil Sales site. Authorization to record an additional \$300,000 for administrative costs is denied.

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THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to implement a memorandum account not to exceed \$710,000 for expenses associated with remedial design work at the Purity Oil Sales site located in Malaga, California, one-half mile south of the City of Fresno.
2. Expenses recorded in the account shall be consistent with documents submitted in Advice Letter 1677-G/1383-E filed by Pacific Gas and Electric Company on December 31, 1991 and supporting documents.
3. These costs shall be subject to a reasonableness review pursuant to Decision 88-09-020, and shall not be placed into rates until ordered by the Commission after the reasonableness review.
4. Pacific Gas and Electric Company shall be authorized to accrue interest at the three-month commercial paper rate on amounts booked into the account.
5. This Resolution is effective today.

I certify that this Resolution G-2996 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