

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3007
AUGUST 11, 1992

R E S O L U T I O N

RESOLUTION G-3007. PACIFIC GAS AND ELECTRIC COMPANY'S
REQUEST FOR COMMISSION APPROVAL TO RECORD IN AN INTEREST
BEARING MEMORANDUM ACCOUNT REMEDIATION COSTS UP TO
\$325,330 FOR ITS MARTIN SERVICE CENTER SITE.

BY ADVICE LETTER 1671-G FILED ON NOVEMBER 20, 1991.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests approval to record into a memorandum account under the Environmental Compliance Mechanism (Part 2 of PG&E's Gas Preliminary Statement) expense-related costs of up to \$325,330, as well as an unspecified amount for agency oversight costs, for performing remedial activities at its Martin Service Center (Martin Center).
2. Martin Service is a former Manufactured Gas Plant (MGP) in Daly City and Brisbane, California. It has been designated a State Superfund site and the remedial activities are required by the California Environmental Protection Agency (Cal-EPA), Department of Toxic Substances Control (DTSC), and by consent order entered into by PG&E and the San Francisco Bay Regional Water Quality Control Board (RWQCB).
3. This Resolution grants a portion of the request, allowing PG&E to record up to \$235,330 in a memorandum account. Unspecified agency oversight costs and expenditures incurred prior to the authorization granted by this Resolution, estimated by PG&E to be \$90,000, are denied.

BACKGROUND

1. The former Daly City Manufactured Gas Plant site is currently being used by PG&E as the Martin Service Center for vehicle maintenance and materials facility, a PG&E substation, a PG&E Records Storage Facility, and a clubhouse facility operated by the Pacific Service Employees Association. During grading prior to placement of concrete paving in 1980, black tarry material was observed in the soil. The material was removed for disposal at a hazardous waste disposal facility.

2. In 1980 the United States Environmental Protection Agency (EPA) was notified of a black tarry material being released to the surface of the concrete slab. The EPA requested that PG&E investigate the nature and extent of Manufactured Gas Plant residue constituents in the soil and groundwater. An initial investigation in 1982 identified areas containing MGP residue. The RWQCB requested PG&E to perform additional studies at the site. Investigation were conducted in April 1987, May 1988, September 1989, and December 1989.

3. These studies indicate that MGP residue is present in the soil and groundwater. Cal-EPA has listed the site on the California Hazardous Substance Account Bond Act Expenditure Plan. In June 1991, PG&E, Cal-EPA, and the RWQCB entered into a Consent Order. The order sets forth study and remediation requirements.

4. In 1905 the San Mateo Power Company built a plant on the site to manufacture gas from oil. The manufactured gas plant operated from 1906 to 1910. In 1907, the property was transferred to California Gas and Electric Corporation. The property was deeded to PG&E in 1908. The manufactured gas plant was dismantled in 1916.

5. PG&E has begun remedial activities for an adjacent parcel known as Midway Village and has been granted authority to book funds into a separate memorandum account. PG&E has determined that because the property is no longer owned by PG&E and because other potentially responsible parties have been identified, that separate memorandum account treatment is preferable for the Midway Village site.

6. PG&E is a responsible party as defined by Health and Safety Code Sections 25323.5, 25385.1(g), and 25360. The actual and/or threatened release of hazardous substances at the site may present an imminent and/or substantial endangerment to the public health and welfare and to the environment.

7. PG&E entered into a Consent Order (Docket No. HSA 90/91-011) with the RWQCB and Cal-EPA on June 28, 1991. The Consent Order mandates remediation requirements. This advice letter is for funds to perform some of those requirements.

8. This advice letter requests memorandum account treatment for the costs of conducting surface water, groundwater, and sediment sampling and analyses as specified in the Sampling and Analysis Plan. It also covers costs for designing and preparing a remedial action plan (RAP) as specified in the workplan for the Feasibility Study and Remedial Action Plan. It also covers community participation costs, including a public meeting and preparing quarterly reports as specified in the Consent Order.

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9. In order to meet required deadlines PG&E has already incurred expenses related to the proposed work detailed in this advice letter. PG&E has stated that it has spent approximately \$90,000 as of May of 1992. As of July 13, 1992, the work detailed in Attachment C proposed work scheduled had been completed that was scheduled for completion by April 1 of 1992.

NOTICE

1. Public notice of this Advice Letter has been made by publication in the Commission's Calendar on November 22, 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 CACD on December 12, 1991. DRA stated that it believes "...PG&E has filed the required information with its Advice letter, and DRA has no objection to the booking of the expenses indicated..." DRA filed the protest because it believed conditions should be attached to the advice letter. The conditions included that:

1. PG&E may book the expenses through July of 1993.
2. Authority to implement this memorandum account 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.
3. All expenditures shall be consistent with the work plan submitted in the Advice Letter.
4. Costs recorded in the account shall be subject to reasonableness review.
5. The memorandum account may accrue interest.

PROTEST REPLY

1. PG&E filed a reply with CACD on December 23, 1991. In its reply PG&E noted that the conditions requested by DRA are essentially those already mandated by PG&E's preliminary statement and need not be repeated in any Commission approval of Advice Letter 1671-G. PG&E's reply also noted that the advice letter requested authority to book into a memorandum account costs up to \$325,330 as well as agency oversight costs which may exceed the amount specified by statute. DRA recommended that PG&E may book up to \$325,330 and did not address the additional agency oversight cost request.

DISCUSSION

1. PG&E must undertake this remediation as required by the Consent Order with California Environmental Protection Agency, Department of Toxic Substance Control (DTSC) and The California Regional Water Quality Control Board, San Francisco Bay Region.

2. PG&E's advice letter requests authority to book an unspecified amount in costs for agency oversight costs which may exceed the amount specified by statute. The DTSC has stated that the statutory fees will be \$9,979 for the Remedial Action Plan oversight. At the time this advice letter was submitted PG&E estimated those costs to be \$9,480 (1991 rates). Although additional cost may be imposed, it is not currently anticipated by either PG&E's project manager or the DTSC. PG&E included a 10% contingency of \$29,580. Any additional agency oversight fees would comprise a fraction of the contingency. Most importantly the hazardous waste advice letter process requires that a detailed budget be submitted. Any request for unspecified amounts must be denied.

3. At the request of Commission Advisory and Compliance Division (CACD), PG&E submitted a letter on July 13, 1992, stating that approximately \$90,000 has been spent on remediation activities at the Martin Service Center for activities detailed in this advice letter as of May 1992. Taking this into account, the advice letter request of \$325,330 will be reduced by \$90,000. PG&E will be authorized to book \$235,330 into a memorandum account.

FINDINGS

1. The site has been designated a State Superfund site and the remedial activities are required by the DTSC and by consent order entered into by PG&E and the San Francisco Bay Regional Water Quality Control Board (RWQCB).

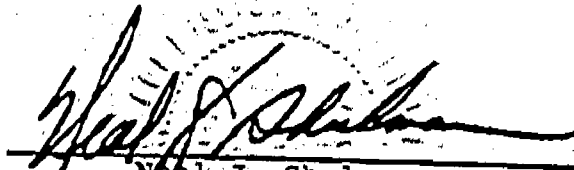
2. This advice letter requests memorandum account treatment for the costs of conducting surface water, groundwater, and sediment sampling and analyses as specified in the Sampling and Analysis Plan. It also covers costs for designing and preparing a remedial action plan (RAP) as specified in the workplan for the Feasibility Study and Remedial Action Plan. It also covers community participation costs, including a public meeting and preparing quarterly reports as specified in the Consent Order.
3. In order to meet required deadlines PG&E has already incurred expenses related to the proposed work detailed in this advice letter. PG&E has stated that it has spent approximately \$90,000 as of May of 1992. As of July 13, 1992, the work detailed in Attachment C proposed work scheduled had been completed that was scheduled for completion by April 1, of 1992.
4. The Hazardous Waste advice letter process specifies that only prospective expenditures may be placed in a memorandum account. PG&E's request for \$325,330 should therefore be reduced by \$90,000. PG&E should be authorized to book \$235,330 into a memorandum account.
5. The advice letter process requires that a detailed budget be submitted. The request for unspecified amounts should be denied.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company's request to include unspecified amounts for agency oversight costs in an interest bearing account is denied.
2. No costs or expenses paid or incurred prior to the date of this resolution shall be included in the account. Pacific Gas and Electric Company's request to record \$325,330 in an interest bearing memorandum account is reduced by \$90,000. Pacific Gas and Electric Company is limited to recording a maximum of Two hundred thirty five thousand three hundred and thirty dollars (\$235,330) in 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. Pacific Gas and Electric Company is authorized to record in an interest bearing Memorandum Account certain costs for remedial work defined in Advice letter number 1671-G.
5. Upon receipt of a supplemental Advice Letter filing, Advice Letter 1671-G shall be marked to show that it was approved by Commission Resolution G-3007.
6. This Resolution is effective today.

August 11, 1992

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 11, 1992. The following Commissioners approved it:



Neal J. Shulman
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.