

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities BranchResolution W-3483
February 23, 1990R E S O L U T I O N

(RES. W-3483) CALIFORNIA WATER SERVICE COMPANY (CWS).
ORDER AUTHORIZING THE ESTABLISHMENT OF A MEMORANDUM
ACCOUNT TO RECORD EXPENSES INCURRED AS A RESULT OF A
HAZARDOUS WASTE SPILL AT ITS WILLOWS DISTRICT ON MARCH
10, 1987.

By Advice Letter (A.L.) No. 1121 filed January 8, 1990, CWS requests authority to establish a memorandum account to record expenses incurred as a result of a hazardous waste spill at its Willows District. CWS serves about 2,100 flat rate and metered customers in the city of Willows and unincorporated areas of Glenn County adjacent to the city.

On March 10, 1987, CWS experienced a fuel tank failure at its Willows District Station #4-01. An unknown amount of fuel (presumed to be less than 10 gallons) was spilled from a 100-gallon underground fuel tank which failed during removal. The tank showed signs of corrosion, which was contrary to the fact that the tank had passed previous pressure tests.

Soil samples taken at the site at that time indicated the presence of petroleum hydrocarbons. Later soil samples indicated levels that were above the acceptable State Action Levels for hydrocarbons, thus triggering further investigation and action by the California Regional Water Quality Control Board (CRWQCB).

CRWQCB required CWS to monitor the contamination levels. In addition to monitoring levels, CWS also began removing contaminated soil from the immediate spill area.

Testing done in September 1987 indicated ground water contamination and prompted CWS to request closure of its Willows District Station in February 1988.

CRWQCB has required CWS to drill a minimum of three monitoring wells to delineate the extent of the ground water contamination and to define the ground water gradient in the area of the spill. CRWQCB has classified this requirement as a conservative request, thus indicating that if greater contamination is evident CWS may be required to pursue further methods to alleviate or eliminate the contamination. CWS was required to

submit a Problem Assessment Report to CRWQCB by January 3, 1990 or face formal enforcement action.

In the A.L., CWS has stated that there were no previous records of hazardous waste accidents in its Willows District and that none were contemplated in its last general rate proceeding.

CWS has requested authority to establish a memorandum account for recording all costs associated with hazardous waste in its Willows District. In the A.L., CWS stated that it has already spent roughly \$6,000 in hazardous waste clean-up expenses and expects to spend as much as \$17,500 more as evidenced by bids it has received for the monitoring and clean up work required by CRWQCB.

This resolution would authorize CWS to record those expenses that occur after its effective date. To allow CWS to collect expenses that it incurred from the time of the spill until the effective date of this resolution would constitute retroactive ratemaking.

The recording of these expenses into the memorandum account does not constitute a prejudgement of the appropriateness of recovery of any expense included in the memorandum account. The purpose of authorizing this memorandum account is to insure that CWS is not precluded from recovering extraordinary expenses incurred as a result of the spill.

The balance in the memorandum account may be recovered in rates, after Commission review of the recorded balance, in a future proceeding or general rate case. The staff will review the expenses and balance in the account and make a recommendation to the Commission.

Because rates are not affected by the creation of a memorandum account and parties will have an opportunity to review these costs in the future, it is appropriate to authorize the establishment of a memorandum account to record expenses associated with the spill.

FINDINGS

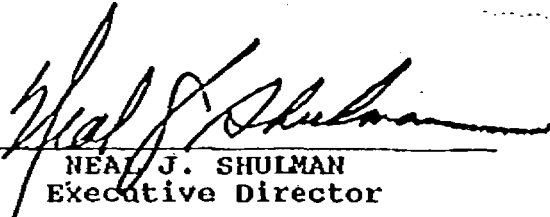
1. CWS experienced a hazardous waste spill on March 10, 1987 which contaminated both the surrounding land and water supply.
2. CRWQCB has ordered CWS to clean the contaminated land and to monitor both land and water for contamination.
3. CWS has obtained a bid for the clean-up work of up to \$17,500.
4. CWS has requested the establishment of a memorandum account to record expenses associated with the monitoring and clean-up work caused by the hazardous waste spill on March 10, 1987.

IT IS ORDERED that:

1. CWS is authorized to establish a memorandum account to record the expenses related to the cleaning up of a hazardous waste spill that occurred in its Willows District on March 10, 1987. The expenses to be included in this account are only those that occur after the effective date of the resolution. CWS shall send a letter notifying the Water Utilities Branch if it establishes a memorandum account. The expenses shall be reviewed by the staff in a future rate proceeding and if found reasonable by the Commission it will be allowed to be recovered in rates.
2. No expenses incurred prior to the effective date of this resolution shall be recorded in the memorandum account.
3. This resolution is effective today.

I hereby certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on February 23, 1990. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director