

**RETURN TO ENERGY BRANCH
ROOM 3102**

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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Environmental Branch**

**RESOLUTION E-3135
April 26, 1989**

R E S O L U T I O N

RESOLUTION E-3135, ORDER AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY (PG&E) TO RECORD UP TO \$270,000 IN A MEMORANDUM ACCOUNT FOR CLEANUP COSTS ASSOCIATED WITH THE STATION B STEAM ELECTRIC POWER PLANT ON JIBBOOM STREET IN SACRAMENTO; BY ADVICE LETTER 1238-E, FILED FEBRUARY 17, 1989.

SUMMARY

1. PG&E filed Advice Letter (AL) 1238-E on February 17, 1989 requesting authority to book hazardous waste cleanup costs associated with the Station B steam electric plant on Jibboom Street in Sacramento.
2. This Resolution approves the request.

BACKGROUND

1. Advice Letter 1238-E was filed by PG&E under the procedure adopted by the Commission in Decision (D.) 88-09-020 to expedite the process of authorizing the booking of hazardous waste cleanup expenses. Decision 88-09-020 authorized advice letters to be filed on a project-by-project basis and to contain comprehensive, specific information about each site. It also required that expenditures incurred undergo an annual reasonableness review.
2. The Jibboom Street site is a 5.1-acre parcel purchased by PG&E in 1910. PG&E built a steam electric generating plant on the site, which began operation in 1912 and was retired in 1957. In 1957 PG&E sold the power plant to a private individual who operated a metal salvage yard until 1965, when it was acquired by the State Department of Transportation. The property was later conveyed to the State Department of Parks and Recreation. The Department of Water Resources (DWR) now owns the plant building.
3. A portion of the site includes 2.37 acres of the nine-acre Jibboom "Superfund" site, a former metal salvaging

operation. The northern 2.73-acre portion contains the former PG&E site. The former steam-electric plant building is not in the Superfund section.

4. In 1986, DWR proposed to renovate the plant building and, after an investigation, found the building contained hazardous wastes, primarily asbestos. Because asbestos is used as insulation material for steam boilers, DWR felt PG&E should bear cleanup costs. PG&E agreed to pay 45% of the estimated total costs of \$600,000 (a maximum of \$270,000), with any additional costs subject to negotiation.

5. The State Architect is responsible for preparing plans and specifications for remedial action, but had not finalized a workplan, schedule and budget before AL 1238-E was filed. Because remedial action was expected to begin in early April, PG&E submitted the information available to them at the time and requested expeditious treatment of the advice letter filing.

COMMENTS

1. The Division of Ratepayer Advocates (DRA), in comments filed March 20, 1989, recommended the acceptance of Advice Letter 1238-E, with several conditions that have previously been applied to memorandum accounts for hazardous waste projects. These conditions include: (1) the prohibition of booking costs or expenses paid or incurred prior to the date of the order; (2) the requirement that all expenses are to be consistent with documents filed as part of the advice letter; and (3) the requirement that costs recorded in the account be subject to a subsequent reasonableness review and should not be placed into rates until ordered by the Commission. DRA also recommended that PG&E be authorized to accrue interest at the three-month commercial paper rate on amounts booked in the memorandum account.

2. DRA noted that PG&E did not submit the workplan, schedule and budget with AL 1238-E (as required by D.88-09-020) because the State Architect had not completed them. DRA contacted DWR to verify the estimated cleanup cost of \$600,000 and the agreement that PG&E would pay 45%. DRA accepted these discussions as verification of the budget and schedule. DRA also contacted the State Architect and learned that construction has been postponed until the beginning of May. DRA emphasized the importance to its review of receiving complete information, including documentation of agreements between PG&E and other entities.

3. PG&E did not respond to DRA's comments.

DISCUSSION

1. The Commission Advisory and Compliance Division (CACD) has reviewed DRA's recommendations and PG&E's comments and has determined separate hearings are unnecessary.
2. PG&E's AL 1238-E meets the information requirements of D.88-09-020 to the extent possible at the time of submission, when DWR indicated work would begin in early April. CACD received a copy of the formal agreement between DWR and PG&E, which substantiates the budget and schedule. CACD contacted the State Architect's office which expects plans to be finalized and the project to be put out to bid in late April. CACD believes the Jibboom Street site is appropriate for memorandum account treatment.
3. PG&E did not submit proposed Preliminary Statement changes with the advice letter to establish the memorandum account. CACD asked PG&E to develop proposed language and format. PG&E will submit a separate advice letter containing the appropriate language.
4. CACD requests that PG&E submit all communication with DWR and the State Architect regarding the site.

FINDINGS

1. PG&E should record in a memorandum account up to \$270,000 for costs associated with the cleanup of the Jibboom Street site and consistent with project documentation set forth in AL 1238-E and supporting documents.
2. Authority to implement this account should be effective on the date of this order because project work is expected to begin soon. No expenses paid or incurred prior to the date of this order should be included in the account.
3. Expenses recorded in the account should be subject to a subsequent annual reasonableness review, as required by D.88-09-020, and should not be placed into rates until ordered by the Commission after the review.
4. PG&E should be authorized to accrue interest at the three-month commercial paper rate on amounts booked into the memorandum account.
5. All communication between PG&E, DWR, the State Architect and consultants regarding the Jibboom site should be submitted to the CPUC. Therefore,

IT IS ORDERED THAT:

1. Pacific Gas and Electric Company (PG&E) is authorized to implement a memorandum account not to exceed \$270,000 for costs associated with the cleanup of the Station B steam electric plant site on Jibboom Street in Sacramento. No expenses paid or incurred prior to the date of this order shall be included in the account.
2. Expenses recorded in the account shall be consistent with documents submitted in Advice Letter 1238-E filed by PG&E February 17, 1989, and supporting documents, included herein by reference.
3. These costs shall be subject to a reasonableness review, as ordered in Decision 88-09-020, and shall not be placed into rates until ordered by the Commission after the review.
4. PG&E shall be authorized to accrue interest at the three-month commercial paper rate on amounts booked into the memorandum account.
5. PG&E shall provide the Commission Advisory and Compliance Division with copies of all communication with the Department of Water Resources, the State Architect, and consultants regarding the Jibboom site.
6. PG&E shall file an advice letter modifying its Preliminary Statement in compliance with this Resolution.
7. This Resolution is effective today.

I certify that this Resolution E-3135 was adopted by the Public Utilities Commission at its regular meeting on April 26, 1989. The following Commissioners approved it.

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


Executive Director