

RETURN TO EMERYVILLE BRANCH
ROOM 3102

E-7

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Environmental Branch

RESOLUTION E-3148
April 26, 1989

R E S O L U T I O N

RESOLUTION E-3148, ORDER AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY (PG&E) TO RECORD UP TO \$40,000 IN A MEMORANDUM ACCOUNT FOR COSTS ASSOCIATED WITH REMEDIAL ACTIONS AT THE PG&E EMERYVILLE MATERIALS DISTRIBUTION FACILITY AT 4525 HOLLIS STREET IN EMERYVILLE; BY ADVICE LETTER 1245-E, FILED MARCH 29, 1989.

SUMMARY

1. PG&E filed Advice Letter (AL) 1245-E on March 29, 1989 requesting authority to book hazardous waste-related costs associated with remedial actions at the Emeryville Materials Distribution Facility at 4525 Hollis Street in Emeryville.
2. This Resolution approves the request.

BACKGROUND

1. Advice Letter 1245-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 Emeryville site has been owned and operated by PG&E since 1926 and is presently a maintenance, repair, warehouse, and storage facility. Since 1955, transformers containing PCBs, capacitors, oil circuit breakers, and equipment used at substations and in the electrical transmission and distribution system have been brought to the facility for repair and storage. PG&E currently operates welding and machine shops at the site in addition to its Materials Distribution Facility.

3. In 1983 and 1984 soil at the site was found to contain elevated levels of lead and PCBs. In October 1986, the California Department of Health Services (DHS) notified PG&E that the Emeryville site had been listed on the Hazardous Substance Cleanup Bond Act Expenditure Plan (State superfund), and that PG&E was a potentially responsible party.

4. In 1987 and 1988, PCB-contaminated soil was removed from the site, but additional areas of contamination were discovered. In February 1989 the full extent of the contamination was determined and included an area adjacent to the site within a Southern Pacific (SP) right-of-way. Through filing AL 1245-E PG&E seeks to book into a memorandum account only those expenses associated with transportation and disposal of the contaminated soil (estimated to be \$37,500) and DHS oversight costs (estimated to be \$2,500).

5. DHS scheduled site closure certification (DHS' term for completed cleanup) for May 31, 1989. To meet this deadline, PG&E scheduled excavation to begin April 17, 1989. Therefore, PG&E requested expeditious treatment of this advice letter.

COMMENTS

1. The Division of Ratepayer Advocates (DRA), in comments filed April 10, 1989, recommended the acceptance of Advice Letter 1245-E, with several conditions previously 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 a detailed budget, but provided an estimate of expenses and supporting documentation. (The work required is straightforward and expenses are relatively small and easy to estimate.) DRA also noted that although D.86-12-095 authorized funding for hazardous waste transportation and disposal in base rates, expenses associated with transportation and disposal of PCB-contaminated waste was not included. DRA confirmed that DHS determined the contamination in SP's right-of-way is due to migration of the PCBs from the PG&E facility. PG&E obtained permission from SP to excavate in the right-of-way and will be paying for the entire cleanup project.

3. PG&E telephoned CACD April 12, 1989 to request expeditious treatment of AL 1245-E because excavation is scheduled for April 17, 1989. No formal comments were submitted.

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 1245-E meets the information requirements of D.88-09-020. CACD believes the Emeryville 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 DHS regarding the Emeryville site cleanup. Because excavation is scheduled for April 17, 1989, these costs should be booked soon.

FINDINGS

1. PG&E should record in a memorandum account up to \$40,000 for DHS oversight costs and transportation and disposal of PCB-contaminated soil located at the Emeryville site, consistent with information in AL 1245-E and supporting documents.
2. Authority to implement this account should be effective on the date of this order because excavation is scheduled for April 17, 1989. 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 an 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 regarding the Emeryville 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 \$40,000 for costs associated with DHS oversight and transportation and disposal of PCB-contaminated soil located at the Emeryville Materials Distribution Facility. 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 1245-E filed by PG&E March 29, 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 Health Services regarding the Emeryville facility.
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-3148 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