

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Environmental Branch

RESOLUTION E-3180  
February 23, 1990

R E S O L U T I O N

RESOLUTION E-3180, REQUEST OF SOUTHERN CALIFORNIA EDISON COMPANY (EDISON) TO RECORD IN A MEMORANDUM ACCOUNT EXPENSES ASSOCIATED WITH THE INVESTIGATION AND CLEANUP OF THE VISALIA POLE YARD; BY ADVICE LETTER NO. 857-E, FILED JANUARY 11, 1990.

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SUMMARY

1. Edison filed Advice Letter (AL) 857-E on January 11, 1990 requesting authority to book up to \$4,640,000 into a hazardous waste memorandum account for expenses associated with the investigation and cleanup of the Visalia Pole yard.
2. This Resolution approves the authority of Edison to book up to \$4,380,804 into a memorandum account and establishes certain conditions for booking to this account. Edison has agreed to this revised dollar amount and to the proposed conditions.

BACKGROUND

1. Advice Letter 857-E has been filed by Edison under the procedures adopted by the Commission in Decision (D.) 89-01-039. The Decision authorizes Edison to seek approval to record certain hazardous waste expenses in a memorandum account. Under these procedures, the only costs that may be booked into the account are those incurred after the account is authorized by the Commission. The procedure also requires a reasonableness review of all expenses and costs which are actually booked into these accounts.
2. Edison operated a pole treating facility in Visalia, California from the early 1920s to 1980. During the treatment of poles at the facility, pole treating fluids were spilled onto the ground resulting in soil and groundwater contamination.
3. Environmental agencies have been active in directing investigation and remediation at the site. In 1976, the

California Regional Water Quality Control Board Central Valley Region issued a Cleanup and Abatement Order which directed Edison to abate any further discharge of treating fluids and to clean up all subsurface wastes. In 1985, the California Department of Health Services (DHS) place the site on the State Superfund list. In December 1987, DHS issued an Enforceable Agreement which is intended to ensure that there is a thorough investigation and remediation at the site. Edison has responded or is in the process of responding to these agency directives.

4. In November 1988, Edison requested authorization to begin booking dollars to a memorandum account for expenses related to the on-going investigation at Visalia. Decision 89-03-045 granted memorandum account treatment for certain categories of expenses at Visalia. The decision allowed booking to the account only through December 31, 1989.

5. Edison has filed Advice Letter 857-E to seek memorandum account treatment for additional expenses at the site. Edison identifies continuing costs at the site as well as new costs that are a result of new regulatory requirements.

6. Decision 89-01-039 states that, for projects which have been ordered by a government agency, Edison must include with the advice letter: a copy of the order(s) to undertake work at the site, a detailed work plan and schedule, and a detailed budget. Edison provided material to meet these informational obligations.

7. Pumping and treating the groundwater to control the flow of contaminants is a source of continuing remediation costs at the site.

8. New regulatory actions will require Edison to incur additional costs during the Remedial Investigation/Feasibility Study (RI/FS) phase at Visalia. DHS submitted extensive comments on the RI/FS detailing concerns that DHS believes Edison must address. During 1989, Visalia also was placed on the Federal Superfund list by the Environmental Protection Agency, which will require that Edison conduct additional work at the site.

#### COMMENTS

1. The Division of Ratepayer Advocates (DRA), in comments filed February 2, 1990, recommended the acceptance of Advice Letter 857-E, subject to certain conditions.

2. Edison indicated in telephone conversations that they would accept the conditions recommended by DRA and therefore did not submit comments to DRA's letter.

### DISCUSSION

1. Edison's responses to DRA's data request indicate slightly different estimates than those provided in the Advice Letter for the work required at the site. DRA recommends that Edison be allowed to record in a memorandum account these revised dollar amounts.
2. Edison bases its estimate of \$1,000,000 for the characterization and disposal of demolition wastes on the assumption that these wastes will be categorized as hazardous. DRA estimates that if these wastes are not found to be hazardous, and may be disposed of at a sanitary landfill, then characterization and disposal should cost only \$535,000.
3. DRA recommends that authorization for booking expenses related to the development and submission of the Feasibility Study and preparation of the draft Remedial Action Plan should be allowed through October 1991. All other expenses authorized under the Advice Letter should be authorized for booking into a memorandum account only up until December 31, 1990.
4. DRA comments that no costs or expenses paid or incurred prior to the date of the Resolution should be included in the account. Because expenses for pumping and monitoring are continuous through the year, DRA recommends that the Commission pro-rate these expenses to allow only the booking of expenses incurred between the date of authorization of the Advice Letter and the end of 1990.
5. The Commission Advisory and Compliance Division (CACD) has reviewed Edison's Advice Letter filing and DRA's recommendations.
6. CACD concurs with DRA's recommendations. The conditions on this memorandum account, therefore, include the revisions DRA recommends. As is recommended by DRA, CACD has prorated the annual cost of the pumping/monitoring program to account for the fact that only costs incurred after the authorization of this Advice Letter may be booked into the memorandum account.

### FINDINGS

1. Edison should be authorized to record in a memorandum account up to the following amounts for the activities shown:

Pumping/Monitoring Program	\$1,032,304
Demolition Wastes Characterization and Disposal	\$1,000,000
RI/FS Summary Report/Implementation of Remedial Investigation Work Plan	\$2,011,500
Develop and Submit Feasibility Study and Draft Remedial Action Plan	\$ 162,000

Assessment and Characterization of non- RI/FS contaminant sources	\$ 75,000
DHS Direct Cost Payments	\$ 100,000
TOTAL	\$4,380,804

2. If the demolition wastes are not found to be hazardous, and may be disposed of at a sanitary landfill, only \$535,000 should be authorized for the characterization and disposal of demolition wastes.

3. Expenses for the Development and Submission of the Feasibility Study and draft Remedial Action Plan (RAP) should be authorized for booking through October 31, 1991.

4. All other expense categories covered by this Advice Letter, other than expenses for the Development and Submission of the Feasibility Study and draft RAP, should be authorized for booking through December 31, 1990.

5. Authority to implement this account is effective on the date of this order. No expenses paid or incurred prior to the date of this order should be included in the account.

6. Expenses recorded in the account should be subject to a subsequent annual reasonableness review and should not be placed into rates until ordered by the Commission after the review.

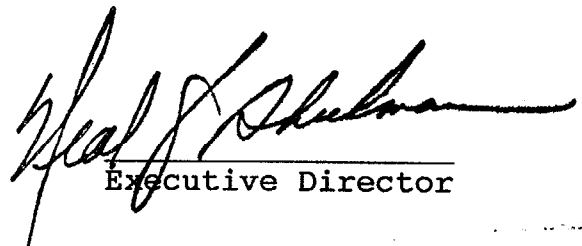
7. Edison should be authorized to accrue interest at the three-month commercial paper rate on amounts booked into the memorandum account.

IT IS ORDERED THAT:

1. Southern California Edison Company is authorized to implement a memorandum account not to exceed \$4,380,804 for costs associated with the investigation and remediation at the Visalia Pole Yard.
2. Expenses recorded in the account shall be consistent with documents submitted in Advice Letter 857-E filed by Edison on January 11, 1990, 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. Edison shall be authorized to accrue interest at the three-month commercial paper rate on amounts booked into the memorandum account.
5. This Resolution is effective on today.

I certify that this Resolution E-3180 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

  
Executive Director