

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Environmental and Resources
Section

RESOLUTION E-3210
December 19, 1990

R E S O L U T I O N

RESOLUTION E-3210, 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.
884-E, FILED OCTOBER 12, 1990.

SUMMARY

1. Edison filed Advice Letter (AL) 884-E on October 12, 1990 requesting authority to book into a hazardous waste memorandum account the continuing expenses associated with the investigation and cleanup of Edison's Visalia Pole yard.
2. This Resolution approves the authority of Edison to book an additional \$1,300,000 into a memorandum account for expenses associated with their pumping and monitoring program. As Edison requested, the Resolution extends the deadline for booking expenses to December 31, 1991 for expenses related to the characterization and disposal of wastes and expenses associated with preparation and implementation of the Remedial Investigation Work Plan/Feasibility Study. Edison is authorized to record payments to government regulatory agencies for the agencies' oversight activities. The Resolution additionally establishes certain conditions for booking to this memorandum account.
3. Edison requested a revision to their Preliminary Statement of their tariff sheet which has been denied.

BACKGROUND

1. Advice Letter 844-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

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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) placed 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 filed Advice Letter 857-E to seek memorandum account treatment for additional expenses at the site. Resolution No. E-3180 was issued on February 23, 1990, authorizing Edison to record up to an additional \$4,380,804 for expenses associated with the following activities: pumping and monitoring, characterization and disposal of demolition waste, requirements related to the Remedial Investigation and Feasibility Study, implementation of the remedial investigation work plan, development and completion of the Feasibility Study and Draft Remedial Action Plan, the assessment and characterization of non-RI/FS contaminant sources, and Department of Health Service's oversight costs. All of these expenditures were authorized for booking to the memorandum account through December 31, 1990, except for the development and submission of the feasibility study and draft remedial action plan which was authorized for booking through October 31, 1991.

6. Edison reports that work at the site has proceeded more slowly than anticipated and that the scope of work has expanded. In 884-E, Edison requests authority to record additional expenses in the memorandum account and to record expenses in the account after the present spending deadline of December 31, 1990.

7. In AL 884-E, Edison also requests a revision to the Preliminary Statement, Part N (Memorandum Account). The proposed revision would delete the columns identifying the

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Authorized Expenditure Levels and Termination Date for the memorandum account at each of Edison's hazardous waste sites.

COMMENTS

1. Edison responded to inquiries from the Division of Ratepayer Advocates (DRA) concerning modification of the Preliminary Statement with a letter to Mr. Mahendra Jhala, dated November 8, 1990. In this letter, Edison explains that the revisions requested in AL 884-E are intended: 1) to modify the expenditure levels for the Visalia Site Memorandum Account as specified in Part B of Advice Letter 884-E, and 2) to modify part N.5 of Edison's Preliminary Statement for clarification purposes only. Edison suggests that existing authority, spending caps, termination dates, and all other aspects of the Commission's decisions concerning Edison's other Hazardous Waste Management Accounts remain unchanged by the proposed revision to the Preliminary Statement.

2. DRA submitted comments on Edison's AL 884-E on November 13, 1990. In these comments, DRA recommends granting authority to Edison to book additional expenses at Visalia to the existing memorandum account, but does not recommend approval of Edison's request to revise the preliminary statement to its tariffs.

2. Edison did not file a response to DRA's comments but indicated in telephone conversations that Edison believes the letter of November 8 responds to DRA's concerns by clarifying that Edison recommends removal of the expenditure limits and the termination dates only for clarification purposes.

DISCUSSION

1. DRA objects to the modification of Edison's Preliminary Statement because the change includes deleting references to the maximum authorized level of expenditures as well as the termination date for authorization. DRA suggests that it is appropriate to not require a maximum allowed level of expenditure or termination date for some specific work at Visalia, but DRA believes that Edison's recommended changes are inappropriate for Edison's other hazardous waste sites.

2. Edison believes the expenditure limits and the termination dates are clearly identified in the Commission's decision and that this added detail should not appear in the Preliminary Statement. In the letter of November 8, 1990, Edison states that the Commission's rulings on other hazardous waste sites regarding spending caps, termination dates, and all other aspects of the decisions would be unchanged by the modification.

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3. The Commission Advisory and Compliance Division (CACD) has reviewed Edison's Advice Letter filing and DRA's recommendations.

4. CACD concurs with DRA's recommendations. Edison's requested change in their Preliminary Statement appears to be a means of simplifying the tariff sheet and does not change the Commission's previous rulings regarding memorandum accounts at other hazardous waste sites. Though CACD does not believe Edison's requested change would modify previous decisions, the change has not been made clearly and may easily be misconstrued.

5. If Edison still believes that their Preliminary Statement should be simplified, Edison should work with DRA to develop a satisfactory wording change. If a more satisfactory change can be developed, Edison should bring it before the Commission in a new Advice Letter.

FINDINGS

1. Edison should be authorized to record up to an additional \$1,300,000 in the Visalia memorandum account through December 31, 1991 for expenses associated with pumping and monitoring at the site.

2. Edison should be authorized to record up to \$1,000,000 in the Visalia memorandum account for demolition waste characterization and disposal through December 31, 1991. This spending cap has not been modified from the previously authorized amount. If the demolition wastes are not found to be hazardous, and may be disposed at a sanitary landfill, only \$535,000 should be allowed for this activity.

3. Edison should be authorized to record up to \$170,000 to develop and submit a feasibility study and draft remedial action plan through December 31, 1991. This amount represents an additional \$8,000 from the amount previously authorized.

4. Edison should be authorized to record up to \$70,000 to assess and characterize non-Remedial Investigation/Feasibility Study contaminant sources through December 31, 1991. This amount represents a reduction of \$5,000 from the amount previously authorized.

5. Edison should be authorized to record up to \$250,000 to conduct a baseline risk assessment through December 31, 1991. This activity has not been specifically noted in previous Edison filings on the site.

6. Edison should be authorized to record the amounts necessary to respond to DHS comments on the Remedial Investigation/Feasibility Study Summary Report and implement the Remedial Investigation Work Plan. Edison must submit monthly or

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quarterly reports on the status of work at the site, the expenses incurred for this work, and additional DHS and/or EPA requirements for work at the sites. The reports must begin February 1, 1991.

7. Edison is denied authority to modify Part N of the Preliminary Statement (Memorandum Account) as set forth in AL 884-E.

8. Authority to implement this memorandum account is effective on the date of this order. No costs or expenses paid or incurred prior to the date of this order shall be included in the account.

9. All expenditures shall be consistent with the project activities set forth in AL 884-E, filed on October 12, 1990.

10. Costs recorded in the account shall be subject to subsequent reasonableness review, and shall not be placed in rates until ordered by the Commission.

11. Edison is authorized to accrue interest at the three-month commercial paper rate on the amounts booked in the memorandum account.

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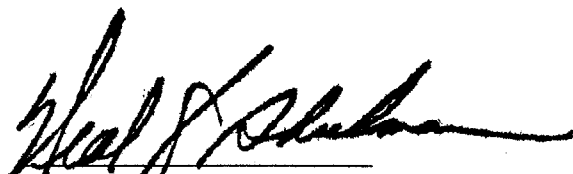
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IT IS ORDERED THAT:

1. Southern California Edison Company is authorized to implement a memorandum account 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 884-E filed by Edison on October 12, 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 today.

I certify that this Resolution E-3210 was adopted by the Public Utilities Commission at its regular meeting on December 19, 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