

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION COMPLIANCE  
AND ADVISORY DIVISION  
Energy and Environmental  
Advisory Branch

RESOLUTION E-3285  
July 22, 1992

R E S O L U T I O N

RESOLUTION E-3285. REQUEST OF SOUTHERN CALIFORNIA  
EDISON COMPANY TO RECORD IN A MEMORANDUM ACCOUNT  
EXPENSES ASSOCIATED WITH THE INVESTIGATION AND CLEANUP  
OF THE VISALIA POLE YARD; BY ADVICE LETTER NO. 942-E,  
FILED APRIL 24, 1992.

BY ADVICE LETTER 942-E, FILED ON APRIL 24, 1992.

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SUMMARY

1. Southern California Edison Company (Edison) filed Advice Letter 942-E on April 24, 1992 requesting authority to book up to \$4,280,875 into a hazardous waste memorandum account for expenses associated with the investigation and cleanup of the Visalia Pole Yard. Edison requests that no cost cap for the site be established by the Commission. Edison also requests that authorization to record these costs remain in effect until December 31, 1994.

2. This Resolution approves the authority of Edison to record in a memorandum account up to \$4,280,875 for these costs.

BACKGROUND

1. Advice Letter 942-E was filed by Edison under the procedures adopted by the Commission in Decision (D.) 89-07-039. This decision granted Edison authority to file advice letters requesting authorization to record hazardous waste cleanup costs in a memorandum account provided certain informational criteria are satisfied. The information criteria are an order or directive to perform the work, a detailed work plan, and a detailed budget.

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2. The Visalia Pole Yard is located at 432 Ben Maddox Way, Visalia, CA. Edison operated a pole treating facility in Visalia, CA from the early 1920's through 1980. During the operation of the plant, pole treating fluids and transformer oil were spilled on the ground resulting in soil and groundwater contamination.

3. The Central Valley California Regional Water Quality Control Board ordered Edison to clean up the site in 1976. The site was placed on the state superfund list in 1985 by the California Environmental Protection Agency and on the federal superfund list in 1989 by the Environmental Protection Agency.

4. Edison has requested and been granted authority to book costs associated with the Visalia Pole Yard in three previous filings. In November 1988, by Application 89-11-019, Edison requested authority to record cleanup costs in a memorandum account. Edison was granted authority to record the costs by D. 89-03-045.

5. In February 1990, by Resolution E-3180, Edison was granted authority to record \$4,380,000 in a memorandum account as follows.

A. Pumping/Monitoring Program	1,032,304
B. Demolition Waste Characterization and Disposal	1,000,000
C. Remedial Investigation	2,011,500
D. Draft Feasibility Study and Draft Remedial Action Plan	162,000
E. Non-Remedial Investigation/Feasibility Study Contaminant Source Activity	75,000
F. DHS Direct Costs (Payments)	100,000
TOTAL	4,380,804

6. In December 1990, Resolution E-3210 authorized Edison to record costs for an additional activity (G. Baseline Risk Assessment) and modify costs authorized for Category D and E in Resolution E-3180. Resolution E-3210 authorized a total addition of \$253,000 to the amount approved in E-3180.

D. Draft Feasibility Study and Draft Remedial Action Plan	+8,000
E. Non-Remedial Investigation/Feasibility Study Contaminant Source Activity	-5,000
G. Baseline Risk Assessment	+250,000
TOTAL ADDITION TO E-3180	253,000

REQUEST

1. In Advice Letter 942-E, Edison specifically requests authority to record the following expenses in a memorandum account.

A. Pumping/Monitoring Program	3,749,275
B. completed, no additional funding requested	
C. Remedial Investigation	250,000
D. Draft Feasibility Study and Draft Remedial Action Plan	178,000
E. Non-Remedial Investigation/Feasibility Study Contaminant Source Activity	60,000
F. DHS Direct Costs	100,000
G. Baseline Risk Assessment	10,000
TOTAL	<u>4,347,275</u>

2. Edison requests that authorization for these expenses remain in effect until December 31, 1994.

3. Edison also requests no authorization cap for categories C through G. Edison states its request for no cost cap because these activities often require swift and unanticipated action with little warning. The Enforecable Agreement between it and the California Environmental Protection Agency incorporates relatively short compliance schedules for many of its project milestones. In order to meet these schedules, address agency comments, and conduct agency-required supporting studies, Edison states it must be able to react quickly and it would not be possible to scope the work, develop and file Advice Letters, wait for authorization, and then complete the work within the time given.

PROTESTS

1. The Division of Ratepayer Advocates (DRA) submitted comments on Advice Letter 942-E on June 2, 1992. In its comments DRA states that it was not a recipient of the filing and to date it had not received its copy of the filing in the mail. DRA was notified by the Commission Advisory and Compliance Division (CACD) of Edison's filing and subsequently received a copy on May 22, 1992.

2. In its comments DRA states that although it does not oppose granting authorization to Edison to record cleanup expenses associated with the Visalia Pole Yard in a memorandum account, it does protest Edison's request for an open-ended budget and extended time period in which to record the costs.

3. DRA suggests an alternative to no cost authorization cap that will give Edison flexibility and adequately address its concern about the time required to file additional advice letters should the budget change. DRA recommends that Edison be allowed to submit information filings with the Commission so that if a change and a budget modification became necessary, Edison could file amendments to the budget. These filings would be in the form of brief, information reports to DRA, providing the new budget and explaining why the budget changed.

DISCUSSION

1. CACD has reviewed Edison's Advice Letter filing 942-E requesting authorization to record costs associated with the cleanup of the Visalia Pole Yard. CACD recommends that Edison be authorized to record up to \$4,346,775 in a memorandum account for these costs as follows.

A. Monitoring & Pumping	
Well Replacement	250,000
1992	1,110,000
1993	1,165,000
1994	1,223,775
C. Remedial Investigation	250,000
D. Draft Feasibility Study & Remedial Action Plan	178,000
E. Non-Remedial Investigation	60,000
F. Department Direct Cost	100,000
G. Baseline Risk Assessment	10,000
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TOTAL	4,346,775

2. CACD does not believe there is substantial reason for authorization to record costs associated with Categories C through G to remain in effect until December 31, 1994. The Commission's normal practice is to grant authorization though the end of the current year. Therefore, CACD recommends that authorization for all costs remain in effect until December 31, 1992 except authorization for Monitoring and Pumping which should remain in effect until December 31, 1994.

3. CACD has considered DRA's recommendation for budget amendments to be filed by letters. CACD recommends rejecting this proposal. Specifically, the proposal violates the requirements of D. 89-07-039 for definitive budgets and opportunity for protests and review, and it lacks a mechanism for Commission approval by resolution or decision.

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FINDINGS

1. Edison may record in a memorandum account up to \$4,280,875 for cleanup costs associated with the Visalia Pole Yard.
2. In the event changes in the budget occur, Edison should file another advice letter that meets the information requirements specified in D. 89-07-039.
3. Edison's authority to record these costs should remain in effect until December 31, 1992, except for Monitoring and Pumping expenses which can be recorded through December 31, 1994.
4. There is no reasonable alternative to filing subsequent advice letters if Edison needs to change its memorandum account cost caps for the Visalia Pole Yard site.

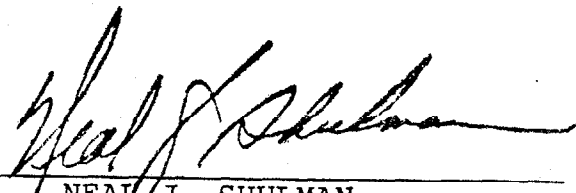
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**THEREFORE, IT IS ORDERED that:**

1. Southern California Edison Company is authorized to record in a memorandum account an amount up to \$4,280,875 for expenses associated with the cleanup of the Visalia Pole Yard in Visalia, California.
2. Southern California Edison Company shall file another advice letter for any subsequent changes in costs for the Visalia Pole Yard site.
3. Expenses for Monitoring and Pumping may be recorded through December 31, 1994. All other expenses are authorized to be recorded through December 31, 1992.
4. Expenses recorded in the account should be consistent with documents submitted in Edison Advice Letter 942-E, filed April 24, 1992. These costs shall be subject to a reasonableness review and shall not be placed into rates until ordered by the Commission.
5. Southern California Edison Company shall be authorized to accrue interest at the three-month commercial paper rate on amounts booked into the memorandum account.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 22, 1992. The following Commissioners approved it:

  
NEAL J. SHULMAN  
Executive Director

DANIEL Wm. FESSLER  
President  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
NORMAN D. SHUMWAY  
Commissioners