

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3309
February 16, 1994

R E S O L U T I O N

RESOLUTION E-3309. SOUTHERN CALIFORNIA EDISON COMPANY REQUESTS AUTHORIZATION TO RECORD IN A MEMORANDUM ACCOUNT UP TO \$1,350,000 IN EXPENSES ASSOCIATED WITH REMEDIAL INVESTIGATION AND ACTION PLAN FOR SANTA BARBARA II MANUFACTURED GAS PLANT SITE.

BY ADVICE LETTERS 975-E AND 975-E-A FILED ON DECEMBER 7, 1992, AND NOVEMBER 8, 1993.

SUMMARY

1. Southern California Edison Company (Edison), pursuant to Decision (D.) 89-01-039, requests authority to revise Part N, "Memorandum Accounts", of its Preliminary Statement to record up to \$1,350,000 in an interest-bearing Memorandum Account the expenses associated with a Remedial Investigation and Feasibility Study (RI/FS), and to prepare the Remedial Action Plan (RAP) for Santa Barbara II Manufactured Gas Plant site.
2. This Resolution approves the request because Edison is a former owner and potentially responsible party (PRP) and there is an order by a governmental agency to clean the site.

BACKGROUND

1. The site is located at 630 East Montecito Street in Santa Barbara, California. It was used for manufactured gas production from about 1905 to 1928. Edison owned the site from 1906 to 1919. Following that, Southern California Gas Company (SoCalGas) owned and operated the plant.
2. On October 31, 1990, the California Environmental Protection Agency's (EPA) Department of Toxic Substance Control (DTSC) issued Order HSA 90/91-010 (Order) directing SoCalGas to conduct an RI/FS, prepare a RAP, and implement the necessary remedial actions. The Order was revised on August 31, 1993. The latter holds Edison to be a PRP for costs of contamination, under Section 25355.5 (a)(1)(B) of the California Health and Safety Code. Edison, therefore, shares financial responsibility with SoCalGas for investigation and remediation efforts at the site.

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3. SoCalGas, the lead company as owner, has performed risk assessment to evaluate the risks posed by the residual contamination. The EPA considers the risk level to be significant. The major by-products of the gas manufacturing process (tar, lampblack, and lightoil) include carcinogens.

NOTICE

1. Edison served notice of the filing of AL 975-E and AL 975-E-A by mailing copies of the advice letter to other utilities, governmental agencies, and all parties who requested such information. Notice of the advice letter was published in the Commission Calendar.

PROTESTS

1. No protests have been received by the Commission Advisory and Compliance Division (CACD) for AL 975-E and 975-E-A.

DISCUSSION

1. SoCalGas is the present owner, and therefore the lead party, ordered by the DTSC to investigate and remediate contamination at the site. Edison is a former owner and operator of the site and shares financial responsibility for cleanup of contamination found at the site resulting from its manufactured gas operations. [Sections 25323.5 and 25360 of the California Health and Safety Code]

2. D. 93-09-066, dated September 17, 1993, modified Edison's hazardous waste D. 89-01-039, allowing the utility to apply for opening a memorandum account to record its hazardous waste expenses, even if it does not own the site, provided that the company is obliged to clean up the site. The revised DTSC order holds Edison responsible for the cost of cleanup.

3. Edison in its supplemental AL 975-E-A filing, revises its total cost estimate from \$1,040,525 to \$1,350,000. The new cost amount was derived by Dames and Moore, an engineering consulting firm, after changes in the original remedial action plan, requested by DTSC, to include additional design related services, air permitting, and geoscience services.

4. Edison has a cost sharing agreement with SoCalGas to divide the cleanup costs equally until the project is over. Following that, a negotiated reallocation of costs will take place based on each party's responsibility for the waste.

5. As a result of changes in workplan, Edison, in its supplemental filing, requests deferral of the original request for expiration date to be imposed to record its initial 50 percent share from December 31, 1993 to June 30, 1994.

FINDINGS

1. Edison filing is in compliance with D.89-01-039 as amended by D.93-09-066.
2. The California EPA has found the Santa Barbara II site to be hazardous.
3. Edison is designated as Potentially Responsible Party by the Department of Toxic Substance Control for clean up of Santa Barbara II manufactured gas plant because it is a former owner of the site.
4. Edison agreed to share equally the estimated cost of cleanup of Santa Barbara II with SoCalGas who is the lead party in investigating and remediating the hazardous waste on the site.
5. Edison's maximum liability in Remedial Action Plan and Remedial Investigation and Feasibility Study of Santa Barbara II site is \$1,350,000.
6. Edison's expiration date to record its initial 50 percent share of costs is June 30, 1994.
7. Edison agrees to claim in rates only the actual amount that it finally has to pay SoCalGas, with interest, after effective date of this Resolution, and only after a reasonableness review by the Commission has authorized recovery.

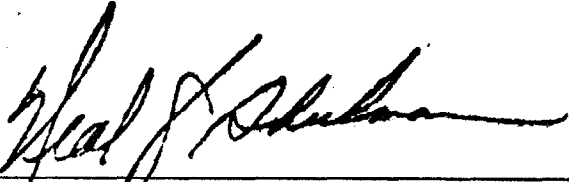
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THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company is authorized to record in a memorandum account up to \$1,350,000 for expenses related to the remedial investigation and action plan for Santa Barbara II manufactured gas plant site.
2. Southern California Edison Company is authorized to accrue interest under the terms and conditions shown in Section N, Cal. PUC Sheet No. 17642-E, of its Preliminary Statement.
3. The recorded expenses in the memorandum account shall be subject to a reasonableness review and shall not be placed in rates until so ordered by the Commission.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 16, 1994. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
Commissioners