

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION E-3365  
February 16, 1994

**R E S O L U T I O N**

RESOLUTION E-3365. SOUTHERN CALIFORNIA EDISON COMPANY REQUEST TO RECORD UP TO \$1,892,348 IN A MEMORANDUM ACCOUNT FOR EXPENSES ASSOCIATED WITH IMPLEMENTING THE REMEDIAL ACTION PLAN OF HAZARDOUS SUBSTANCE CLEANUP AT SANTA BARBARA II MANUFACTURED GAS PLANT SITE.

BY ADVICE LETTER 1014-E FILED ON SEPTEMBER 29, 1993.

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**SUMMARY**

1. Pursuant to Decision (D.) 89-01-039, Southern California Edison Company (Edison) requests approval to record in a memorandum account up to \$1,892,348 for implementing the remedial action plan (RAP) of hazardous waste cleanup at the Santa Barbara II manufactured gas plant site in Santa Barbara California.
2. The RAP for Santa Barbara II, which is required for the implementation phase, is simultaneously approved by Resolution E-3309 on February 16, 1994.
3. This Resolution approves the implementation phase of the RAP because Edison is the former owner of the site, therefore a potentially responsible party for sharing the cleanup costs, and there is a government order to clean up the site.

**BACKGROUND**

1. The 2.3 acre 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) to SoCalGas to conduct a remedial investigation and feasibility study, prepare a remedial action plan, and implement the necessary remedial actions for the Santa Barbara Town Gas site. The site is on the State Bond

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Act Expenditures Plan list which means that DTSC is authorized and funded to enforce the cleanup of the site.

3. DTSC issued a revised Order on August 26, 1993, holding Edison as a PRP for costs of contamination and required establishment of a schedule for remediating the actual release of hazardous substances and correcting conditions that threatened their further release [Section 25355.5 (a)(1)(B) of the California Health and Safety Code]. Under Sections 25323.5 and 25360 of the California Health and Safety Code, Edison may share financial responsibility with SoCalGas for remediation efforts at the site.

4. SoCalGas, the lead company as owner, has assessed and evaluated the risks of the residual contamination. DTSC considers the risk level to be significant [the maximum acceptable concentration of polycyclic aromatic hydrocarbons for the site, considering its present use, would be 42 parts per million, whereas it was found that the level was actually up to 3900 parts per million]. The major by-products of the gas manufacturing process on the site: tar, lampblack, and lightoil, include substances designated as carcinogens in Section 25316 of the CHSC].

#### NOTICE

1. Edison served notice of the filing of AL 1014-E 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 for AL 1014-E by the Commission Advisory and Compliance Division.

#### DISCUSSION

1. Edison's request is for the same site, purpose, and amount as SoCalGas' request in AL 2201-G filed on August 6, 1993 which was approved by Resolution G-3080 on November 2, 1993.

2. The requested \$1,892,348 is the cap that is imposed on the memorandum account. Total expenditures on the project by Edison and SoCalGas together should not exceed this amount.

3. This filing is made under the authority of D.89-01-039, as amended by D.93-09-066, and satisfies the requirements for such requests as to site description, history of ownership, actions taken by the agencies to date, correspondence, an implementation workplan, a budget, and a detailed schedule of operations.

4. In accordance with the initial Order issued by DTSC in 1991, SoCalGas undertook a remedial investigation of the site to assess the extent of air, soil, and groundwater contamination and determine the type, concentration, and distribution of

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substances from gas plant operations. SoCalGas then undertook a feasibility study to identify options that would effectively mitigate the risks associated with the soil contamination. Based on above undertakings, SoCalGas prepared a remedial action plan which summarized the findings and selected a remedial alternative which requires the excavation and thermal removal of all soil on site. SoCalGas was authorized to carry out the above work in its last general rate case [D.90-01-016].

5. The engineering consulting firm of Dames and Moore was selected as SoCalGas' Engineer of Record, responsible for ensuring that the cleanup conforms to the proposed schedule and meets with specified quality standards. IT Corporation was selected as the general contractor in a selective bidding to be responsible for the whole job of excavation and treatment of contaminated soil.

6. SoCalGas' and Edison's cost sharing arrangement for the cleanup of the site will initially divide the costs equally. Eventually, when the site is cleaned up, a final cost allocation will be negotiated.

7. Edison can recover in rates, after a reasonableness review, only those costs which it ultimately must incur on the project, after the effective date of this Resolution.

8. The memorandum account balance shall accrue interest at the rate and manner prescribed in Section N, Cal. PUC Sheet No. 17642-E, of Edison's Preliminary Statement.

#### FINDINGS

1. The State of California has found the Santa Barbara site to be hazardous.

2. Edison's filing of AL 1014-E is in compliance with D.89-01-039 as amended by D.93-09-066.

3. Edison's AL 1014-E is for the same purpose and amount as SoCalGas' AL 2201-E that has been approved by Resolution G-3080 on November 2, 1993. The two companies are jointly and individually responsible for the estimated \$1,892,348 cleanup cost of the site.

4. Edison and SoCalGas have agreed to share the estimated \$1,892,348 cost of the remedial action for the cleanup of the site.

5. Edison is allowed to eventually claim in rates only the net amount that it finally has to incur for the project, with interest, after the effective date of this Resolution, and only after a reasonableness review by the Commission has authorized the recovery.

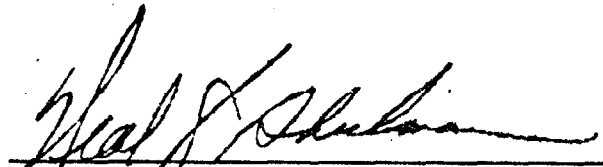
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**THEREFORE, IT IS ORDERED that:**

1. Southern California Edison Company is authorized to record in a memorandum account up to \$1,892,348 for expenses related to remedial action at the 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