

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-3058  
Date September 1, 1993

R E S O L U T I O N

RESOLUTION G-3058. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS TO RECORD IN A MEMORANDUM ACCOUNT EXPENSES RELATED TO REMEDIAL INVESTIGATION/FEASIBILITY STUDY OF THE INDUSTRIAL WASTE PROCESSING SUPERFUND SITE IN FRESNO, CALIFORNIA.

BY ADVICE LETTER 1765-G, FILED ON APRIL 12, 1993.

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SUMMARY

1. Pursuant to Decision (D.) 88-09-020, Pacific Gas and Electric Company (PG&E) in Advice Letter (AL) 1765-G filed on April 12, 1993, requests authority to book into a memorandum account under the guidelines specified in its Gas Preliminary Statement, Part Z, Environmental Compliance Mechanism, its costs of up to \$600,000 to conduct a Remedial Investigation and Feasibility Study (RI/FS) for the Industrial Waste Processing (IWP) Superfund site in Fresno, California.
2. This Resolution grants the request.

BACKGROUND

1. Pursuant to D.88-09-020, and under the guidelines specified in the Gas Preliminary Statement, Part Z, Environmental Compliance Mechanism, PG&E submitted the required documentation to support its request for the memorandum account.
2. The IWP site is approximately one-half acre in size and is located at 7140 North Harrison Street in Fresno. It operated as a chemical reclamation plant from 1967 to 1981, purifying spent glycols from dehydration of natural gas, among its various other uses.
3. PG&E has not owned the site but through years has deposited waste on the premises.
4. In 1986, Fresno County and the Department of Toxic Substance Control (DTSC) conducted a joint inspection of the IWP site and placed it on the State Bond Act Expenditure Plan.

5. In 1988, DTSC conducted an additional site inspection and alerted the Environmental Protection Agency's (EPA) Emergency Response Division. The latter conducted an emergency removal action at the site to remove the materials left on the site. In addition, the top three inches of the soil were shifted from the site and a sealer applied to prevent dust from blowing off.

6. In 1990, EPA placed the site on the National Priorities List. In 1991, pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Sections 106(a) and 107(a), EPA sent a liability notice and demand for past costs for the site to potentially responsible parties (PRPs), which included PG&E.

7. In October 1992, EPA accepted a good faith offer signed by twelve of the PRPs to conduct (a) an RI/FS at the site and (b) to reimburse EPA for its past costs. Under the terms of the good faith offer, a Consent Order has been negotiated between EPA and the PRPs. This advice letter is a request to incur only RI/FS expenses at the site, item (a) above.

8. PG&E signed the Consent Order on April 21, 1993.

9. EPA signed the Administrative Order on Consent for Remedial Investigation and Feasibility Study on May 12, 1993.

#### DISCUSSION

1. This filing is for a project classified in D.88-09-020 as Category A because the cleanup has been ordered by a government agency.

2. PG&E has submitted the required documentation for Category A projects.

3. The Environmental Strategies Corporation, an engineering consulting firm, prepared the Workplan for RI/FS at the IWP site for the PRPs.

4. The maximum cost estimate of \$600,000 excludes PG&E's own labor and material but includes \$200,000 EPA oversight and response costs at 1992 statutory rates.

5. The final allocation of cost liability among the PRPs will occur through negotiation, arbitration, or litigation.

6. PG&E can recover in rates, after a reasonableness review, only those costs which it ultimately must spend on the project after the effective date of this Resolution.

7. EPA's Administrative Order on Consent is entered into by the EPA and PG&E concerning the preparation and performance of a remedial investigation and feasibility study of soils for the IWP site in Fresno, following EPA's RI/FS Work Plan.

8. The Commission Advisory and Compliance Division doubts that through Consent Orders PG&E will have the necessary incentive to

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negotiate with other PRPs to minimize costs allocated to it and avoid being treated as deep pockets by other government agencies.

9. Active parties voluntarily formed a Hazardous Waste Cost Recovery Collaborative and started work on June 17, 1993. A report on the results and recommendations of the Collaborative is to be filed on September 20, 1993.

10. CACD, in anticipation of the upcoming decision on proposed policies for the treatment of hazardous waste put forward by the Collaborative, recommends approval of this advice letter based on the Consent Order.

11. According to D.88-09-020, Ordering Paragraph 3, the Division of Ratepayer Advocates (DRA) should have reviewed this advice letter and filed comments with the Director of CACD within 30 days of the date of filing. No such review has been received by CACD.

#### PROTESTS

1. No protests have been received by the Commission Advisory and Compliance Division.

#### NOTICE

1. PG&E made public notification of AL 1765-G 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.

#### FINDINGS

1. PG&E filing of AL 1765-G is in compliance with D.88-09-020 requirements for Category A hazardous waste projects.

2. The California DTSC and the Federal EPA have found the IWP site hazardous.

3. Maximum estimated liability for PG&E for this project is \$600,000 which consists of consultant's expense of \$400,000 for conducting the RI/FS and an estimated \$200,000 of EPA response and oversight costs.

4. PG&E should not claim in rates its own labor and material used in the project.

5. The expenses incurred prior to the effective date of this Resolution should not be booked in the memorandum account. The recorded expenses should not be claimed in rates until after a reasonableness review by the Commission has authorized their recovery [D.88-09-020, 29 CPUC 2d, 185, at p.186]

6. The memorandum account balance should accrue interest at the rate and manner prescribed in PG&E's Preliminary Statement, Part Z, "Environmental Compliance Mechanism".

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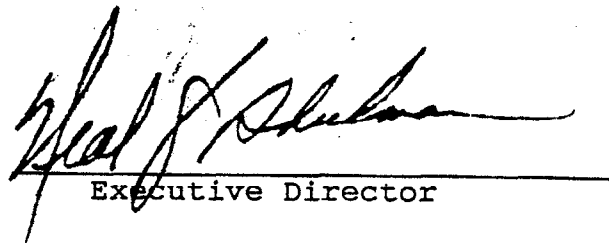
7. EPA signed the Administrative Order on May 12, 1993, requiring PG&E to implement the RI/FS as provided by EPA's Work Plan.

**THEREFORE, IT IS ORDERED that:**

1. Pacific Gas and Electric Company is authorized to record in a memorandum account an amount of up to \$600,000, associated with the Industrial Waste Processing site in Fresno, to conduct a Remedial Investigation/Feasibility Study and to reimburse the Environmental Protection Agency for required response and oversight costs.
2. Pacific Gas and Electric Company is authorized to accrue interest on the amounts booked in the memorandum account as authorized in the Preliminary Statement, Part Z.
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 September 1, 1993. The following Commissioners approved it:

  
Executive Director

DANIEL Wm. FESSLER  
President  
PATRICIA M. ECKERT  
NORMAN D. SHUMWAY  
P. GREGORY CONLON  
Commissioners