

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3069
Date July 8, 1993

R E S O L U T I O N

RESOLUTION G-3069. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS APPROVAL TO BOOK IN A MEMORANDUM ACCOUNT COSTS OF PERFORMING A REMEDIAL ACTION AT THE MIDWAY-BAYSHORE SITE IN DALY CITY.

BY ADVICE LETTER 1770-G FILED ON MAY 10, 1993

SUMMARY

1. Pursuant to Decision (D.) 88-09-020, Pacific Gas and Electric Company (PG&E) in Advice Letter (AL) 1770-G filed on May 10, 1993, requests authority to book in a memorandum account, under the guidelines specified in its Gas Preliminary Statement, Part Z, Environmental Compliance Mechanism, its costs of up to \$1,957,524 to perform certain activities that constitute a remedial action at the Midway-Bayshore site (the site) in Daly City, California.
2. This Resolution grants the request because there is a government order to perform the task.

BACKGROUND

1. PG&E submitted the documentations required by D.88-09-020 to support its request for the memorandum account, namely, copies of the (a) order, (b) work plan and schedule, and (c) budget.
2. The 14-acre site is located on 47 Midway Drive in Daly City. In 1905, a plant to manufacture gas from oil was built on the site. Residues generated from the gas manufacturing plant operated by PG&E included lampblack and oil tars, which contain polynuclear aromatic hydrocarbons, hazards to human health. The site is located in a drainage basin. The surface water run-off of the basin has caused soil contaminants to be brought to the surface. PG&E is not the owner of the site.
3. The California Environmental Protection Agency's (EPA) Department of Toxic Substance Control (DTSC) has ordered PG&E to perform certain remediation activities at the site. The U.S. Department of Navy and the U.S. Department of Housing and Urban Development are co-respondents with PG&E in the EPA order,

July 8, 1993

sharing responsibility in costs of the cleanup of the site. The date of the amended order is April 23, 1993.

4. In 1944, the Federal Public Housing Authority built a military housing complex for the United States Navy on the site and in the process moved contaminated soil into it.

5. PG&E may be liable for penalties of up to \$25,000 for each day it refuses to comply with this order and for punitive damages, pursuant to Health and Safety Code Sections 25359 and 25367(c).

DISCUSSION

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

2. By Advice Letters 1681-G and 1681-G-A, dated February 5, 1992, and March 19, 1992, PG&E asked for, and was granted on April 15, 1992, memorandum account authority for costs associated with a preliminary investigation and development of a feasibility study for the site.

3. Ecology and Environment, Inc., an environmental engineering consulting firm, prepared the workplan and budget for Remedial Action of the site as required by D.88-09-020.

4. The maximum cost estimate of \$1,957,524 excludes PG&E's own labor and material but includes a 10% contingency [\$173,760] and EPA statutory oversight fees of \$46,164.

5. The allocation of cost liability among those named in the EPA order will occur through negotiation, arbitration, or litigation.

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

NOTICE

1. PG&E made public notification of AL 1770-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.

PROTESTS

1. No protest has been received for AL 1770-G by the Commission Advisory and Compliance Division.

FINDINGS

1. PG&E filing of AL 1770-G is in compliance with D.88-09-020 requirements for Category A hazardous waste projects.

July 8, 1993

2. DTSC of the California EPA has found the Midway-Bayshore site hazardous.
3. Maximum estimated liability for PG&E in this project is \$1,957,524 which consists of consultant's expenses of \$1,911,360 for conducting the remedial action and an estimated \$46,164 of EPA response and oversight costs.
4. PG&E should not be authorized to recover in rates its own labor and material used in the project because the latter expenses have already been granted in the utility's past general rate case.
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 unless 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".

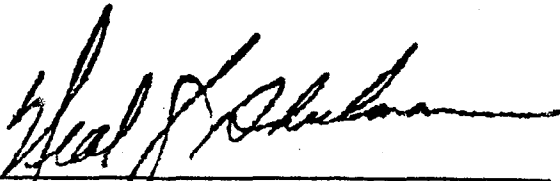
THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to record in a memorandum account an amount of up to \$1,957,524, associated with the Midway-Bayshore site in Daly City, to conduct a remedial action and to reimburse the California Environmental Protection Agency for required oversight fees.
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 July 8, 1993. The following Commissioners approved it:

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



Executive Director