

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3070
Date September 1, 1993

R E S O L U T I O N

RESOLUTION G-3070. SOUTHERN CALIFORNIA GAS COMPANY REQUESTS TO RECORD IN A MEMORANDUM ACCOUNT EXPENSES RELATED TO THE HAZARDOUS SUBSTANCE SITE CLEANUP AT THE INDUSTRIAL WASTE PROCESSING FEDERAL SUPERFUND SITE IN FRESNO, CALIFORNIA.

BY ADVICE LETTER 2179-G FILED ON MAY 18, 1993.

SUMMARY

1. Pursuant to Decision (D.) 88-07-059, as amended by D.90-01-016, Southern California Gas Company (SoCalGas) requests approval to record in a memorandum account \$114,166.67 costs of hazardous waste cleanup at the Industrial Waste Processing (IWP) site in Fresno pursuant to Consent order issued by the United States Environmental Protection Agency (US/EPA).
2. This Resolution grants the request.

BACKGROUND

1. Following D.88-07-059, SoCalGas 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. SoCalGas has not owned the site but from 1975 through 1983 it sent 34,708 gallons of triethylene glycol to IWP for recycling.
4. In 1986, Fresno County and the California Environmental Protection Agency's 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 EPA's Emergency Response Division. The latter

conducted an emergency removal action at the site to remove the material 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, the US/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), the US/EPA sent a liability notice and demand for past costs for the site to twelve potentially responsible parties (PRPs), which included SoCalGas.

7. In August 1992, the US/EPA accepted a good faith offer signed by twelve of the PRPs to reimburse the agency for its past costs. Under the terms of the good faith offer, a Consent Order has been negotiated between the US/EPA and the PRPs.

8. The total amount of the settlement on past costs is \$1,370,000. SoCalGas' per capita share, according to the Consent Order, is \$114,166.67.

9. SoCalGas signed the Consent Order on April 12, 1993.

DISCUSSION

1. This filing is for a project classified in the ordering paragraph 2A of D.88-07-059 as Category A because there is an order by a government agency.

3. The work associated with the US/EPA order on past costs was conducted in 1988 while undertaking the emergency removal action at the site.

4. The total amount of settlement on US/EPA's costs associated with undertaking the emergency removal action at the site is \$1,370,000. SoCalGas' share, based on 12 PRPs sharing the total costs on a per-capita basis, is \$114,166.67.

5. The 12 PRPs agreed to an initial per capita allocation as the most expedient means to reach settlement with the US/EPA given the absence of waste-volume data or other simple means of allocating costs at the site.

6. The PRPs have agreed among themselves to consider reallocation of these costs at a later date. SoCalGas will inform the Commission of any changes that affect its allocated share at the site within 60 days of being notified of the change.

7. US/EPA's Administrative Order on Consent is entered into by the US/EPA and SoCalGas concerning US/EPA's conducting an emergency action to remove surface contamination at the site. The removal action was in accordance with CERCLA and Superfund Amendments and Reauthorization Act of 1986 (SARA).

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

12. The memorandum account balance shall accrue interest at the rate and manner prescribed in Section E.10 of SoCalGas' Preliminary Statement.

NOTICE

1. SoCalGas made public notification of AL 2179-G by mailing copies of the advice letter to other utilities, government 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.

FINDINGS

1. SoCalGas filing of AL 2179-G is in compliance with D.88-07-059 requirements for Category A hazardous waste projects.

2. The US/EPA has found the IWP site in Fresno to be hazardous.

3. Per capita liability of SoCalGas for the US/EPA's past costs of undertaking the emergency removal action at the site is \$114,166.67, equivalent of total cost of \$1,370,000 divided among the 12 PRPs. SoCalGas will inform the Commission of any reallocation of the cost burden to it within 60 days of its happening.

4. SoCalGas shall claim in rates only the actual amount that it finally has to pay the US/EPA, with interest, after the effective date of this Resolution, and only after a

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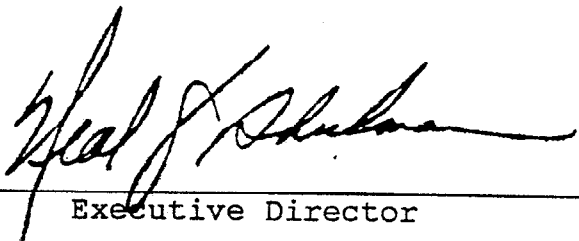
reasonableness review by the Commission has authorized the recovery.

THEREFORE, IT IS ORDERED that:

1. Southern California Gas Company is authorized to record in a memorandum account an amount up to \$114,166.67, its portion of the past costs incurred by the United States Environmental Protection Agency for emergency removal action at the Industrial Waste Processing site in Fresno.
2. Southern California Gas Company is authorized to accrue interest under the terms and conditions shown in Section E.10 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 September 1, 1993. The following Commissioners approved it:



Executive Director

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