

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-3080  
November 2, 1993

R E S O L U T I O N

RESOLUTION G-3080. SOUTHERN CALIFORNIA GAS COMPANY  
REQUEST TO RECORD UP TO \$1,892,348 IN A MEMORANDUM  
ACCOUNT FOR EXPENSES ASSOCIATED WITH HAZARDOUS SUBSTANCE  
CLEANUP AT SANTA BARBARA II MANUFACTURED GAS PLANT SITE.

BY ADVICE LETTER 2201-G FILED ON AUGUST 6, 1993.

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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 up to \$1,892,348 hazardous waste cleanup costs of the Santa Barbara Town Gas site in Santa Barbara California.
2. This Resolution approves the request because SoCalGas is the current owner of the site and has a government order to clean it up.

BACKGROUND

1. This filing is for a project classified in the ordering paragraph 2A of D.88-07-059 under Category A because it is required by order of a government agency.
2. 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. Southern California Edison (Edison) owned the site from 1906 to 1919. Following that SoCalGas owned and operated the plant.
3. On October 31, 1990, the California Environmental Protection Agency's Department of Toxic Substance Control (DTSC), issued Order HSA 90/91-010 directing 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 Act Expenditures Plan list which means that DTSC is authorized and funded to enforce the cleanup of the site.

4. The Order requires establishment of a schedule for remediating the actual release of hazardous substances and correcting conditions that threaten their further release [Section 25355.5 (a)(1)(B) of the California Health and Safety Code].

5. Southern California Edison Company (Edison), a former owner of the site from 1903 to 1919, is a potentially responsible party for the contamination. Therefore, under Sections 25323.5 and 25360 of the California Health and Safety Code [CHSC], Edison may share financial responsibility with SoCalGas for remediation efforts at the site.

6. 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, lightoil) include substances designated as carcinogens in Section 25316 of the CHSC].

#### NOTICE

1. SoCalGas served notice of the filing of AL 2201-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 protests have been received by the Commission Advisory and Compliance Division for AL 2201-G.

#### DISCUSSION

1. This filing is made under the authority of D.88-07-059, as amended by D.90-01-016, and satisfies the requirements for such requests as to site description, history of ownership, actions taken by the agencies to date, pertinent correspondence, an implementation workplan, a budget, and a detailed schedule of operations.

2. In accordance with the 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 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].

3. 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.

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

5. 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.

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

#### FINDINGS

1. SoCalGas' filing of AL 2201-G is in compliance with D.88-07-059 requirements for Category A hazardous waste projects.

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

3. SoCalGas and Edison will share the estimated \$1,892,348 cost of the remedial action for the cleanup of the site.

4. SoCalGas will eventually claim in rates only the net amount that it finally has to spend 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.

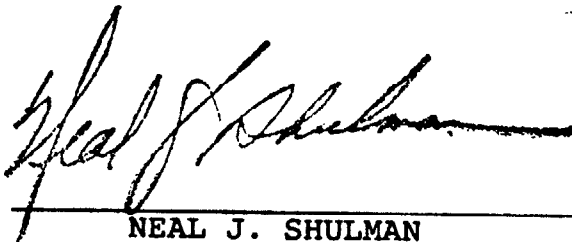
November 2, 1993

**THEREFORE, IT IS ORDERED that:**

1. Southern California Gas Company is authorized to record in a memorandum account up to \$1,892,348 for expenses related to remedial action at the Santa Barbara manufactured gas plant site.
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 November 2, 1993. 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