

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-3081  
Date September 17, 1993

R E S O L U T I O N

RESOLUTION G-3081. PACIFIC GAS AND ELECTRIC COMPANY  
REQUEST TO RECORD IN A MEMORANDUM ACCOUNT REMEDIAL  
ACTION EXPENSES OF UP TO \$789,000 FOR ITS FORMER  
MANUFACTURED GAS PLANT IN DALY CITY, CALIFORNIA.

BY ADVICE LETTER 1782-G FILED ON JULY 16, 1993.

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SUMMARY

1. Pursuant to Decision (D.) 88-09-020, Pacific Gas and Electric Company (PG&E) 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 \$789,000 for remedial action work at its former manufactured gas plant site in Daly City.
2. This Resolution approves the request.

BACKGROUND

1. The former manufactured gas plant site is located at 731 Schwerin Street, Daly City, and is being used by PG&E for vehicle maintenance and storage. There is also a PG&E substation and a clubhouse facility operated by Pacific Service Employees Association on the site. PG&E is the owner of the site.
2. In 1980 PG&E observed a black material in the soil during grading prior to the placement of concrete paving. The material was removed and disposed at a waste disposal facility. The United States Environmental Protection Agency (US/EPA) was notified, who then asked PG&E to evaluate the nature and extent of any site residue constituents that might remain in soil and groundwater. The investigation in 1982 identified areas containing gas plant residues. PG&E performed additional studies at the site in April 1987, May 1988, September 1989, and December 1989 upon request by the San Francisco Bay Regional Water Quality Control Board (RWQCB). These studies indicate that elevated levels of polynuclear aromatic hydrocarbons were present in samples of the soil and groundwater.

3. In 1984 the site was listed in the Cal-EPA's Department of Toxic Substance Control (DTSC) Bond Expenditure Plan pursuant to the California Health and Safety Code.

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. The site has been designated a State Superfund site. The remedial activities are required by DTSC and RWQCB.

3. PG&E is a responsible party as defined by Health and Safety Code Sections 25323.5, 25385.1(g), and 25360. PG&E has entered into a Consent Order with the Cal-EPA and RWQCB on June 28, 1991. The Order [Docket No. HSA 90/91-011] mandates remediation.

4. PG&E, through its previous AL 1671-G dated November 20, 1991, requested memorandum account treatment for costs associated with a preliminary investigation, feasibility study, and a remedial action plan for the site. The Advice letter was approved, with modification, by Resolution G-3007 on August 11, 1992.

5. The current AL 1782-G represents remedial action work to be undertaken at the site. The work includes paving the berm in the yard and paving the Schwerin street strip adjacent to the site.

6. The remedial action work, to be performed by the contracting firm CH2MHILL, is scheduled for the period September 1993 through January 1994. The project cost is estimated at \$674,000 with a 10% contingency costs of \$67,400 and Cal-EPA statutory fees of \$47,600.

7. The Commission Advisory and Compliance Division doubts that through Consent Orders PG&E 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.

8. 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 scheduled for October 20, 1993.

9. CACD recommends approval of this advice letter based on the Consent Order.

10. PG&E may 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.

**NOTICE**

1. PG&E made public notification of AL 1782-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 by the Commission Advisory and Compliance Division for AL 1782-G.

**FINDINGS**

1. PG&E filing of AL 1782-G is in compliance with D.88-09-020 requirements for Category A hazardous waste projects.

2. The remedial action work is the follow-up of a previous workplan approved by the Commission in Resolution G-3007 on August 11, 1992, and prior investigation and feasibility studies done by PG&E.

3. PG&E has retained CH2MHILL to carry out the project, which includes paving the berm in the yard and paving the Schwerin street strip adjacent to it, at a total estimated cost of \$789,000.

4. The expenses incurred prior to the effective date of this Resolution may not be booked in the memorandum account. The recorded expenses shall not be placed 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].

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

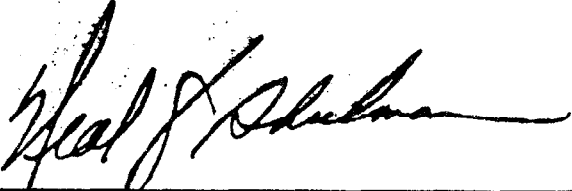
September 17, 1993

**THEREFORE, IT IS ORDERED that:**

1. Pacific Gas and Electric Company is authorized to record in a memorandum account an amount of up to \$789,000 for expenses associated with conducting remedial action work at its former manufactured gas plant site in Daly City.
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 N.
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 17, 1989. The following Commissioners approved it:



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Executive Director

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