

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3085
Date November 23, 1993

R E S O L U T I O N

RESOLUTION G-3085. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS TO RECORD IN A MEMORANDUM ACCOUNT \$114,167 OF EXPENSES RELATED TO THE HAZARDOUS SUBSTANCE SITE CLEANUP AT THE INDUSTRIAL WASTE PROCESSING FEDERAL SUPERFUND SITE IN FRESNO, CALIFORNIA.

BY ADVICE LETTER 1789-G FILED ON AUGUST 23, 1993.

SUMMARY

1. Pursuant to Decision (D.) 88-09-020, Pacific Gas and Electric Company (PG&E) requests approval to record in a memorandum account \$114,167 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.88-09-020, 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 never owned the site. However, from 1975 through 1983 it was sending shipments of glycol to the 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, whereby the agency is empowered to force the cleanup of the site.
5. In 1988, DTSC conducted an additional site inspection and alerted the EPA's Emergency Response Division of the harmful

nature of the site. The latter conducted an emergency action at the site to remove the toxic material. In addition to the removal, the top three inches of the soil were shifted from the site and deposited in a California certified dumping site near Bakersfield. A sealer was applied to prevent the dust from blowing off the site.

6. In 1990, the US EPA placed the site on the National Priorities List. In 1991, under the authority of 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 incurred for the site to twelve potentially responsible parties (PRPs), which included PG&E.

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 this offer, a Consent Order was negotiated between the US EPA and the PRPs.

8. The total amount of the settlement on past costs is \$1,370,000. PG&E's per capita share, according to the Consent Order, is \$114,167.

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

DISCUSSION

1. This filing is for a project classified in the ordering paragraph 2.a of D.88-09-020 under Category A because there is an order by a government agency to cleanup the site.

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

3. The total amount of settlement on US/EPA's costs associated with undertaking the emergency removal action at the site is \$1,370,000. PG&E's share, based on 12 PRPs sharing the total costs on a per capita basis, is \$114,167.

4. 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.

5. The PRPs have agreed among themselves to consider reallocation of these costs at a later date. PG&E is put on notice to inform the Commission of any changes that affect its allocated share at the site within 30 days of the notification of the change.

6. US EPA's Administrative Order on Consent is entered into by the US EPA and PG&E 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).

7. 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 October 20, 1993.

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

9. 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.

10. The memorandum account balance shall accrue interest at the rate and manner prescribed in its gas Preliminary Statement Part Z, Environmental Compliance Mechanism.

NOTICE

1. PG&E served public notice of AL 1789-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 protest has been received by the CACD for AL 1789-G.

FINDINGS

1. PG&E filing of AL 1789-G is in compliance with D.88-09-020 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 PG&E for the US/EPA's past costs of undertaking the emergency removal action at the site is \$114,167, equivalent of total cost of \$1,370,000 divided among the 12 PRPs. PG&E should inform the Commission of any reallocation of the cost burden to it within 30 days of its happening.

4. PG&E should be authorized to 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 reasonableness review by the Commission has authorized the recovery.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to record in a memorandum account an amount up to \$114,167, its portion of

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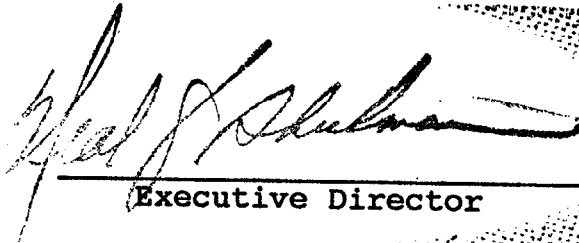
the past costs incurred by the United States Environmental Protection Agency for emergency removal action at the Industrial Waste Processing site in Fresno.

2. Pacific Gas and Electric Company is authorized to accrue interest under the terms and conditions shown in its gas Preliminary Statement, Part 2.

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 23, 1993. The following Commissioners approved it:



Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
Commissioners