

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3093
November 23, 1993

R E S O L U T I O N

RESOLUTION G-3093. SOUTHERN CALIFORNIA GAS COMPANY
REQUEST TO RECORD IN A MEMORANDUM ACCOUNT REMEDIAL
ACTION EXPENSES OF UP TO \$755,154 FOR ITS FORMER
COVINA TOWNE GAS SITE IN COVINA, CALIFORNIA.

BY ADVICE LETTER 2218-G FILED ON OCTOBER 6, 1993.

SUMMARY

1. Pursuant to Decision (D.) 88-07-059, as amended by D.90-01-016, Southern California Gas Company (SoCalGas) requests authority to book in a hazardous waste memorandum account, under the guidelines specified in its Preliminary Statement, Part VI, Section C, Hazardous Waste Project Account, its costs of up to \$755,154 for remedial action work at its former Covina Towne Gas site in Covina.
2. This Resolution approves the request.

BACKGROUND

1. The one-acre site is located at 222 West Edna Place in the City of Covina.
2. A manufactured gas plant (plant) operated onsite from 1905 to 1919. The Covina County Gas Company originally purchased the property and built the plant to process crude-oil feed stock. Its operation was limited to the eastern portion of the property.
3. The main production plant consisted of a 20,000 cubic-foot volume steel gas holder, a manufacturing plant, and an in-ground fuel tank. Crude oil was gasified when oil, followed by steam, was passed through a pre-heated checkerbrick generator. The gas was produced in the generator room and scrubbed in purifiers. Gas, light oils, tar, and lampblack were produced by this process. Minor amounts of ammonia, cyanide, tar bases and acids may have been produced. The manufactured gas was stored in a gas holder prior to distribution.

4. The primary by-product generated by the oil-gas manufacturing process was lampblack. Dried lampblack was briquetted and typically reused as a boiler fuel, or sold for use offsite. The principal hazardous substances associated with lampblack are polynuclear aromatic hydrocarbons ("PAHs"), cyanide, and certain metals.

5. Southern Counties Gas Company (Southern Counties) purchased the site in 1911, and dismantled the plant between 1911 and 1915. Southern Counties was a predecessor to SoCalGas. All structures were removed by 1920.

6. Southern Counties also used the site as a regulator station and stored natural gas onsite. A vertical gas holder, used to store natural gas, was located in the eastern portion of the site. The exact dates of its construction and dismantling are unknown, except that it was constructed sometime between 1934 and 1947. It is assumed the gas holder was dismantled sometime before 1958.

7. SoCalGas still retains several site easements, among them the Meter and Regulating (M&R) station, located in the east side of the park. The M&R station was first built in 1937, rebuilt in 1957, and rebuilt again in 1976. The station is used to distribute gas to the Covina area. It is secured with a chain-link fence and kept locked. It is checked at least once a week by a SoCalGas employee.

8. The City of Covina (City) has owned the site since 1985, when it developed the site as a public park. The park is landscaped and almost entirely covered with grass, with numerous tall trees, and no signs of distressed vegetation. There are picnic tables and established play areas for children. The park is fenced on three sides, and open to the street on the north side. Southern Pacific railroad tracks run along the south border of the site.

9. SoCalGas is a "responsible party" under the State of California's Hazardous Waste Substance Account Act, Health and Safety Code chapter 6.8, because its legal predecessor owned and operated the site at the time lampblack was disposed at the site. As a responsible party, SoCalGas is liable for costs of cleaning up the site (Health and Safety Code sections 25323.5, 25360).

10. At the California Environment Protection Agency, Department of Toxic Substance Control - Region 3's (DTSC) request, SoCalGas conducted a Preliminary Endangerment Assessment ("PEA") in 1992 to determine if a removal or remedial action was required. Because the site is a public park, the PEA was conducted in two phases.

11. On January 25, 1992, the Phase I investigation was conducted. Its objective was to assess whether any hazardous substances in the surface soils posed acute short-term threats to the public health and/or environment. Soil samples were collected from several bare spots not covered with grass near

picnic benches and playground equipment, as well as from locations within the vicinity. PAHs were identified in surface soils at the site, but at concentrations well within the range of what is known and likely to be found in background urban soils. Therefore, it was concluded there was no acute short-term health threat to adults or children, and emergency action was unwarranted. Further studies were recommended to assess the long-term threat to public health and/or the environment.

12. On March 10 and 11, 1992, the Phase II investigation was conducted. Its objective was to define the lateral and vertical extent of contamination, if any, related to the former plant operations. During this phase, both near and deep subsurface soil samples were collected throughout the park so that adequate data were collected to decide on the need for, and scope of, remediation.

13. It was found that subsurface soils (up to a depth of five feet below the ground) were contaminated with hazardous substances (such as PAHs, cyanide, and certain metals). In addition, in portions of the site a layer of lampblack two to four-inches thick was observed immediately below the grass/topsoil cover. Lampblack was also observed under the gravel cover inside the M&R station.

14. Overall, the soil contamination is shallow, and generally limited to the former plant property boundaries, well-contained beneath the surface of the park. Also, there is no potential for groundwater contamination, given the groundwater is in excess of 200 feet beneath the site and the soil contamination is limited to the top five feet of soil. However, the PAH concentrations found at the site exceed the DTSC-established screening values for chronic exposures to children and adults, indicating that some form of remedial action was needed to protect public health and/or the environment.

15. Long-term exposure to PAHs may cause an increased risk of cancer to park users and city employees who maintain the park on an ongoing basis. However, the worker exposure can be minimized or eliminated by taking certain health and safety precautions while digging. This is not practical for residents and, in particular, children who visit the park, and may dig in the soil and come in direct contact with PAH-contaminated soils.

16. The PEA recommended that the most prudent action was to remove the contaminated soil from the park, thus eliminating the potential for any park user to come in contact with PAH-contaminated soils.

17. On June 11, 1993, DTSC issued the Removal Action Consent Order ("Order") Docket No. HSA 92/92-006. This Order required SoCalGas to remediate the site as conceptually proposed in the PEA. The Order established a remediation process, technical and regulatory requirements, and a schedule. Recognizing the need to act swiftly (since the site is used as a public park, DTSC allowed SoCalGas to forego the full-scale remedial investigation

/feasibility study and go directly to the cleanup after having completed the PEA.

18. The Order requires that all activities associated with the removal action be approved and completed by January 31, 1994. The actual remediation will require about two months, and is scheduled to begin in late November. The City identified this period as the most desirable time for conducting the cleanup, given the park's usage pattern.

NOTICE

1. SoCal made public notification of AL 2218-G by mailing copies of the advice letter to other utilities, governmental agencies, and all parties who requested such information. In addition, notice of AL 2218-G was published in the Commission calendar.

PROTESTS

1. The Commission Advisory and Compliance Division did not receive any protests for AL 2218-G.

DISCUSSION

1. Ordering Paragraph 2 of D. 88-07-059, requires SoCalGas to file an advice letter for approval of funding for hazardous waste cleanup before incurring any expenditures. It also required that any hazardous waste cleanup project that has been ordered by a government agency include the following items:

- * a copy of the order, or directive(s) to undertake the work;
- * a detailed work plan and schedule: and,
- * a detailed budget.

2. SoCalGas has complied with D. 88-07-059.

3. D. 88-07-059 allows SoCalGas to record expenses in a hazardous waste memorandum account only after receiving authorization to book such expenses (D. 88-07-059, Ordering Paragraph 4). Therefore, any expenses incurred prior to the effective date of this Resolution may not be booked in the memorandum account.

4. SoCalGas' Preliminary Statement (Preliminary Statement, Part VI, Section C) describes how SoCalGas will maintain its Hazardous Waste Memorandum Accounts. It authorizes SoCalGas to accrue interest on the balance in its hazardous waste memorandum account based on the most recent month's interest rate on Commercial Paper (prime, 3-month), published in the Federal Reserve Statistical Release, G.13.

5. D. 88-09-057 also requires that the expenses recorded in the hazardous waste memorandum accounts not be placed in rates until after a reasonableness review by the Commission has authorized their recovery (D. 88-09-057, page 37).

6. CACD recommends approval of this advice letter.

FINDINGS

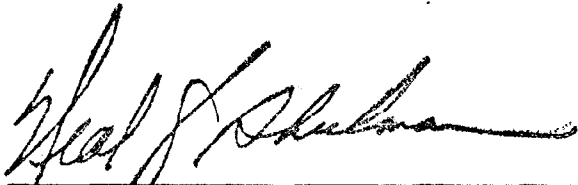
1. SoCalGas' filing is in compliance with D.88-09-020.
2. Costs incurred prior to the effective date of this Resolution may not be included in SoCalGas' hazardous waste memorandum account.
3. The hazardous waste memorandum account balance shall accrue interest at the rate and in the manner prescribed in SoCalGas' Preliminary Statement (Preliminary Statement, Part VI, Section C).
4. SoCalGas 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.
5. CACD recommends approval of advice letter 2218-G.

THEREFORE, IT IS ORDERED that:

1. Southern California Gas Company is authorized to record up to \$755,154 in expenses, associated with hazardous substance cleanup at its former Covina Town Gas site in Covina, California, in an interest bearing hazardous waste memorandum account, under the terms and conditions of the Hazardous Waste Project Account in Part VI, Section C, of its Preliminary Statements.
2. The expenses recorded in the hazardous waste 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