

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-3102
January 7, 1994

R E S O L U T I O N

RESOLUTION G-3102. SOUTHERN CALIFORNIA GAS COMPANY REQUESTS TO RECORD IN A MEMORANDUM ACCOUNT REMEDIAL ACTION EXPENSES OF UP TO \$3,694,605 FOR ITS FORMER DINUBA TOWNE GAS SITE IN DINUBA, CALIFORNIA.

BY ADVICE LETTER 2239 FILED ON NOVEMBER 17, 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 \$3,694,605 for remedial action work at its former Dinuba Towne Manufactured Gas Plant Site (Dinuba site) in Dinuba, California, including an adjacent alley southeast of the site, and four residential properties southeast of the alley.
2. This Resolution approves the request, pursuant to a Remedial Action Order (RAO), Docket No. HSA 88/89-007, issued on August 2, 1988, by the State of California, Department of Health Services (DHS), the predecessor of the California Environmental Protection Agency, Department of Toxic Substances Control (DTSC).
3. No protests.

BACKGROUND

1. The two-acre site has an address of 237 S. "N" Street for the distribution base and 216 S. "O" Street for the church property, both in the City of Dinuba, California. Dinuba is located in the San Joaquin Valley approximately 40 miles south of Fresno.
2. A manufactured gas plant (plant) operated onsite from 1910 to about 1930. The plant was an oil-gasification facility where manufactured gas was produced from crude oil for distribution in the Dinuba area.

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3. The main production plant consisted of two above-ground crude oil tanks, a sixty foot diameter gas holder and a manufacturing plant. 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"), some of which are considered to be carcinogenic.

5. Gas was first manufactured at the site in 1910 by A. A. Weber. Riverbend Gas and Water Company acquired the plant sometime between 1913 and 1915. In 1927, Midway Gas Company acquired the plant and immediately sold it to SoCalGas. SoCalGas agreed to assume, pay, and discharge all debts, obligations and liabilities of Midway and Riverbend Gas and Water Company.

6. SoCalGas used the site as a distribution base from 1927 until 1971. In 1950, SoCalGas built a meter and regulating (M&R) station in the northeast corner of the site that was rebuilt in 1962. The station is still in use, and lies within the site's secured (gated) limits.

7. In 1971, SoCalGas sold the southwestern parcel to the Rural Action Group, Inc. (RAG), which built a day-care center there, while still using the northeastern parcel as a distribution base and M&R station. In 1982, the Pacific Latin American District Council of Assemblies of God bought the RAG property and built a church onto the day-care center.

8. The day-care center operated from 1971 to 1986. The church operated from 1982 until 1991. The southwest portion of the site was vacated in 1991, where a vacant church now stands. The northeast half of the site was used as a distribution base until June 1992, at which time it was closed as part of SoCalGas' regional consolidation. The northern portion of the site is no longer used, except for the M&R station.

9. Single-family homes surround the site on three sides. Commercial businesses, including a meat processing facility, lie to the northeast of the site.

10. SoCalGas is the only party named as a respondent in the RAO and is liable for the cost of cleaning up the site pursuant to the California Health and Safety Code, section 25355.5(a)(1)(B). DTSC's policy provides that property owners, such as the church, are not named unless they have been involved in activities contributing to the site's contamination.

11. SoCalGas, in its pre-Phase I investigation, collected and analyzed surface and near-surface soil samples in 1985. In 1986, the DHS performed confirmatory soil sampling in the area of the former day care center. The results of these investigations indicated elevated concentrations of PAHs, cyanide and lead in shallow soils. Based on these results, the day care center was closed, and the playground area was fenced and posted with warning signs.

12. Phase I, consisting of a preliminary soil and groundwater investigation, was conducted in 1988. The investigation indicated that gas manufacturing residues, specifically PAHs, cyanide, and total petroleum hydrocarbons (TPH) were potentially wide spread throughout the site. The results of these investigations led the DHS to issue RAO Docket Number HSA 88/89-007 on August 2, 1988. The Order established a remediation process, technical and regulatory requirements, and a schedule.

13. Phases II and III, conducted in 1989 and 1990, respectively, initiated the remedial investigations/feasibility studies (RI/FSS) aimed at identifying the full extent of the contamination. The RI assessed the levels of the gas manufacturing residues, specifically PAHs, cyanide, lead, and metals (see Title 22, California Code of Regulations, Section 66699), the principal hazardous substances associated with lampblack. TPH (crude oil) contamination was also found.

14. The RI concluded that PAHs, cyanide, and lead were found in the top three feet of soil and off-site, beneath an adjacent alley and four residential properties. Lampblack was found beneath the church and TPHs were detected beneath the site and in an adjacent street, ranging from 15 feet below ground surface up to 45 feet below ground surface.

15. A Health Risk Assessment was performed and indicated that estimated cancer risks were greater than the standard set by DTSC for onsite visitors and workers, future onsite residents, offsite residents and offsite workers for one or both parcels of the site. Long-term exposure to these chemicals may cause an increased risk of cancer through exposure.

16. Worker exposure can be minimized or eliminated (by taking certain health and safety precautions), this is not practical for residents who might come in direct contact with PAH-contaminated soils. Therefore, SoCalGas asphalted an unpaved area immediately surrounding the site to eliminate the potential exposure of on-site workers, pedestrians, and area residents. The cost of this imminent endangerment action is not included in SoCalGas' request of \$3,694,605.

17. The primary contaminants of concern at the site are PAHs, some of which are considered to be carcinogens by the state and federal Environmental Protection Agencies. PAHs occur naturally and can, as products of incomplete combustion, be found throughout the environment. The DTSC-approved remedial goal (cleanup level) for the site corresponds to the background PAH levels found throughout the City of Dinuba.

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18. Crude-oil contaminated soil has the potential to contaminate the groundwater. If groundwater comes in contact with TPH-contaminated soils, leaching may result. Currently, groundwater is not in contact with the contaminated soil, but historically groundwater levels have been as high as the penetration levels of contaminants. Therefore, the Central Valley Regional Water Quality Control Board (Water Board) has required that SoCalGas demonstrate (via laboratory simulation tests) that residual contaminants left in the soil after remediation will not leach into the groundwater in concentrations exceeding the safe drinking water standards.

19. For the cleanup of TPH at the Dinuba site, DTSC has assumed the lead-agency role, pursuant to agreements between DTSC and the Water Board. Hence, approval of the cleanup of soil contamination will be issued by DTSC, who will incorporate the concerns of the Water Board into the requirements imposed on SoCalGas.

20. The shallow PAH-contaminated soil will be excavated and treated onsite by thermal desorption. The deeper crude-oil contaminated soils will be treated in place using microbial bioventing.

21. SoCalGas competitively bid the cleanup work for the site and awarded the contract to the lowest bidder.

22. DTSC has directed that remediation be started by January 17, 1994. Remediation of the PAH-contaminated soils are expected to be completed by July 1994. The bioventing unit for the remediation of the crude oil contamination will be installed by May 1994, and operation of the unit will continue until June 1996 in order to effectively remediate the soil.

NOTICE

SoCalGas made public notification of AL 2239-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 2239-G was published in the Commission calendar.

PROTESTS

The Commission Advisory and Compliance Division did not receive any protests for AL 2239-G.

DISCUSSION

1. Ordering Paragraph 2 of D. 88-07-059 category A., requires SoCalGas to file an advice letter for approval to book hazardous waste cleanup costs to a hazardous waste memorandum account 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:

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- 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 ordering paragraph 2 of 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. SoCalGas will 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. 88-07-059 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. 88-07-059, page 37).
6. CACD recommends approval of this advice letter.

FINDINGS

1. SoCalGas' Advice Letter 2239 filing is in compliance with D.88-07-059.
2. Costs associated with remedial action work at the Dinuba Site incurred prior to the effective date of this Resolution are not to 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 2239-G.

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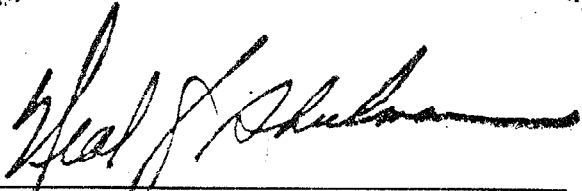
THEREFORE, IT IS ORDERED that:

1. Southern California Gas Company is authorized to record up to \$3,694,605 in expenses, associated with hazardous substance cleanup at its former Dinuba Manufactured Gas Plant Site in Dinuba, 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 January 7, 1994. 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