

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



December 29, 2006

Advice Letter 2779-G/2935-E

Rose de la Torre  
Pacific Gas & Electric  
77 Beale Street, Room 1088  
Mail Code B10C  
San Francisco, CA 94105

Subject: Add Four New Sites to Hazardous Substance Mechanism

Dear Ms. de la Torre:

Advice Letter 2779-G/2935-E is effective December 16, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,m

Sean H. Gallagher, Director  
Energy Division

<b>REGULATORY RELATIONS</b>	
Tariffs Section	
M Brown	D Poster
R De la Torre	S Ramaiya
B Lam	
JAN 5 2007	
_____ Records _____	
Return to _____	File _____
cc to _____	



Brian K. Cherry  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
Internal: 223.4977  
Fax: 415.973.7226  
Internet: BKC7@pge.com

November 16, 2006

**Advice 2779-G/2935-E**  
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Add Four New Sites to Hazardous Substance Mechanism**

**Purpose:**

Pacific Gas & Electric Company (PG&E) hereby requests Commission approval to include four additional sites in the Hazardous Substance Cost Recovery Account as referenced within gas and electric Preliminary Statements Part AN and Part S *Hazardous Substance Mechanism*, in compliance with Decision (D.) 94-05-020. A description of each site is set forth in Attachment I to this filing. The sites are as follows:

<u>Site Name</u>	<u>Location</u>
Lower Bear River Reservoir Dam	Amador County, California
Oakland 2 <sup>nd</sup> Street Tank Site	Oakland, California
Auburn Service Center	Auburn, California
Calistoga Champagne Lane	Calistoga, California

**Background**

D. 94-05-020 requires California utilities to file an advice letter in order to include additional sites as part of the Hazardous Substance Mechanism. For each site the advice letter shall list: 1) the name of the site(s); 2) the location of the site(s); 3) the source, nature and approximate date of the contamination; 4) utility operations (historical and current) at the site(s), if any; and 5) environmental agency actions and oversight regarding the site(s), if any.

In addition, D. 96-07-016 requires utilities to demonstrate that: 1) clean-up costs for which recovery is being sought are not being recovered through base rates or through any other recovery procedure, and 2) all of the costs for which recovery is being sought are hazardous waste clean-up costs (including insurance costs) found appropriate for recovery in the Collaborative Report.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **December 6, 2006**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company  
Attention: Brian K. Cherry  
Vice President, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226

E-mail: [PG&ETariffs@pge.com](mailto:PG&ETariffs@pge.com)

### **Effective Date**

PG&E requests that this advice filing become effective on **December 16, 2006**, which is 30 days after the date of filing.

**Notice**

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address changes should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs/>

A handwritten signature in black ink, appearing to read "Rose De La Torre". The signature is written in a cursive style with a large, sweeping "R" and "D".

Vice President - Regulatory Relations

Attachment 1 – Site Descriptions

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: dxpu@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2779-G/2935-E

Subject of AL: Add Four New Sites to Hazardous Substance Mechanism

Keywords (choose from CPUC listing): Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.94-05-020, D.96-07-016

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Resolution Required?  Yes  No

Requested effective date: 12-16-2006

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets:

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**[jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)**

**Utility Info (including e-mail)**

**Pacific Gas and Electric Company**

**Attn: Brian Cherry**

**Vice President, Regulatory Relations**

**77 Beale Street, Mailcode B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**Facsimile: (415) 973-7226**

**E-mail: [PG&ETariffs@pge.com](mailto:PG&ETariffs@pge.com)**

**Attachment 1 – Site Descriptions**

**PG&E Advice 2779-G/2935-E**

**Site Name:** Lower Bear River Reservoir Dam

**Location:** 40800 Highway 88  
Amador County, California

**Source, Nature, and Approximate Date of Contamination:** Seepage from the rock fill that comprises the Lower Bear River Reservoir Dam may contain metal concentrations that exceed the California Toxic Rule aquatic toxicity criteria. The source of the metals may be natural minerals in the dam's rock fill or another source. Elevated copper was first noted in 2000 during annual water quality monitoring for the Mokelumne River Project. During further testing in 2004, other metals in addition to copper were reported to be elevated in the seepage.

**Utility Operations at the Site:** The Lower Bear River Reservoir is a diversion for the Salt Springs Hydroelectric Development in the Mokelumne River Project operated under Federal Energy Regulatory Commission (FERC) License No. 137 which was issued in 2001. PG&E constructed the dam at Lower Bear River Reservoir in 1952. The Lower Bear River Reservoir is operated in tandem with the Upper Bear River Reservoir for power production through the Salt Springs Powerhouse.

**Environmental Agency Actions:** Condition No. 11 of the 2001 FERC License for the Mokelumne River Project requires annual stream-flow water quality monitoring for a period of five to fifteen years. Annual water quality monitoring data were collected in the Project area during 2000-2005. The Ecological Resource Committee (ERC), comprised of agency and non-governmental organizations, requested monitoring for copper during this period.

In 2006 the California Regional Water Quality Control Board (RWQCB) requested that PG&E submit an application for a National Pollutant Discharge Elimination System (NPDES) permit. The RWQCB also requested that PG&E evaluate potential measures to address elevated metals concentrations in the seepage from the Lower Bear River Reservoir.

**Nature of Costs:** The Lower Bear River Reservoir Dam costs for which PG&E is seeking HSM recovery are not being recovered in base rates or through any other recovery procedure. All cleanup costs to be recorded by PG&E in the HSM memorandum accounts will be hazardous waste cleanup costs found appropriate for recovery in the Hazardous Substance Cleanup Cost Recovery Collaborative Report.

**Site Name:** Oakland 2<sup>nd</sup> Street Tank Site

**Location:** 626 2<sup>nd</sup> Street  
Oakland, CA

**Source, Nature and Approximate Date of Contamination:** A Phase I Environmental Site Assessment was conducted by Clearwater Group, Inc for the property on behalf of the property owner, Cardanal Partners, LLC. The Phase I identified up to five underground storage tanks on or adjacent to the property beneath the sidewalk. Clearwater performed soil sampling in 1996 and found petroleum hydrocarbons in soil at that location. A subsequent offsite investigation found petroleum hydrocarbons in groundwater. According to a Work Plan dated May 17, 2006, the five underground storage tanks were sampled in February and March 2006. Four tanks are reported to variously contain gasoline, diesel, motor oil, and a creosote-like liquid. One tank is filled with concrete.

**Utility Operations at the Site:** According to historical records, PG&E leased the property from 1952 until 1963 and used it for temporary offices, a garage, and warehouse operations. The facility address during PG&E's lease was 202 Grove Street.

**Environmental Agency Actions:** A Phase II investigation and a work plan were submitted to the Oakland Fire Department by the Clearwater Group, which approved a plan to close the tanks in place. The law firm representing the property owner is claiming that PG&E is responsible under state and federal law for the tanks and any required remediation.

**Nature of Costs:** The Oakland 2<sup>nd</sup> Street Tank Site costs for which PG&E is seeking HSM recovery are not being recovered in base rates or through any other recovery procedure. All cleanup costs to be recorded by PG&E in the HSM memorandum accounts will be hazardous waste cleanup costs found appropriate for recovery in the Hazardous Substance Cleanup Cost Recovery Collaborative Report.

**Site Name:** Auburn Service Center

**Location:** 343 Sacramento Street  
Auburn, CA

**Source, Nature and Approximate Date of Contamination:** In the late 1980s, a fuel release was identified at the Auburn Service Center when PG&E removed one jet fuel, two gasoline, and one waste oil underground storage tanks that had been installed in 1953. The tanks were replaced with double-walled tanks in a new location. Soils containing petroleum hydrocarbons were excavated, and a groundwater investigation was performed. Long-term groundwater monitoring continued at the site until 1997, when the Regional Water Quality Control Board, Central Valley Region, (RWQCB) issued a no further action (NFA) letter. In early 2003, PG&E removed the second generation of tanks and excavated a limited amount of soils. Additional groundwater investigation was performed and monitoring is ongoing. In 2006, the RWQCB revised the groundwater monitoring program to include analysis for MTBE.

**Utility Operations Pertaining to the Site:** The Auburn Service Center was constructed in 1953 and serves as a base for PG&E crews in their performance of gas and electric operations. The service center contains offices, equipment and material storage area, and a garage for vehicle maintenance and repair.

**Environmental Agency Actions:** Investigation and remediation of an underground storage tank release at the site was performed under the primary oversight of the RWQCB from 1988 until 1997, when the agency granted NFA for releases from the tanks installed in 1953. In 2003, the RWQCB requested that the extent of petroleum hydrocarbons in groundwater be determined with respect to releases from second generation tanks that were removed in 2003. In January 2006, the RWQCB required installation of additional wells to define the extent of petroleum hydrocarbons in groundwater, including MTBE.

**Nature of Costs:** The Auburn Service Center costs for which PG&E is seeking HSM recovery are not being recovered in base rates or through any other recovery procedure. All cleanup costs to be recorded by PG&E in the HSM memorandum accounts will be hazardous waste cleanup costs found appropriate for recovery in the Hazardous Substance Cleanup Cost Recovery Collaborative Report.

**Site Name:** Calistoga Champagne Lane

**Location:** 900 Champagne Lane  
Calistoga, California

**Source, Nature, and Approximate Date of Contamination:** On September 17, 2005, the failure of a large pad-mounted transformer located at a mobile home park on Champagne Lane in Calistoga was discovered. The transformer is enclosed inside a sound-insulated building at the rear of the park, adjacent to a creek. Investigation of the transformer failure indicated that nearly all the oil from this unit, over 700 gallons, had leaked out slowly through cracks in the floor of the building into the soil over an undetermined period of time.

**Utility Operations at the Site:** PG&E has provided electric power to the Chateau Calistoga Mobile Home Park since its development. This transformer has been part of the Park's service since that original development.

**Environmental Agency Actions:** Upon discovery of the release, PG&E notified the local agency, the Napa County Environmental Health Department. The County is overseeing cleanup plans for remediation of the site. A limited amount of oil-impacted soil was removed from the vicinity of the transformer. Due to the difficult logistics of achieving full cleanup in this location, PG&E plans to relocate the transformer and remove the pad as part of a capital project. The associated remedial effort to remove the oil- impacted soil will be extensive due to the limited access in that vicinity.

**Nature of Costs:** The Calistoga Champagne Lane costs for which PG&E is seeking HSM recovery are not being recovered in base rates or through any other recovery procedure. All cleanup costs to be recorded by PG&E in the HSM memorandum accounts will be hazardous waste cleanup costs found appropriate for recovery in the Hazardous Substance Cleanup Cost Recovery Collaborative Report.

**PG&E Gas and Electric Advice  
Filing List  
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Kahl	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynegy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Stanford University
California ISO	International Power Technology	Sutherland, Asbill & Brennan
Calpine	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Calpine Corp	IUCG/Sunshine Design LLC	Tecogen, Inc
Calpine Gilroy Cogen	J. R. Wood, Inc	TFS Energy
Cambridge Energy Research Assoc	JTM, Inc	Transcanada
Cameron McKenna	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Cardinal Cogen	Manatt, Phelps & Phillips	U S Borax, Inc
Cellnet Data Systems	Marcus, David	United Cogen Inc.
Chevron Texaco	Matthew V. Brady & Associates	URM Groups
Chevron USA Production Co.	Maynor, Donald H.	Utility Cost Management LLC
City of Glendale	MBMC, Inc.	Utility Resource Network
City of Healdsburg	McKenzie & Assoc	Wellhead Electric Company
City of Palo Alto	McKenzie & Associates	Western Hub Properties, LLC
City of Redding	Meek, Daniel W.	White & Case
CLECA Law Office	Mirant California, LLC	WMA
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	