

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 5, 2008

Advice Letter 2942-G/3302-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Add Two New Sites to Hazardous Substance Mechanism

Dear Mr. Cherry:

Advice Letter 2942-G/3302-E is effective August 25, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lewis".

Kenneth Lewis, Acting Director
Energy Division



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
Fax: 415.973.7226

July 24, 2008

Advice 2942-G/3302-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Add Two New Sites to Hazardous Substance Mechanism

Purpose

Pacific Gas & Electric Company (PG&E) hereby requests Commission approval to include two 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>
Burney Service Center	Burney, California
McDonald Island Underground Gas Storage Facility	Holt, 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 **August 13, 2008**, 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, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@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

Effective Date

PG&E requests that this advice filing become effective on **August 25, 2008**, which is 32 days after the date of filing.¹ This Advice Letter is submitted as a Tier 2 filing.

¹ The 30th day of the filing period concludes on a weekend. PG&E is hereby moving this date to the following business day.

Notice

In accordance with General Order 96-B, Section IV, 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. Approval letters should be sent to PG&E Tariffs at PGETariffs@pge.com. Advice letter filings can also be accessed electronically at:

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

A handwritten signature in cursive script that reads "Brian H. Cherry / D.C." The signature is written in black ink and is positioned centrally on the page.

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 (ID U39 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Daren Chan

Phone #: (415) 973-5361

E-mail: D1CT@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) #: **2942-G/3302-E**

Tier: 2

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

Keywords (choose from CPUC listing): HSM

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Resolution Required? Yes No

Requested effective date: **August 25, 2008**

No. of tariff sheets: N/A

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: N/A

Protests, dispositions, 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

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

jinj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

ATTACHMENT 1

Hazardous Substance Mechanism Site Descriptions

Site Name: Burney Service Center

Location: 20806 Black Ranch Road
Burney, California

Source, Nature, and Approximate Date of Contamination: Following a suspected leak in the hydraulic lift located in the central bay of the Burney Service Center garage, soil sampling performed in 1994 revealed that petroleum hydrocarbons were present in shallow soil in the lift area. No action was taken at the time. In February 2006, it was noticed that the hydraulic lift was not operating properly and that hydraulic oil was leaking into the concrete vault surrounding the lift. It was also discovered that the concrete vault contained water. An investigation performed in May 2007 found that petroleum hydrocarbons were present in soil and groundwater surrounding the lift.

Utility Operations at the Site: The Burney Service Center has been in operation since 1962 and is used for storing and distributing materials and equipment for the gas, electric, hydro, and northern gas operations work crews. This service center garage provides maintenance berths and storage for vehicle repair operations.

Environmental Agency Actions: Shasta County Environmental Health Division (Shasta County) was notified of the potential release. PG&E plans to seek oversight of investigation and remediation from the Central Valley Regional Water Quality Control Board.

Nature of Costs: The Burney Service Center cleanup 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: McDonald Island Underground Gas Storage Facility

Location: 8 miles west of Stockton on Highway 4
Holt, California

Source, Nature, and Approximate Date of Contamination: Natural gas containing the odorant mercaptan is injected into gas reservoirs beneath the McDonald Island Underground Gas Storage Facility. As part of this process, PG&E dehydrates and re-odorizes the gas as it is extracted from the underground reservoir. Odorant equipment includes tanks and piping systems.

In May 2008 the gas odorizing system at the facility was removed and replaced with an aboveground system. During the upgrade, it was discovered that a release of odorant into surrounding soils had occurred through a pinhole-size leak in the underground odorant piping system. Soil affected by the leak was excavated and covered with plastic pending its remediation and disposal. The quantity of the release and extent of the contamination is unknown. The pipeline that leaked had not been in use for several years.

Utility Operations at the Site: PG&E has operated the McDonald Island Underground Gas Storage Facility since the early 1960's. Compressed natural gas is delivered to this facility via interstate pipelines during low demand seasons and injected into the gas reservoirs beneath the site to meet the variable demand for gas. The facility performs all gas gathering facility functions including compression, dehydration, and odorization. In the process, the facility uses or generates lubricating oils, triethylene glycol, gas odorant, natural gas condensate, and gas pipeline liquids. PG&E owns the parcel where the leak was discovered.

Environmental Agency Actions: Upon discovery of the impacted soil, PG&E notified the San Joaquin County Health Department and the Office of Emergency Services. It was determined that the Regional Water Quality Control Board will act as the lead oversight agency for remediation of the site.

Nature of Costs: The McDonald Island Underground Gas Storage Facility clean-up 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-B, Section IV**

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PITCO
Anderson & Poole	Douglass & Liddell	PPL EnergyPlus, LLC
Arizona Public Service Company	Downey & Brand	Pinnacle CNG Company
BART	Duke Energy	Praxair
BP Energy Company	Duncan, Virgil E.	R. W. Beck & Associates
Barkovich & Yap, Inc.	Dutcher, John	RCS, Inc.
Bartle Wells Associates	Ellison Schneider & Harris LLP	RMC Lonestar
Blue Ridge Gas	Energy Management Services, LLC	Recon Research
Braun & Associates	FPL Energy Project Management, Inc.	SCD Energy Solutions
C & H Sugar Co.	Foster Farms	SCE
CA Bldg Industry Association	Foster, Wheeler, Martinez	SESCO
CAISO	Franciscan Mobilehome	SMUD
CLECA Law Office	G. A. Krause & Assoc.	SPURR
CSC Energy Services	GLJ Publications	Santa Fe Jets
California Cotton Ginners & Growers Assn	Goodin, MacBride, Squeri, Schlotz & Ritchie	Seattle City Light
California Energy Commission	Green Power Institute	Sempra Utilities
California League of Food Processors	Hanna & Morton	Sequoia Union HS Dist
California Public Utilities Commission	Heeg, Peggy A.	Sierra Pacific Power Company
California Water Company	Hitachi	Silicon Valley Power
Calpine	Hogan Manufacturing, Inc.	Smurfit Stone Container Corp
Cameron McKenna	Imperial Irrigation District	Southern California Edison Company
Cardinal Cogen	Innercite	St. Paul Assoc.
Casner, Steve	International Power Technology	Sunshine Design
Cerox	Intestate Gas Services, Inc.	Sutherland, Asbill & Brennan
Chamberlain, Eric	J. R. Wood, Inc.	TFS Energy
Chevron Company	JTM, Inc.	Tabors Caramanis & Associates
Chris, King	Los Angeles Dept of Water & Power	Tecogen, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	TransCanada
City of Palo Alto	MBMC, Inc.	Turlock Irrigation District
City of San Jose	MRW & Associates	U S Borax, Inc.
Clean Energy Fuels	Manatt Phelps Phillips	United Cogen

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

Coast Economic Consulting	Matthew V. Brady & Associates	Utility Cost Management
Commerce Energy	McKenzie & Associates	Utility Resource Network
Commercial Energy	Meek, Daniel W.	Utility Specialists
Constellation	Merced Irrigation District	Vandenberg Air Force
Constellation New Energy	Mirant	Verizon
Consumer Federation of California	Modesto Irrigation District	Wellhead Electric Company
Crossborder Energy	Morgan Stanley	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	Morrison & Foerster	White & Case
Day Carter Murphy	New United Motor Mfg., Inc.	eMeter Corporation
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	