

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 8, 2010

Advice Letter 3068-G/3566-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 3068-G/3566-E is effective December 30, 2009.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, 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

November 30, 2009

Advice 3068-G/3566-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 Preliminary Statement Part AN and Electric Preliminary Statement Part S, *Hazardous Substance*, 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:

| Site Name | Location |
|--|----------------------|
| EPC East Side Disposal Facility | Near Bakersfield, CA |
| Hunters Point Power Plant Shoreline and Sediment Areas | San Francisco, CA |

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 21, 2009**, which is 21 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 **December 30, 2009**, which is 30 days after the date of filing. This Advice Letter is submitted as a Tier 2 filing.

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.

* The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

Address changes and approval letters should be directed to e-mail 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 Cherry / mt".

Vice President - Regulatory Relations

Attachment – 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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3068-G/3566-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 AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? Yes No

Requested effective date: **December 30, 2009**

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 proposed¹: N/A

Pending advice letters that revise the same tariff sheets: 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
jnj@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

Site Name: EPC East Side Disposal Facility

Location: Round Mountain Road
15 miles northeast of Bakersfield, California

Source, Nature, and Approximate Date of Contamination: The Environmental Protection Corporation Eastside Disposal Facility (EPC) operated as a waste disposal facility from 1971 to 1985. In 1982, EPC received an interim permit from the California Department of Health Services (now DTSC) to manage hazardous waste. Subsequently, approximately 282 million gallons of industrial waste liquids, sludge, and solids was disposed in unlined impoundments at EPC. The permit was revoked when EPC could not comply with its financial and groundwater monitoring requirements. Site investigations since performed under DTSC oversight have determined that soil and shallow groundwater beneath the impoundments is contaminated.

Utility Operations at the Site: According to EPC records, PG&E disposed of rotary mud, tank bottom sediments, and other wastes at EPC from 1974 to 1985.

Environmental Agency Actions: In 1996 DTSC entered into an enforceable agreement with 12 responsible parties, including Chevron Environmental Management Company (Chevron) to investigate and cleanup EPC. In 2005 Chevron took the lead to prepare and implement a cleanup plan. A Remedial Action Plan was approved by DTSC on February 1, 2008. On September 30, 2009, Chevron sent a letter with a settlement offer for response costs to PG&E, as a de minimus potentially responsible party at EPC.

Nature of Costs: The 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 substance cleanup costs found appropriate for recovery in the Hazardous Substance Cleanup Cost Recovery Collaborative Report.

Site Name: Hunters Point Power Plant Shoreline and Sediment Areas

Location: 1000 Evans Avenue
San Francisco, California

Source, Nature, and Approximate Date of Contamination: Investigations conducted in 1997 and 2007-2008 indicate that contamination from historical operation of the Hunters Point Power Plant (HPPP) may have released metals and petroleum-related compounds to the shoreline area and sediments in the intake-water lagoon and adjacent San Francisco Bay areas.

Utility Operations at the Site: HPPP was operated by PG&E from 1930 until 2006 when it was permanently shut down. Power was generated using predominately Fuel Oil #6 and jet fuel, which were stored in tanks on the property, and natural gas, but other fuels were sometimes used. Site facilities including the power block that housed the steam generators and a jet turbine, nine above-ground storage tanks and various other ancillary structures and features have been dismantled as of 2008.

Environmental Agency Actions: PG&E entered into a voluntary cleanup agreement (VCA) with the Department of Toxic Substances Control (DTSC) as lead agency in 2007. The VCA includes the activities required to investigate and remediate the former power plant site including the shoreline area and sediments. A Remedial Investigation (RI) has been completed and has been approved by DTSC for the majority of the site (including samples taken for the shoreline and sediment areas *outside* the plant fence line). The next phase of sediment-related work required by DTSC under the VCA is an ecological risk assessment and feasibility study. If required, additional sediment and shoreline investigations will be conducted.

In D. 03-10-103 the CPUC adopted PG&E's (then) cost estimate for environmental decommissioning of HPPP which included bay sediment testing, and ordered that PG&E may seek recovery of future sediment remediation costs related to HPPP through the Hazardous Substance Mechanism or a future GRC. This HSM filing includes further required studies and remediation of the sediments and shoreline areas, which are located *outside* the fence line, including sediments in the intake and water transfer tunnels connecting the bay to the lagoon. The cost to remediate the power plant site *within* the plant fence line is included in PG&E's 2011 GRC NOI.

Nature of Costs: As discussed above, the additional investigation costs and any related future cleanup costs related to the Hunter Point Power Plant shoreline and sediment, for which PG&E is now 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 substance 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**

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|--|---|--|
| Aglet | Defense Energy Support Center | Occidental Energy Marketing, Inc. |
| Alcantar & Kahl | Department of Water Resources | OnGrid Solar |
| Ameresco | Department of the Army | Praxair |
| Anderson & Poole | Dept of General Services | R. W. Beck & Associates |
| Arizona Public Service Company | Division of Business Advisory Services | RCS, Inc. |
| BART | Douglas & Liddell | Recon Research |
| BP Energy Company | Douglass & Liddell | SCD Energy Solutions |
| Barkovich & Yap, Inc. | Downey & Brand | SCE |
| Bartle Wells Associates | Duke Energy | SMUD |
| C & H Sugar Co. | Dutcher, John | SPURR |
| CA Bldg Industry Association | Ellison Schneider & Harris LLP | Santa Fe Jets |
| CAISO | FPL Energy Project Management, Inc. | Seattle City Light |
| CLECA Law Office | Foster Farms | Sempra Utilities |
| CSC Energy Services | G. A. Krause & Assoc. | Sierra Pacific Power Company |
| California Cotton Ginners & Growers Assn | GLJ Publications | Silicon Valley Power |
| California Energy Commission | Goodin, MacBride, Squeri, Schlotz & Ritchie | Silo Energy LLC |
| California League of Food Processors | Green Power Institute | Southern California Edison Company |
| California Public Utilities Commission | Hanna & Morton | Sunshine Design |
| Calpine | International Power Technology | Sutherland, Asbill & Brennan |
| Cameron McKenna | Intestate Gas Services, Inc. | Tabors Caramanis & Associates |
| Casner, Steve | Los Angeles Dept of Water & Power | Tecogen, Inc. |
| Chamberlain, Eric | Luce, Forward, Hamilton & Scripps LLP | Tiger Natural Gas, Inc. |
| Chevron Company | MBMC, Inc. | Tioga Energy |
| Chris, King | MRW & Associates | TransCanada |
| City of Glendale | Manatt Phelps Phillips | Turlock Irrigation District |
| City of Palo Alto | Matthew V. Brady & Associates | U S Borax, Inc. |
| Clean Energy Fuels | McKenzie & Associates | United Cogen |
| Coast Economic Consulting | Merced Irrigation District | Utility Cost Management |
| Commerce Energy | Mirant | Utility Specialists |
| Commercial Energy | Modesto Irrigation District | Verizon |
| Consumer Federation of California | Morgan Stanley | Wellhead Electric Company |
| Crossborder Energy | Morrison & Foerster | Western Manufactured Housing Communities Association (WMA) |
| Davis Wright Tremaine LLP | New United Motor Mfg., Inc. | eMeter Corporation |
| Day Carter Murphy | Norris & Wong Associates | |
| | North Coast SolarResources | |