

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



February 22, 2005

Advice Letter 2608-G/2622-E

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

Subject: Addition of five new sites to the hazardous substance mechanism

Dear Ms de la Torre:

Advice Letter 2608-G/2622-E is effective March 16, 2005. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Director
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
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February 4, 2005

**Advice 2608-G/2622-E
(Pacific Gas and Electric Company ID U 39 M)**

Public Utilities Commission of the State of California

Subject: Adds Five New Sites to Hazardous Substance Mechanism

Purpose:

Pacific Gas & Electric Company (PG&E) hereby requests Commission approval to include three 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:

Site:

<u>Site Name</u>	<u>Location</u>
Hinkley Southwest Debris	Hinkley, California
Kettleman Old Plant A	Avenal, California
Cardoza Substation	Riverbank, California
Former Richmond Service Center	Richmond, California
Old Oakland Road Site	San Jose, California

Background

Decision 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, Decision 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.

In accordance with Decision 94-05-020, this advice letter shall be treated as a compliance filing under General Order 96-A for Commission approval within 40 days after the filing, **March 16, 2005**, if no protest letters are received. If protests are received, the Commission will either issue a resolution, or require the utility to file an application seeking inclusion of specified costs in the Hazardous Substance Mechanism.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 24, 2005**, 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:

IMC Branch Chief – Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E 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
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: RxDd@pge.com

Effective Date

PG&E requests that this advice filing become effective on regular notice, **March 16, 2005**, which is 40 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 (RxDd@gpe.com) at (415) 973-4716. Advice letter filings can also be accessed electronically at:

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

Handwritten signature of Brian Cherry in cursive script.

Director - Regulatory Relations

Attachments

Site Name: Hinkley Southwest Debris Site

Location: West side of Fairview Road and South of Community Blvd
Hinkley, California

Source, Nature, and Approximate Date of Contamination: Solid waste including oily rags and equipment filters was routinely generated during the operation of the Hinkley Compressor Station. Past practices included on-site disposal of solid waste from the early 1950s to the early to mid 1970s. In 2003, PG&E personnel familiar with historic operations at the facility reported that the possible location of one such debris site was on a 40-acre parcel located about 1000 feet southwest of the Hinkley Compressor Station. Chemical compounds thought to be present in the Hinkley Southwest Debris Site soils are primarily petroleum hydrocarbons. The report cited that chromium compounds were not disposed of at the debris site. Gaskets and other debris that appear to be from gas operations were found during a physical reconnaissance of the site in 2005.

Utility Operations at the Site: The Hinkley Southwest Debris Site is a 40-acre parcel owned by PG&E for operating gas transmission Line 314 installed in 1957. The Site is adjacent to the Hinkley Compressor Station.

Environmental Agency Actions: None to date. PG&E plans to characterize the nature and extent of soil contamination at this location and report the results to the Lahonton Regional Water Quality Control Board and other appropriate agencies as necessary.

Nature of Costs: The Hinkley Southwest Debris 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: Kettleman Old Plant A

Location: 34453 Plymouth Avenue
Avenal, California

Source, Nature, and Approximate Date of Contamination: Past practices at the Kettleman Compressor Station included on-site disposal of solid waste, typically from the 1950s through the mid 1980s. PG&E has recently identified the Old Plant A as an area of concern. Old Plant A was a compressor facility constructed in the 1920's on a portion of the current station property. The structure was demolished in the early 1980s, but a 13,000 square foot foundation and basement were left in place and the basement was later backfilled to grade level with soil. As a result of PG&E internal investigations, personnel familiar with historic operations at the facility have reported that the basement may contain debris from historic station operations and soil transported from the original unlined surface impoundments during the 1980s. PG&E initiated preliminary soil sampling and analysis in May 2004. Lead and chromium were found in some soil samples.

Utility Operations at the Site: The Kettleman Compressor Station is one of three compressor stations along PG&E's Line 300 gas transmission system which transports natural gas through a pipeline from the California-Arizona border to northern and central California. The Old Plant A site is located approximately one-quarter mile to the east of the current compressor building and evaporation ponds.

Environmental Agency Actions: None to date. A work plan for remediate the site will be submitted to Kings County Department of Environmental Health Services.

Nature of Costs: The Kettleman Old Plant A 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: Cardoza Substation

Location: Second and Sierra Streets
Riverbank, California

Source, Nature and Approximate Date of Contamination: An environmental site assessment and soil investigation were performed at the Cardoza Substation in late 2004 to determine whether contamination exists at the site. Petroleum hydrocarbons were found in samples taken from surface and shallow soils. There are no records of historic spills at the site.

Utility Operations at the Site: PG&E purchased the property in 1953 and built the Cardoza Substation in 1954. The distribution substation operated until 1996 when it was decommissioned. All above-ground station equipment was removed from the property except for a small building. The City of Riverbank is planning to acquire the property from PG&E.

Environmental Agency Actions: None at present. A work plan to remediate the site will be submitted to Stanislaus County Department of Environmental Resources.

Nature of Costs: The Cardoza Substation 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: Former Richmond Service Center

Location: 34th Street and Regatta Boulevard
Richmond, CA

Source, Nature and Approximate Date of Contamination: PG&E operated a service center at this location (formerly 3401 Seaver Street) from the mid 1950s through the mid 1980s. Soil sampling in 1984 by the California Department of Transportation as part of a property transaction revealed the presence of polychlorinated biphenyls (PCBs) at the site. The California Department of Health Services determined at the time that no remedial action was necessary. Petroleum hydrocarbons also have been found at the site.

Utility Operations at the Site: PG&E operations at the Former Richmond Service Center included district gas and electric field crew assembly and dispatch, storage of gas and electric equipment, overnight storage and light maintenance of crew vehicles, light repair of transformers, and office work. The service center was relocated in 1983 and the property was sold to the State of California in 1986.

Environmental Agency Actions: The Cal-EPA Department of Toxic Substances Control (DTSC) is the lead agency overseeing the redevelopment of a 10-acre property and the investigation of the presence of PCBs and petroleum hydrocarbons at and in the vicinity of the redevelopment. The property under redevelopment includes the former service center which is owned by Legacy Partners Commercial Inc. In December 2004, DTSC sent PG&E a request for information regarding its use of chemicals and any soil and groundwater sampling results for the former service center. In January 2005, DTSC sent a letter to Richmond Regatta, LLC, the site developer, requesting performance of additional investigation, a risk assessment, and groundwater remediation.

Nature of Costs: The Former Richmond Service Center 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: Old Oakland Road Site

Location: 1633 Oakland Road
San Jose, CA

Source, Nature and Approximate Date of Contamination: From 1964 until 2000 Markovitz and Fox Company operated a metal recycling facility at the site. Subsequently, during site redevelopment, soil sampling revealed the presence of petroleum hydrocarbons as well as polychlorinated biphenyls (PCBs), DDT (a pesticide), polynuclear aromatic hydrocarbons, and metals. Groundwater contaminants include petroleum hydrocarbons, metals and volatile organic compounds

Utility Operations at the Site: PG&E did not conduct utility operations at the site. The Old Oakland Road Site was owned and operated by the Markovitz and Fox Company, who contracted with PG&E from approximately 1964 through 1975 to recycle metal from scrap transformers and conductors.

Environmental Agency Actions: The site is being investigated and remediated under a Voluntary Cleanup Agreement between Mr. Markovitz and Mr. Fox, the site owners, and the Cal-EPA Department of Toxic Substances Control (DTSC). Soil and groundwater have been extensively sampled and DTSC has approved a Remedial Action Workplan for the site. Markovitz and Fox are seeking in excess of \$500,000 from PG&E for PCB-related investigation and cleanup costs.

Nature of Costs: The Old Oakland Road 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.

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

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