

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 10, 2013

Advice Letter 3345-G/4156-E

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

SUBJECT: ADD FIVE NEW SITES TO HAZARDOUS SUBSTANCE MECHANISM

Dear Mr. Cherry:

Advice Letter 3345-G/4156-E is effective as of January 4, 2013.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



December 5, 2012

Advice 3345-G/4156-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Add Five New Sites to Hazardous Substance Mechanism

Purpose

Pacific Gas and Electric Company (PG&E) hereby requests California Public Utilities Commission (Commission) approval to include five 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. PG&E has identified the following five facilities where historical operations included the storage and/or repair of utility equipment that may have contained mercury, PCBs, or other hazardous substances. PG&E plans to conduct environmental assessments at these sites to identify what steps are needed to protect worker safety, public health, and the environment.

Site Name	Location
Orland Office	810 Fourth Street, Orland, Glenn County
Swingle Junction Regulator Station	Howat Road, Davis, Yolo County
Chico Service Center	11239 Midway, Chico, Butte County
Milpitas Gas Terminal	66 Ranch Road, Milpitas, Santa Clara County
Rio Vista Service Center	410 Hwy 12 and Virginia Drive, Rio Vista, Solano County

In addition, PG&E intends to do similar investigations at the Willows and Marysville former manufactured gas plant (MGP) sites that have previously been approved for inclusion in HSM. Remediation for MGP waste has already been completed at both sites, and long-term monitoring and maintenance is ongoing. Although PG&E believes that no further action by the Commission is required to do additional clean-up at these sites, PG&E wanted to inform the Commission that these sites will now be part of PG&E's Facility Assessment Program.

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 letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than 21 days¹ after the date of this filing, which is **December 26, 2012**. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

¹ The 20-day protest period concludes on a holiday, therefore, PG&E is moving this date to the following business day.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

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

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter. (General Order 96-B, Section 7.4.) The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this advice filing become effective on **January 4, 2013**, 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. Address changes to the General Order 96-B service list and all electronic approvals should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs/>.

Brian Cherry /IG

Vice President – Regulatory Relations

cc: Robert Finkelstein - TURN (bfinkelstein@turn.org)

Attachment

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: Igor Grinberg

Phone #: (415) 973-8580

E-mail: ixg8@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) #: **3345-G/4156-E**

Tier: 2

Subject of AL: **Add Five New Sites to Hazardous Substance Mechanism**

Keywords (choose from CPUC listing): Compliance, Hazardous Waste

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

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

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: **January 4, 2013**

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

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 21¹ days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
E-mail: EDTariffUnit@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**

¹ The 20-day protest period concludes on a holiday, therefore, PG&E is moving this date to the following business day.

Site Name: Orland Office

Location: 810 Fourth Street, Orland, Glenn County.

Source, Nature, and Approximate Date of Contamination: An environmental assessment identified historical operations at PG&E's Orland Office that may have resulted in a release of mercury and/or other constituents of potential concern. The presence of mercury is believed to be attributable to the former repair of mercury-filled equipment, including manometers historically used to measure gas pressures. The exact date of the potential mercury release at this facility is unknown. However, since PG&E completed a Company-wide effort to remove mercury-filled meters and controls in 1991, we believe any encountered mercury release occurred before 1991.

Utility Operations at the Site: PG&E's Orland Office was constructed in the 1947 as an office and maintenance facility serving the northern Sacramento Valley. Site facilities include a vehicle yard and one building. A portion of the building was historically used as a Gas Transmission and Regulation meter repair shop. Mercury was used in some of the equipment that was repaired, and it is possible that there has been a historic release.

Environmental Agency Actions: No agency involvement to date.

Nature of Costs: The 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: Swingle Junction Regulator Station

Location: Howat Road, Davis, Yolo County.

Source, Nature, and Approximate Date of Contamination: In July 2012, liquid mercury was observed on the floor of the control building at Swingle Junction. The mercury is believed to be attributable to the former use of mercury-filled manometers, which were used to measure gas pressures. These manometers were removed prior to 1991.

Utility Operations at the Site: The Swingle Junction Gas Regulator Station was constructed in 1933 to support the operations of the gas transmission system and various associated facilities. Site facilities include an unmanned building used to house gas valve instrumentation and controls. Some of the control instrumentation historically contained mercury.

Environmental Agency Actions: No agency involvement to date.

Nature of Costs: The 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.

Due to the potential exposure of employees to mercury vapors, and to the potential for the spreading of mercury beyond the control room, emergency measures were employed to allow employees to continue to regulate gas line pressures in a safe manner while not spreading the impacted area. A vapor recovery system (comprising a negative pressure fan and carbon filtration to prevent a release of mercury to the environment) was installed to reduce mercury vapors in the breathing zone. Personal protective equipment was provided for workers who must access the control room to manage gas line pressures. Pursuant to the emergency provisions of the HSM Settlement Agreement (see D.94-05-020, App. A, pp. 11-12), PG&E is seeking cost recovery for emergency remedial measures (investigation and vapor recovery system) that have been put in place (up to a maximum of \$50,000), and for future cleanup activities.

Site Name: Chico Service Center

Location: 11239 Midway, Chico, Butte County.

Source, Nature, and Approximate Date of Contamination: The historic Gas Transmission and Regulation (T&R) Meter Repair Shop was located in a large room at the Chico Service Center that is currently used on a daily basis for materials storage, as a metal shop, and as an indoor welding area for the gas and electric crews that report to the service center. While the materials storage portion of this room was being remodeled in July, puddles of liquid mercury were encountered on the floor. The presence of mercury is believed to be attributable to the former repair of mercury-filled equipment, including manometers historically used to measure gas pressures. Mercury manometers were systematically removed prior to 1991.

Utility Operations at the Site: The Chico Service Center was constructed in 1964. The site comprises 29.5 acres, and is presently used by PG&E's Operations,

Maintenance and Construction, Fleet, and Warehouse Operations Departments to support the gas and electric service in the north Sacramento Valley. Site facilities include several buildings currently used for offices and warehousing, a garage, gas maintenance facilities, a welding shop, a hazardous waste storage building, and a vehicle yard. A portion of the welding shop was historically used as a Gas Transmission and Regulation meter repair shop. Mercury was historically used in some of the meters. In July 2012, mercury was encountered on the floor in the former meter repair shop.

Environmental Agency Actions: The Butte County Health Department is the lead agency overseeing the mercury cleanup at the Chico Service Center.

Nature of Costs: The 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.

As soon as the mercury was discovered, the area was cordoned off, employees were relocated, and remedial efforts were initiated. Due to the potential exposure of employees to mercury vapors, and to the potential for the spreading of mercury beyond the immediate area where it was encountered, an emergency cleanup was performed. Although the total cost of the cleanup was considerably more, PG&E is seeking \$50,000 in recovery costs under the emergency provisions of the HSM Settlement Agreement. (See D.94-05-020, App. A, pp. 11-12.)

Site Name: Milpitas Gas Terminal

Location: 66 Ranch Road, Milpitas, Santa Clara County.

Source, Nature, and Approximate Date of Contamination: An environmental assessment identified historical operations at PG&E's Milpitas Gas Terminal that may have resulted in a release of mercury and/or other constituents of potential concern. Mercury is known to have been used historically in the former instrument buildings, so it is possible that mercury has been released in this area. The exact date of the potential mercury release at this facility is unknown. However, since PG&E completed a Company-wide effort to remove mercury-filled meters and controls in 1991, we believe any encountered mercury release occurred before 1991.

Utility Operations at the Site: PG&E's Milpitas Gas Terminal was constructed in 1929, and serves as a gas terminal to collect gas from various pipeline sources and distribute it via gas pipelines to customers in the East Bay and San Francisco Peninsula. Site facilities include a control/administration/telecom building, a warehouse,

a gas chromatograph building, two former instrument buildings and a hazardous waste storage building.

Environmental Agency Actions: No agency involvement to date.

Nature of Costs: The 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: Rio Vista Service Center

Location: 410 Highway 12 and Virginia Drive, Rio Vista, Solano County.

Source, Nature, and Approximate Date of Contamination: An environmental site assessment identified historical operations at PG&E's Rio Vista Service Center that may have resulted in a release of mercury and/or other constituents of potential concern. The presence of mercury is believed to be attributable to the former repair of mercury-filled equipment, including manometers historically used to measure gas pressures. The exact date of the potential mercury release at this facility is unknown. However, since PG&E completed a Company-wide effort to remove mercury-filled meters and controls in 1991, we believe any encountered mercury release occurred before 1991.

Utility Operations at the Site: PG&E's Rio Vista Service Center comprises 5.5 acres. It was constructed in the early 1960s to support gas and electric operations and maintenance serving the San Joaquin Delta area. Site facilities include several buildings currently used for offices, shops, and warehousing. A portion of the facilities was historically used as a Gas Transmission and Regulation meter repair shop. Mercury was present in some of the equipment that was repaired, and it is possible that mercury was released in this area.

Environmental Agency Actions: No agency involvement to date.

Nature of Costs: The costs 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 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**

1st Light Energy	Department of General Services	Norris & Wong Associates
AT&T	Department of Water Resources	North America Power Partners
Alcantar & Kahl LLP	Dept of General Services	North Coast SolarResources
Ameresco	Douglass & Liddell	Occidental Energy Marketing, Inc.
Anderson & Poole	Downey & Brand	OnGrid Solar
BART	Duke Energy	PG&E
Barkovich & Yap, Inc.	Economic Sciences Corporation	Praxair
Bartle Wells Associates	Ellison Schneider & Harris LLP	R. W. Beck & Associates
Bloomberg	Foster Farms	RCS, Inc.
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SCD Energy Solutions
Boston Properties	GLJ Publications	SCE
Braun Blaising McLaughlin, P.C.	GenOn Energy Inc.	SMUD
Brookfield Renewable Power	GenOn Energy, Inc.	SPURR
CA Bldg Industry Association	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
CLECA Law Office	Green Power Institute	Seattle City Light
California Cotton Ginners & Growers Assn	Hanna & Morton	Sempra Utilities
California Energy Commission	Hitachi	Sierra Pacific Power Company
California League of Food Processors	In House Energy	Silicon Valley Power
California Public Utilities Commission	International Power Technology	Silo Energy LLC
Calpine	Intestate Gas Services, Inc.	Southern California Edison Company
Casner, Steve	Lawrence Berkeley National Lab	Spark Energy, L.P.
Cenergy Power	Los Angeles County Office of Education	Sun Light & Power
Center for Biological Diversity	Los Angeles Dept of Water & Power	Sunrun Inc.
Chris, King	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto Utilities	Manatt Phelps Phillips	Tecogen, Inc.
City of San Jose	Marin Energy Authority	Tiger Natural Gas, Inc.
City of Santa Rosa	McKenna Long & Aldridge LLP	TransCanada
Clean Energy Fuels	McKenzie & Associates	Turlock Irrigation District
Clean Power	Merced Irrigation District	United Cogen
Coast Economic Consulting	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
Consumer Federation of California	Morrison & Foerster	Verizon
Crossborder Energy	Morrison & Foerster LLP	Wellhead Electric Company
Davis Wright Tremaine LLP	NLine Energy, Inc.	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	NRG West	eMeter Corporation
Defense Energy Support Center	NaturEner	