

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

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

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
Tariffs Section	
M Brown	D Poster
R Dela 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 nd 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, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

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

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 "Bruce K. Anglin". The signature is fluid and cursive, with the last name "Anglin" being more prominent.

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 proposed¹: 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

jinj@cpuc.ca.gov and 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

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 2nd Street Tank Site

Location: 626 2nd 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 2nd 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
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Kahl
Ancillary Services Coalition
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 Texaco
Chevron USA Production Co.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services

Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynergy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
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.
Hitachi Global Storage Technologies
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
IUCG/Sunshine Design LLC
J. R. Wood, Inc
JTM, Inc
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Matthew V. Brady & Associates
Maynor, Donald H.
MBMC, Inc.
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
OnGrid Solar
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
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc
TFS Energy
Transcanada
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