

PUBLIC UTILITIES COMMISSION

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Copies ✓*

August 29, 2000

Advice Letter: 1481-E

RECEIVED
SEP 06 2000
D. A. FELLOWS

Mr. Don Fellows, Manager
Pricing Design and Tariffs
Southern California Edison Company
P O Box 800
Rosemead, CA 91770

Reference: Addition of the Pole and Cribwall Firewrap Removal to the hazardous substance cleanup cost recovery mechanism

Dear Mr. Fellows:

Advice Letter 1481-E is effective August 22, 2000. A copy of the advice letter is returned herewith for your records.

Sincerely,

Kevin P. Coughlan, Chief
IMC Branch
Energy Division

Filed: 8/22/00
Effective: 8/22/00

August 22, 2000

ADVICE 1481-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: **Addition of the Pole and Cribwall Firewrap Removal to the
Hazardous Substance Cleanup Cost Recovery Mechanism**

In compliance with Decision No. 94-05-020 (D.94-05-020), dated May 4, 1994, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

This advice filing revises SCE's Preliminary Statement, Part V, Hazardous Substance Cleanup Cost Recovery Mechanism (Mechanism), to add the Pole and Cribwall Firewrap Removal to the list of sites listed within Table A, Authorized Covered Sites, Section 2.d.

INFORMATION

D.94-05-020, among other things, authorized SCE to establish a mechanism relating to hazardous substance cleanup costs. On June 8, 1994, SCE filed Advice 1055-E-A, to establish Preliminary Statement, Part V, Hazardous Substance Cleanup Cost Recovery Mechanism. In D.94-05-020, the Hazardous Substance Cost Recovery Mechanism provided a methodology for allocating costs and related recoveries between SCE's ratepayers and shareholders associated with the cleanup of certain properties contaminated with hazardous substances. This methodology allowed that 90% of the cleanup costs would be assigned to utility ratepayers and 10% of the cleanup costs would be assigned to utility shareholders.

SCE has the option to add additional sites to the Mechanism under terms of the Hazardous Substance Cleanup Cost Recovery Collaborative Report submitted in

response to Decision No. 92-11-030 and the associated Settlement Agreement (Collaborative Settlement Agreement) adopted by the California Public Utilities Commission (Commission) in D.94-05-020.

This advice filing applies the Hazardous Substance Cleanup Cost Recovery Mechanism to that portion of System Cleanup and remediation costs subject to ratepayer liability between SCE's ratepayers and shareholders. SCE seeks to include the costs associated with the Pole and Cribwall Firewrap Removal in the Mechanism as a result determining that the firewrap material includes hazardous components.

BACKGROUND

In the 1960's and 70's, a small percentage of distribution and transmission poles, and crib walls¹ located in high fire areas were wrapped with a material to increase their resistance to burning. In addition, firewrap material was installed as part of new pole installation, generally on circuit rebuilds after fire damage, and as retrofit to existing poles in a systematic fashion in areas that were deemed to be high fire hazard, irrespective of pole age.

Application of firewrap materials consisted of first wrapping structures with a fiberglass matting material, and then painting or troweling on liquid material for consistency and heat resistance. Successive layers were then added until a substantial buildup of firewrap material was obtained.²

A distribution lineman inquired about the firewrap material with concerns of any hazardous components. As a result, several poles were immediately tested and found to contain greater than one percent asbestos, which exceeds the legal threshold for asbestos containing products. Any distribution and transmission circuits within high fire areas, or previous high fire areas were reviewed to determine if they had received a firewrap protective material. This initial review revealed about 2250 transmission and distribution poles and 60 transmission crib walls to have been firewrapped. Since then, approximately 500 poles have already been remediated, the remaining poles are listed in Attachments C and D.

Most of the firewrap material is presently in a deteriorated state. On many structures, the firewrap material that has fallen has (1) spread out around the base of the structures, and/or (2) become covered by soil. Because of the present deteriorated state and present environmental requirements, all asbestos containing firewrap material will be systematically removed from SCE poles and crib walls.

¹ Cribwalls are similar to retaining walls, which are located at the base of transmission towers where significant grade exists, including the potential for erosion of the surrounding earth.

² The product used to protect the poles has the trade name Fireplate and Fireplate 2.

The poles and crib walls will continue to be used for their originally intended purposes.

Pilot efforts to determine work scope, appropriate remediation methods, storage methods, and disposal methods have been completed. With these pilot efforts complete, efforts are under way to remove firewrap at a reasonably consistent rate. Removal efforts will take place in the following eight counties including: (1) Los Angeles County, (2) Orange County, (3) Riverside County, (4) San Bernardino County, (5) Ventura County, (6) Santa Barbara County, (7) Fresno County, and (8) Kern County. In many instances, the affected poles and all crib walls are located in remote areas on federal or state lands.

The California Environmental Protection Agency and the Office of Environmental Health Hazard Assessment have been notified, along with Angelus National Forest, Fish and Game, State Lands Commission, Regional Water Quality Control Boards and the US Forest Service/BLM.

The Collaborative Settlement Agreement requires that the following information be provided to the Commission in order to include an additional site in the Mechanism: (1) the name of the site; (2) the location of the site; (3) the source, nature, and approximate date of the contamination; (4) utility operations (historical and current) at the site, if any; and (5) environmental agency actions and oversight regarding the site, if any. Attachment B contains the relevant information for the Pole and Cribwall Firewrap Removal. In addition, Attachment C and D of this filing is a summary containing the circuit name, the city/county/park name, and the number of poles and cribwalls.

In addition, Decision No. 96-07-016, dated July 3, 1996, requires that a utility seeking recovery of hazardous waste cleanup costs through an advice letter filing demonstrate that: (1) cleanup 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 cleanup costs (including insurance costs) found appropriate for recovery in the Collaborative Report. SCE's current rate levels as adopted in recent regulatory proceedings, such as the General Rate Case and Performance Based Ratemaking proceedings, do not include recovery for hazardous substance cleanup costs and related insurance litigation costs associated with the Pole and Cribwall Firewrap Removal identified in this advice filing. Instead, these costs, net of applicable insurance recoveries, will be recovered pursuant to the Mechanism.

The Mechanism provides a methodology for allocating, between SCE's ratepayers and shareholders, costs and related recoveries associated with the cleanup of hazardous substances at contaminated covered properties. Upon the effective date of this advice filing, the hazardous substance cleanup costs, insurance litigation

costs, and insurance recoveries associated with the Pole and Cribwall Firewrap Removal will be accounted for using unique accounting codes which distinguish them from other routine operation and maintenance expenses and insurance receipts. Costs and recoveries recorded under these unique accounting codes will be reviewed internally by SCE on a monthly basis to ensure that they are appropriate for inclusion in the Mechanism, as defined on pages 4-7 of Appendix A in D.94-05-020, and are related to covered sites. These accounting procedures ensure that cleanup costs are captured correctly in the Mechanism and that these costs are not included for recovery in other regulatory proceedings. D.94-05-020 requires that costs and recoveries recorded under the Mechanism be reported to the Commission annually.

This advice filing will not increase or decrease any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

EFFECTIVE DATE

In accordance with the Collaborative Settlement Agreement, and GO 96-A, Part V, Section B, it is requested that this advice filing become effective upon filing.

NOTICE

Anyone wishing to protest this advice filing may do so by sending a letter via U.S. Mail, facsimile, or electronic mail, any of which may be received by no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Donald A. Fellows
Manager of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue, Rm. 303
Rosemead, California 91770
Facsimile (626) 302-4829
E-mail: fellowda@sce.com

Bruce Foster
Vice President of Regulatory Operations
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile (415) 673-1116
E-mail: fosterbc@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list, and Application 91-04-044. Address change requests to the attached GO 96-A Service List should be directed to Emelyn Lawler at (626) 302-3985 (Emelyn.Lawler@sce.com), or John Montanye at (626) 302-2308 (John.Montanye@sce.com).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters.

Southern California Edison Company

Donald A. Fellows, Jr.

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
Revised 27548-E	Preliminary Statement, Part V	Revised 27294-E
Revised 27549-E	Table of Contents	Revised 27487-E
Revised 27550-E	Table of Contents	Revised 27489-E

PRELIMINARY STATEMENT
(Continued)

V. Hazardous Substance Cleanup Cost Recovery Mechanism. (Continued)

2. Definitions. (Continued)

d. Covered Sites: (Continued)

Table A
Authorized Covered Sites (Continued)

<u>Covered Site</u>	<u>Authorization</u>	
Other Sites: (Continued)		
Rosen's Electrical Equipment Company	Adv. Ltr. 1100-E	
Alamitos Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Cool Water Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
El Segundo Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Etiwanda Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Huntington Beach Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Highgrove Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Long Beach Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Mandalay Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Ormond Beach Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Redondo Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
San Bernardino Generating Station	D. 94-05-020/Adv Ltr. 1128-E	
Alhambra Combined Facility	D. 94-05-020/Adv Ltr. 1240-E	
Ascon Landfill	D. 94-05-020/Adv Ltr. 1240-E	
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Mobil Smelting	D. 94-05-020/Adv Ltr. 1240-E	
Omega Chemical	D. 94-05-020/Adv Ltr. 1240-E	
Walker Properties	D. 94-05-020/Adv Ltr. 1240-E	
Fuel Oil Pipeline & Storage System	D. 94-05-020/Adv Ltr. 1385-E	
Quicksilver Products, Inc.	D. 94-05-020/Adv Ltr. 1458-E	
Jack Engle & Company	D. 94-05-020/Adv Ltr. 1458-E	
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AA. NOT IN USE

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ATTACHMENT B

Site Name: Southern California Edison Company (SCE) Pole and Cribwall Firewrap Removal

Location: The SCE Pole and Cribwall Firewrap Project includes approximately 2,250 transmission and distribution poles and 60 transmission cribwalls. Since then, approximately 500 poles have already been remediated, the remaining poles are listed in Attachments C and D. Removal efforts will take place in the following eight counties, including L.A. County, Orange County, Riverside County, San Bernardino County, Ventura County, Santa Barbara County, Fresno County, and Kern County. In many instances, the affected poles and all cribwalls are located in remote areas on federal or state lands.

Source, Nature, and Approximate Date of Contamination: In the 1960's and 70's, poles and cribwalls in high fire areas were wrapped with a material to increase their resistance to burning. In addition, firewrap material was installed as part of new pole installation, generally on circuit rebuilds after fire damage, and as retrofit to existing poles in a systematic fashion in areas that were deemed to be high fire hazard, irrespective of pole age. Firewrap materials from several poles were recently tested and found to contain greater than one percent asbestos, which exceeds the legal threshold for asbestos containing products.

Utility Operations (Historical and Current) At the Site: A small percentage of SCE's distribution and transmission poles, and cribwalls within high fire areas were reviewed to determine if they had received a firewrap protective material. This initial review revealed about 2,250 transmission and distribution poles and 60 transmission cribwalls to have been firewrapped. Since then, approximately 500 poles have already been remediated, the remaining poles are listed in Attachments C and D. Most of the material is presently in a deteriorated state. Also, on many structures, the firewrap material that has fallen has (1) spread out around the base of the structures, and/or (2) become covered by soil. Because of the present deteriorated state and present environmental requirements, all asbestos containing firewrap material will be systematically removed from SCE poles, crib walls, and surrounding soil. The poles and cribwalls will continue to be used for their originally intended purposes.

Environmental Agency Actions and Oversight: The California Environmental Protection Agency and the Office of Environmental Health Hazard Assessment have been notified, along with Angelus National Forest, Fish and Game, State Lands Commission, Regional Water Quality Control Boards and the US Forest Service/BLM.

**ATTACHMENT C
POLE FIREWRAP REMOVAL
CITY SUMMARY**

<i>CIRCUIT NAME</i>	<i>CITY NAME</i>	<i>NUMBER OF POLES TO BE REMEDIATED</i>
Cedar Pines	San Bernardino USFS	26
Control Silverpeak C 55 kV	San Bernardino USFS	3
Brydon	Angeles National Forest USFS	37
Padua-Layfair 66kV	Claremont/La Verne	12
Chilao	Angeles National Forest USFS	203
Gould-La Canada 66kV	La Canada Flintridge	13
Jarvis	Angeles National Forest USFS	82
Verdugo	Angeles National Forest USFS	27
Video	Angeles National Forest USFS	11
Maize	Chino Hills	27
Onbord	Covina	26
Club Oaks	San Bernardino Forest	72
Acres	Aliso/Wood Canyon Regional Park	19
Agate	Aliso/Wood Canyon Regional Park	18
Borrego-Moulton-Niguel 66kV	Aliso/Wood Canyon Regional Park	39
Fizz	Cleveland Forest USFS	114
Ranch	Cleveland Forest USFS	12
Santiago-Borrego-Morro 66kV	Laguna Coast Wilderness Park	42
Santiago-Crown-Morro 66kV	Crystal Cove State Park	119
Canal	San Bernardino Forest	45
Corsair	Hemet	13
Marvin	San Bernardino Forest	85
Mojado	Temecula	1
Stoneman	Lake Elsinore	9
Salt Creek	Sequoia National Park	43
Cachuma	Los Padres National Forest	89
Conception	Ventura County	6
Painted Cave	Ventura County	2
Big Rock	Ventura County	27
Coventry	Thousand Oaks	4
Gabbert	Ventura County	5
Galahad	Thousand Oaks	2
Maguire	Los Angeles County	49
Mulholland	Los Angeles County	3
Parkmore	Los Angeles County	6
Bouquet	Los Padres National Forest	53
Buckhorn	Val Verde/Piru	23
Lt Tujunga	Angeles National Forest USFS	9
Python	Angeles National Forest USFS	16
Tips	Ventura County	7
Veterans	Los Angeles County	19
Angus	Ventura County	9
Balcom	Ventura County	21

POLE FIREWRAP REMOVAL

CITY SUMMARY

<i>CIRCUIT NAME</i>	<i>CITY NAME</i>	<i>NUMBER OF POLES TO BE REMEDIATED</i>
Barrington	Ventura County	7
Damon	Ventura County	17
Grandad	Ventura County	88
Patricia	Los Padres National Forest	14
Petit	Ventura County	18
Red Mtn	Ventura City	27
Ricardo	Ventura City	4
Sexton	Ventura County	15
Thacher	Ventura County	40
<i>TOTAL POLES</i>		1678

**ATTACHMENT D
CRIBWALL FIREWRAP REMOVAL
CITY SUMMARY**

CIRCUIT NAME	CITY NAME	NUMBER OF CRIB WALLS TO BE REMEDIATED
Pardee-Vincent 220kv	Pardee	4
Chino-San Onofre 220 kV	Chino	6
Serrano Valley 500 kV	Serrano Valley	1
Goleta-Santa Clara	Goleta	9
Santa Clara -Tayshell	Santa Clara	4
Santa Clara-Carpinteria	Carpinteria	2
Santa Clara-Ojai-Santa Barbara	Santa Barbara	10
Moorpark-Pardee #1 220	Moorpark	4
Moorpark-Pardee #2 220	Moorpark	7
Moorpark-Santa Clara	Moorpark	3
Moorpark-Santa Clara # 1	Moorpark	1
Moorpark-Santa Clara 1&2	Moorpark	1
Pardee-Santa Clara	Santa Clara	5
Santa Clara-Colonia	Colonia	1
Santa Clara-Getty	Getty	3
Santa Clara-Saticoy	Saticoy	1
Saugus-Fillmore 66kv	Saugus	1
Saugus-Fillmore-Santa Clara-Wakefield	Santa Clara	3
Saugus-Santa Susana 66kv	Santa Susana	2
Santa Clara-Ojai	Ojai	6
TOTAL WALLS		74