

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



June 17, 2002

Advice Letter: 1629-E

Akbar Jazayeri
Director of Revenue and Tariffs
Southern California Edison Company
P O Box 800
Rosemead, CA 91770

JUN 19 2002
REVENUE & TARIFFS DEPT.

Reference: Addition of the Pebbly Beach generating facility site to the hazardous substance cleanup cost recovery mechanism

Dear Mr. Jazayeri:

Advice Letter 1629-E is effective July 20, 2002. A copy of the advice letter is included herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas Long".

Douglas Long
Energy Division

Filed: 6/10/02
Effective: 7/20/02

June 10, 2002

ADVICE 1629-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: **Addition of the Pebbly Beach Generating Facility Site to the
Hazardous Substance Cleanup Cost Recovery Mechanism**

In compliance with Decision 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 Pebbly Beach Generating Facility to the list of sites listed in Section 2.d within Table A of the tariff.

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 Commission established the Hazardous Substance Cost Recovery Mechanism which 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 90% of the cleanup costs to be assigned to utility ratepayers and 10% of the cleanup costs to 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 92-11-030 and the associated Settlement Agreement (Collaborative Settlement Agreement) adopted by the Commission in D.94-05-020.

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 Pebbly Beach Generating Facility Site.

In addition, Decision 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 litigation 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 Pebbly Beach Generating Facility Site 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 Pebbly Beach Generating Facility Site 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.

No cost information is required for this advice filing.

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 compliance with the Collaborative Settlement Agreement, this advice filing will become effective on the 40th calendar day after the date filed, which is July 20, 2002.

NOTICE

Anyone wishing to protest this advice filing may do so by letter which must be received by SCE 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 sent 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 to the attention of:

Akbar Jazayeri
Director of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue, Rm. 303
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: Emelyn.Lawler@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: Karyn.Gansecki@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. Address change requests to the attached GO 96-A service list should be directed to Emelyn Lawler at (626) 302-3985 or by electronic mail at Emelyn.Lawler@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.

For questions, please contact Bill Ostrander at (626) 302- 9464 or by electronic mail at William.Ostrander@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:eml
Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 31561-E	Preliminary Statement Part V	Revised 29878-E
Revised 31562-E	Table of Contents	Revised 31547-E
Revised 31563-E	Table of Contents	Revised 30563-E

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Other Sites: (Continued)		
Rosen's Electrical Equipment Company	Adv. Ltr. 1100-E	
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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	
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Ascon Landfill	D. 94-05-020/Adv Ltr. 1240-E	
Cameron-Yakima	D. 94-05-020/Adv Ltr. 1240-E	
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	
Pole and Cribwall Firewrap Removal	D. 94-05-020/Adv Ltr. 1481-E	
Gibson Environmental, Inc.	D. 94-05-020/Adv Ltr. 1567-E	
Southern California Edison General Office Complex	D. 94-05-020/Adv Ltr. 1567-E	
Pebbly Beach Generating Facility	D. 94-05-020/Adv Ltr. 1629-E	(N)

(Continued)

(To be inserted by utility)

Advice 1629-E
Decision 94-05-020

Issued by

John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jun 10, 2002
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Attachment B

Site Name: Pebbly Beach Generating Facility

Location: 1 Pebbly Beach Road, Avalon, Catalina Island
Land use in the immediate vicinity is commercial/industrial

Source, Nature, and Approximate Date of Contamination: Southern California Edison Company (SCE) has owned the property since 1962. The plant was purchased from the Avalon Public Service Company, a former utility. The Facility has six diesel-fired generating units with day tanks within each unit to hold the fuel, two 125,000 gallon above ground diesel fuel storage tanks, two switchyards, five above ground liquefied petroleum gas (LPG) storage tanks, an LPG vaporization system, garage for company vehicles, a desalinization plant, and an office building. The Facility services Catalina Island for its water, electricity and natural gas.

When SCE purchased two diesel above ground storage tanks from the Avalon Public Service Company in 1962, SCE discovered the two tanks had leaks, and those tanks were replaced in 1978. The newer tanks also have had leaks during the early 1990's and SCE took corrective action to treat those tanks with an epoxy coating and to bladder them.

SCE also replaced its piping system in 2002 at the Facility due to numerous leaks in the past since we bought the Site from the Avalon Public Service Company.

In April 2002 while trenching for a re-piping project near diesel unit #8, SCE discovered hydrocarbon liquid in the trench. Apparently the diesel units sit on a bed of gravel and clay on railroad ties. These locomotive type diesel engines tend to drip small amounts of diesel fuel underneath the engines onto the gravel. SCE is still investigating potential sources from these engines and the corrective actions appropriate for the cleanup.

Prior to 1986, SCE had its fuel delivered to the Site by Chevron barge. The lines transporting Chevron's fuel across SCE's site had developed leaks at various times. SCE had recently prepared a Site Assessment Report for the Regional Water Quality Control Board (RWQCB) due to findings of MTBE in SCE's desalination well at the Facility. The source of the MTBE is believed to have come from an old Chevron Gas Station adjacent to SCE's Facility. That report was submitted to the RWQCB on March 1, 2002. SCE is performing quarterly groundwater monitoring for MTBE as requested by the RWQCB.

Utility Operations (historical and current) At The Site: When Mr. Wrigley purchased Catalina Island in 1919, Avalon was receiving electrical power from a steam plant located in Fall Canyon on the outskirts of town. Wrigley had the twenty-year old steam engines augmented with several diesel-driven generators salvaged from WWI submarines. In 1976, SCE replaced these old engines with railroad locomotive-type diesel engines. There are six engines at the plant today. The old diesel aboveground storage tanks were replaced in 1978 with new ones.

SCE also has an LPG farm located at the plant. SCE is responsible for electrical distribution, the fresh water system, and natural gas delivery. SCE is responsible for all utility service on the island with the exception of the salt water system used for fire protection and toilet flushing which is operated by the City of Avalon.

Environmental Agency Actions and Oversight: RWQCB is the lead agency that has requested the Site Assessment work done at the Site as of August 2001. The RWQCB wants to address the regional MTBE issue. Chevron is currently conducting an extensive investigation/remediation on their property adjacent to SCE's Site. It is anticipated that the RWQCB will require certain remediation or further investigation to determine the presence and origin of hydrocarbon and MTBE contamination found at SCE's Site.