

Applicant presented evidence in support of the application through five witnesses, who sponsored six exhibits. The City of Camarillo, the Los Padres Chapter of the Sierra Club, the League of Women Voters of Ventura County and several individuals took the position Ormond Beach Units Nos. 1 and 2 may produce air pollutants in such quantities as to have a serious detrimental effect on the environment. The City of Camarillo called three witnesses, including the Air Pollution Control Engineer for Ventura County.

The Commission staff did not present any evidence but took an active part in developing the record through the cross-examination of witnesses.

Ormond Beach Generating Station Unit No. 1, rated at 750,000 kilowatts, is presently under construction pursuant to authority granted applicant by Decision No. 74004, dated April 16, 1968, in Application No. 49774.

Proposed Plant Addition (Unit No. 2)

Ormond Beach Generating Station Unit No. 2, as proposed, will be essentially an opposite hand duplicate of Unit No. 1 and will thus increase the total capacity of Ormond Beach Generating Station to 1,500,000 kilowatts based on turbine generator set ratings. Steam will be supplied by a single boiler at a throttle pressure of 3,500 lbs. per square inch and 1,000°F. with reheat to 1,000°F. The estimated heat rate at rated load is 9,122 Btu/Kwh when the boiler is fired with natural gas, and 8,709 Btu/Kwh when fired with fuel oil. The turbine-generator will be of tandem-compound design; its single shaft will rotate at 3,600 rpm and drive a direct coupled hydrogen-cooled generator.

The proposed new unit will be an outdoor type with centralized control facilities. Sea water will be used for cooling purposes. Natural gas will be burned for fuel, with provision for alternate burning of fuel oils. The power output is expected to be transmitted to applicant's interconnected system through two new 220-kv transmission circuits to be located on applicant's existing rights of way between Ormond Beach Generating Station and Moorpark Substation.

Applicant estimated the cost of constructing Unit No. 2, including general overheads, to be \$61,584,000, or \$82.11 per kilowatt. Certain items, such as land, improvements and service building, constructed as part of Unit No. 1, will be used and useful in the operation of Unit No. 2. If a proportionate share of the cost of these facilities is allocated to Unit No. 2, the cost per kilowatt for Unit No. 2 becomes approximately \$100. The total cost of the Ormond Beach Station after the completion of Units Nos. 1 and 2, is estimated to be \$156,483,000, or \$104.32 per kilowatt.

Applicant also developed a cost comparison of Ormond Beach Unit No. 2 with other units recently constructed or under construction which range in cost from approximately \$78 per kilowatt to \$133 per kilowatt.

Off-site capital costs attributable to the addition of Unit No. 2 are \$7,262,000 for transmission circuits and Moorpark Substation terminal facilities.

Applicant proposes to finance the construction of Unit No. 2 and related appurtenances from available funds or funds to be obtained through the sale of securities, application for the issuance of which will be filed with the Commission.

Applicant's estimated annual costs of operation for Unit No. 2 may be summarized as follows:

Expenses (Total - Unit No.2)*

Fuel (present price levels)	\$11,585,000
Other operation and maintenance ...	1,574,000
Depreciation	1,752,000
Income Taxes	1,517,000
Ad valorem taxes	1,513,000
Return (average)	2,407,000
Total	<u>20,348,000</u>

* Assumes operation at 62 percent capacity factor, using gas fuel 80 percent of the time and oil fuel 20 percent of the time.

Based on the foregoing assumptions, the estimated average cost per kilowatt-hour at the steam station for energy from Unit No. 2, not including allocation of facilities common to the other unit and assuming fuel at present price levels of 31.46 cents per million Btu, is 5.00 mils per kilowatt-hour. If a fuel cost of 50 cents per million Btu's is assumed, the estimated cost is stated to be 6.67 mils per kilowatt-hour. Details of these estimated costs and estimates of costs at varying capacity factors for Unit No. 2 and for the entire Ormond Beach Generating Station are contained in Exhibit No. 2.

Need for Proposed Addition

Applicant states that its net system peak demand has increased from 4,949,000 kilowatts in 1963 to 7,425,000 kilowatts in 1968. The evidence of record shows that, in order for applicant to meet future load growth and maintain reasonable reserve capacity, it will

be necessary to make timely additions to its generating capacity. As part of the planned capacity additions, for 1972 applicant selected a second unit for Ormond Beach Generating Station primarily because it is believed to be the most economic generating resource available within the time period it is expected to be needed as a firm resource for meeting system loads.

Air Pollution

In Decision No. 74004 granting applicant a certificate to construct Ormond Beach Generating Station Unit No. 1, we took official notice after submission of that matter of the fact that on March 12, 1968 the Board of Supervisors of Ventura County adopted a resolution, by a three to two vote, activating the Air Pollution Control District.

From said decision we quote:

"Applicant has demonstrated its ability to meet substantially the stringent air pollution control measures adopted in Los Angeles County and has applied the experience gained there in developing a combination of design features for the proposed Ormond Beach plant which are intended to minimize the effect of the proposed plant on the environment. It can reasonably be expected, therefore, that applicant would likewise meet any comparable air pollution control measures which may be placed in effect in Ventura County."

On the record herein the air pollution control engineer provided the following statement of policy position of the Ventura County Board of Supervisors, ex officio Air Pollution Control Board:

"In essence the Board's policy position is that Ventura County accepts the statement of the Southern California Edison Company that the equipment for controlling the emission of contaminants from Units 1 and 2 of the Ormond Beach Station will equal or exceed the requirements in the San Francisco and Los Angeles Pollution Control Districts.

"Furthermore, the company will be expected to conform with the rules and regulations of the District in this county including the necessary certification and performance when the generating units are in operation."

The attorney for the City of Camarillo conjectures that at some future time there may be a confrontation of the Ormond Beach Generating Station as an essential generating resource on the one hand and as a source of air pollutants on the other; as a possible outcome partial use or premature retirement of generating units could result with an attendant adverse economic impact upon applicant and its customers. Of course, conjecture along this line could be extended to cover other areas and other generating units not only in California but in other parts of the nation. When, as in this case, the project is not opposed by the air pollution control authorities, is needed and achieves substantial economies attendant to adding a second unit to an existing generating site, such conjecture is not persuasive.

Findings

The Commission finds that:

1. With the continuing growth in demand and energy requirements that applicant is experiencing, the generating capacity and transmission facilities proposed herein will be needed to adequately provide reliable and reasonable electric service.
2. The economics of the project as supported by the estimates presented are not unreasonable and are favorable upon comparison with applicant's other generating units recently constructed or under construction; such estimates reflect economies inherent in adding a second unit at the Ormond Beach Generating Station.

3. Applicant has the ability to finance and construct this project.

4. The Air Pollution Control Board of Ventura County is now functional and constitutes a proper forum for air pollution matters.

5. The Air Pollution Control Board of Ventura County accepts applicant's statement that the equipment for controlling the emission of contaminants from Units Nos. 1 and 2 of the Ormond Beach Generating Station will equal or exceed the requirements in the San Francisco and Los Angeles Air Pollution Control Districts and states further that applicant will be expected to conform with the rules and regulations of the Air Pollution Control District in Ventura County.

6. Present and future public convenience and necessity will require the construction and operation by applicant of Ormond Beach Steam Generating Unit No. 2 rated at approximately 750 megawatts, together with associated transmission lines and other appurtenances generally as described by applicant in this proceeding.

7. A substantial saving in accounting costs would be realized by applicant if it is allowed to file a cost report for Ormond Beach Steam Station Units Nos. 1 and 2 and associated transmission lines one year after Unit No. 2 is placed in commercial operation.

The certificate hereinafter granted shall be subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the state as the consideration for the issuance of such certificate of public convenience and necessity or right.

The action taken herein is for the issuance of a certificate of public convenience and necessity only and is not to be considered as indicative of amounts to be included in future proceedings for the purpose of determining just and reasonable rates.

The Commission concludes that the application should be granted in the manner set forth in the order which follows.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity is granted to Southern California Edison Company to construct and operate Unit No. 2 at its Ormond Beach Steam Station together with transmission lines and related equipment, facilities and appurtenances generally as described by applicant in this proceeding.
2. Southern California Edison Company shall file with this Commission detailed statements of the capital costs of Ormond Beach Steam Station Units Nos. 1 and 2, including associated transmission lines and other appurtenances, within one year following the date on which the Unit No. 2 is placed in commercial

