

Decision 84 02 090 February 16, 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA EDISON COMPANY for)
authority to establish a Major Additions)
Adjustment Clause, to implement a Major)
Additions Adjustment Billing Factor and)
an Annual Major Additions Rate to recover)
the costs of owning, operating, and)
maintaining San Onofre Nuclear Generating)
Station Unit No. 2, and to adjust down-)
ward net Energy Cost Adjustment Clause)
Rates to equal the increase in Major)
Additions Adjustment Clause Rate.)

Application 82-02-40
(Filed February 18, 1982;
amended December 1, 1982,
and October 4, 1983)

And related matters.)

Applications 83-10-36
82-03-63
83-10-12
83-11-19

ORDER GRANTING STAFF MOTION
LIMITING SCOPE OF FURTHER HEARINGS

On January 24, 1984, the Commission staff filed a motion seeking an Administrative Law Judge's ruling limiting the scope of further hearings regarding operation and maintenance (O&M) expenses for San Onofre Nuclear Generating Station Unit Nos. 2 & 3 (SONGS 2 & 3) for 1984. Staff proposes the adoption of a quasi-attrition allowance procedure, patterned after our procedure in major general rate cases, which would be added to the 1983 O&M expense adopted in Decision 83-09-007. We agree that the staff proposal is reasonable and we will adopt it.

As staff notes in its motion, we have previously adopted a methodology in which we have confidence and an estimate of 1983 expenses for SONGS 2. We simply do not see any useful purpose for relitigating the O&M issue. We are also impressed by the staff's argument that we would be setting a poor precedent for subsequent rate base addition cases if we were to allow relitigation of issues which have been once settled. Edison and SDG&E are encouraged to develop useful attrition and escalation allowances and leave settled issues behind.

While we adopt the staff's proposed limitation on further hearings regarding SONGS 2 & 3 O&M expenses, three issues need to be addressed.

First, the O&M expenses which we have adopted for 1983 and 1984 are adjustments to averages of 1982 recorded O&M expenses for similar nuclear plants. It is our understanding that 1983 recorded data for these similar plants will be filed with the Federal Energy Regulatory Commission and will be available in April or May of this year. Within the attrition allowance mechanism, should those data and other plant-specific information demonstrate substantial differences from the O&M expenses adopted for SONGS 2 and 3 for 1984, Edison and SDG&E should move to modify the 1984 allowance so that the 1984 allowance will provide for reasonable O&M expenses. We expect that both staff and Edison will use the 1983 recorded data in Edison's pending general rate case to estimate 1985 O&M for SONGS 2 and 3.

Second, both Edison and SDG&E argue that a 1984 attrition allowance for SONGS 3 is inappropriate since Decision 83-09-007 only adopted expenses for SONGS 2. We note on the other hand that the evidence proffered by the utilities for SONGS 3 by and large assumes identical operating experiences and expenses for that unit as for SONGS 2. In setting the 1984 O&M expense level for SONGS 3, we will begin with the 1984 O&M expense level adopted for SONGS 2. Parties are invited to present evidence related to specific differences between the two units which would result in different O&M expenses and which should be reflected in either the appropriate base expense or attrition expense amounts.

Third, SDG&E argues that it will not be fully compensated for billings by Edison related to a general home office overhead expense if the staff proposal is adopted. While we will adopt the staff proposal, it would be unconscionable to require SDG&E to pay these billings without hope of recompense. SDG&E will be permitted to prove the reasonableness of these billings, to prove their expected level and add the reasonable, forecasted level to their attrition allowance.

IT IS ORDERED that, subject to the above discussion, the staff motion to limit the scope of further hearings on SONGS 2 & 3 O&M expenses is granted. Evidence consistent with this opinion should be presented to the Commission in the imminent hearings.

Because of the urgency presented by the upcoming hearings, this order is effective today.

Dated February 16, 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

Commissioner Victor Calvo,
being necessarily absent, did
not participate

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Donovan, Executive Director

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