

Decision

84 04 052

APR 18 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)
 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 Downward Net Energy)
 Cost Adjustment Clause Rates to)
 Equal the Increase in Major Additions)
 Adjustment Clause Rates.)

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

(For appearances see D.83-09-007 and D.84-03-059.)

ORDER ON PETITION FOR MODIFICATION OF
ALJ'S RULING ON TARGET CAPACITY FACTOR

On March 26, 1984 Southern California Edison Company (Edison) filed a Petition for Modification of ALJ's Ruling on Target Capacity Factor. The Petition states that on March 6, 1984, the ALJ ruled that the scope of the Phase 1B hearings on target capacity factor (TCF) would not include the relitigation of the pros and cons of the need for a TCF, any change in the deadband range or any attempt to alter the TCF. On March 21, 1984, the ALJ modified his

March 6, 1984 ruling to allow testimony on those situations where it would be economically efficient and of benefit to ratepayers to operate SONGS at less than full capacity. Edison petitions the Commission to order further hearings in Phase 1B to consider the issue of the range of the deadband, and whether external factors related to system operating conditions should be considered as part of the TCF procedure.

Edison argues in its petition that the issue of a deadband was not litigated in Phase 1 of these proceedings and requests the opportunity to present testimony as to what constitutes "markedly superior or inferior performance". Edison also is requesting the opportunity to raise for Commission consideration in Phase 1B the issue of reasonable exceptions to the TCF when system operating conditions external to Unit 2 requires reduction or curtailment of SONGS 2 output for factors clearly outside the control of management. Edison argues that it would be unreasonable to penalize Edison pursuant to a plant specific performance incentive procedure when management does not have the ability to change or control the external factors influencing plant performance.

On April 2, 1984 San Diego Gas & Electric Company filed a similar petition concurring with Edison's request to modify the ALJ's ruling on the TCF.

After careful review of the specific points in the petition we will deny Edison's request for modification of the ALJ's ruling on TCF. In D.84-01-034, an order modifying D.83-09-007 and denying rehearing, we denied Edison's request for rehearing on the same issues. With respect to the deadband and extrinsic factors, D.84-01-034 stated:

"In setting these limits, the Commission has taken into consideration that factors both within the control of the plant operator and extrinsic to that operator, e.g., NRC directives relative to another plant, can influence plant capacity factor. To exempt

Edison from such extrinsic factors would necessitate recalculation of the deadband, to a level even higher than now set. We reiterate that extreme cases of extrinsic factors causing plant outages will, if necessary, be reviewable by this Commission on a case-by-case basis."

We are not persuaded that petitioner has presented us with any reason to modify the ALJ's ruling on TCF. Our determination of the deadband range and consideration of extrinsic factors must of necessity, at least in the early stages of operation, rely largely on regulatory judgement. We choose at this time in the proceeding to focus on the issue of stockholder risk through consideration of the cap, rather than through relitigation of the deadband issues or extrinsic considerations. However, we do recognize that perceptions of either the need for or the level of a cap may be related to perceptions of risk stemming from the operation of the deadband or the handling of extrinsic factors. The ALJ's decision to exclude relitigation of these latter issues does not preclude the Commission from exercising further judgement regarding them, based on the existence of a prior record, in the process of resolving the cap issue. The Commission may also desire in future cases to hear evidence on the above matters.

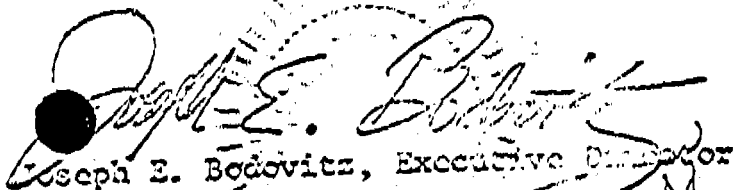
IT IS ORDERED that Southern California Edison Company's Petition for Modification of ALJ's Ruling of TCF is denied.

This order is effective today.

Dated April 18, 1984, at San Francisco, California.

Leonard M. Grimes, Jr.
President
Victor Caivo
Priscilla C. Grew
Donald Vial
William T. Bagley
Commissioners

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


Joseph E. Bedovitz, Executive Director

March 6, 1984 ruling to allow testimony on those situations where it would be economically efficient and of benefit to ratepayers to operate SONGS at less than full capacity. Edison petitions the Commission to order further hearings in Phase 1B to consider the issue of the range of the deadband, and whether external factors related to system operating conditions should be considered as part of the TCF procedure.

Edison argues in its petition that the issue of a deadband was not litigated in Phase 1 of these proceedings and requests the opportunity to present testimony as to what constitutes "markedly superior or inferior performance". Edison also is requesting the opportunity to raise for Commission consideration in Phase 1B the issue of reasonable exceptions to the TCF when system operating conditions external to Unit 2 requires reduction or curtailment of SONGS 2 output for factors clearly outside the control of management. Edison argues that it would be unreasonable to penalize Edison pursuant to a plant specific performance incentive procedure when management does not have the ability to change or control the external factors influencing plant performance.

After careful review of the specific points in the petition we will deny Edison's request for modification of the ALJ's ruling on TCF. In D.84-01-034, an order modifying D.83-09-007 and denying rehearing, we denied Edison's request for rehearing on the same issues. With respect to the deadband and extrinsic factors, D.84-01-034 stated:

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We are not persuaded that petitioner has presented us with any reason to modify the ALJ's ruling on TCF. Our determination of the deadband range and consideration of extrinsic factors must of necessity, at least in the early stages of operation, rely largely on regulatory judgement. We choose at this time in the proceeding to focus on the issue of stockholder risk through consideration of the cap, rather than through relitigation of the deadband issues or extrinsic considerations, however, we do recognize that perceptions of either the need for or the level of a cap may be related to perceptions of risk stemming from the operation of the deadband or the handling of extrinsic factors. The ALJ's decision to exclude relitigation of these latter issues does not preclude the Commission from exercising further judgement regarding them, based on the existence of a prior record, in the process of resolving the cap issue. The Commission may also desire in future cases to hear evidence on the above matters.

An immediate order on the petition requires that Rule 81.5 be waived in order not to unduly delay the current hearings relating to the issues raised in the petition.

IT IS ORDERED that Southern California Edison Company's Petition for Modification of ALJ's Ruling of TCP is denied.

This order is effective today.

Dated APR 18 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
FRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners