

Decision 88 09 064 SEP 28 1988

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
Mailed

In the Matter of the Application of)
Southern California Edison Company)
(U-338-E) for ex parte authorization)
to record in a memorandum account)
the costs associated with its)
Hazardous Waste Management Program)
at the Compton Service Center site)
in accordance with Decision No.)
87-12-066.)

SEP 29 1988

Application 88-06-052
(Filed June 24, 1988)

INTERIM OPINION

Summary of Decision

We authorize Southern California Edison Company (Edison) to record in an interim memorandum account up to \$711,000 in expenses related to its Hazardous Waste Management Program (HWMP) at the Compton Service Center site (Compton site).

Background

On June 24, 1988, Edison filed Application (A.) 88-06-052 requesting approval to record into a memorandum account \$711,000 in expenses associated with its HWMP at the Compton site in accordance with the procedure adopted in Edison's 1988 test year general rate case Decision (D.) 87-12-066. Edison requests ex parte treatment of this application.

D.87-12-066 adopted a procedure and guidelines for the funding of Edison's hazardous waste management costs. The decision required Edison to file an application for authorization to record in a memorandum account expenses for specific HWMP projects. According to D.87-12-066, the expenses recorded in the memorandum account could be recovered in rates in a subsequent Energy Cost Adjustment Clause or general rate case proceeding following a reasonableness review.

On July 22, 1988, the Division of Ratepayer Advocates (DRA) filed a protest to Edison's request for ex parte relief. DRA opposes ex parte treatment for this application for two reasons. First, DRA does not believe that the work at the Compton site qualifies for memorandum account treatment under the guidelines adopted in D.87-12-066. Second, the application addresses only a portion of the total cost of HWMP at the Compton site. DRA is concerned that the total cleanup costs at the site may be potentially much higher. Therefore, DRA requests a hearing in the application.

On August 15, 1988, Edison filed a motion requesting authorization to record in an interim memorandum account the expenses incurred for its HWMP at the Compton site.

A prehearing conference was held before Administrative Law Judge Garde on August 22, 1988. Evidentiary hearings are scheduled to begin on October 19, 1988. At the prehearing conference, DRA proposed certain terms and conditions for granting the interim relief requested by Edison. Edison did not oppose the terms and conditions proposed by DRA.

Edison's Request

Edison requests interim authority to record the expense-related HWMP at the Compton site. Edison believes that the granting of this authority removes any specter of retroactive ratemaking during the processing of the application, and provides Edison an opportunity to recover costs which it may be able to establish to be reasonable. According to Edison, upon completion of hearing and issuance of a final decision approving the application, costs incurred subsequent to the granting of authorization of recording expenses in the interim memorandum account will be subject to the same reasonableness review prior to the rate recovery as any other approved costs recorded in the memorandum account.

DRA's Position

While DRA believes that it is appropriate to allow Edison to record in an interim memorandum account expenses related to HWMP at the Compton site, it requests that the order granting interim relief contain the following terms and conditions:

- a. Edison may record in an interim memorandum account up to \$711,000 for costs associated with the Compton site cleanup.
- b. Authority to implement this account is effective on the date of this order. No costs or expenses paid or incurred prior to the date of this order shall be included in the account.
- c. All expenditures shall be consistent with the project documentation filed with the application, as supplemented by the discovery process.
- d. Costs recorded in the account shall be subject to subsequent reasonableness review, and shall not be placed into rates until after such review and so ordered by the Commission.
- e. Edison shall be authorized to accrue interest at the three-month commercial paper rate on the amounts booked in the interim memorandum account.
- f. The relief granted herein is interim in nature, and shall not be construed to indicate prejudgment of any issue in this case.

Discussion

Because of the prohibition against retroactive ratemaking, Edison will be able to recover only those expenses for HWMP at the Compton site which are incurred after the establishment of a Commission-approved memorandum account. Therefore, Edison's request to create an interim memorandum account is justified. Since Edison is currently incurring expenses at the

Compton site, it is necessary to establish an interim memorandum account to record those expenses prospectively.

We note that the terms and conditions proposed by DRA define the interim relief more precisely and are consistent with the guidelines adopted in D.86-12-066. Therefore, we will grant Edison interim relief subject to the terms and conditions proposed by DRA.

Findings of Fact

1. Edison filed A.88-06-052 requesting ex parte Commission approval to accrue in a memorandum account the expenses related to its HWMP at the Compton site.
2. On July 22, 1988, DRA filed a protest to Edison's request for ex parte relief.
3. Edison is currently incurring expenses for its HWMP at the Compton site.
4. On August 15, 1988, Edison filed a motion requesting authorization to record in an interim memorandum account the expenses incurred for its HWMP at the Compton site.
5. Edison will be able to recover only those expenses for HWMP at the Compton site which are incurred after the establishment of a Commission-approved memorandum account.
6. DRA supports the establishment of an interim memorandum account for Edison's HWMP at the Compton site provided the order granting interim relief contains certain terms and conditions.
7. Edison is not opposed to the terms and conditions proposed by DRA.

Conclusions of Law

1. Edison's request to establish an interim memorandum account to record expenses for its HWMP at the Compton site should be granted subject to the terms and conditions proposed by DRA.
2. This application should be made effective immediately.

INTERIM ORDER

IT IS ORDERED that Southern California Edison Company's (Edison) request to establish an interim memorandum account to record expenses for its Hazardous Waste Management Program (HWMP) is granted subject to the following terms and conditions:

- a. Edison may record in an interim memorandum account up to \$711,000 for costs associated with the HWMP at the Compton Service Center site.
- b. Authority to implement this memorandum account is effective on the date of this order. No costs or expenses paid or incurred prior to the date of this order shall be included in the account.
- c. All expenditures shall be consistent with the project documentation filed with the application, as supplemented by the discovery process.
- d. Costs recorded in the account shall be subject to subsequent reasonableness review, and shall not be placed into rates until after such review and so ordered by the Commission.
- e. Edison shall be authorized to accrue interest at the three-month commercial paper rate on the amounts booked in the interim memorandum account.

- f. The relief granted herein is interim in nature, and shall not be construed to indicate prejudgment of any issue in this case.

This order is effective today.

Dated SEP 28 1988, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

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

Victor Weiss

Victor Weiss, Executive Director

DRA's Position

While DRA believes that it is appropriate to allow Edison to record in an interim memorandum account expenses related to HWMP at the Compton site, it requests that the order granting interim relief contain the following terms and conditions:

- a. Edison may record in an interim memorandum account up to \$711,000 for costs associated with the Compton site cleanup.
- b. Authority to implement this account is effective on the date of this order. No costs or expenses paid or incurred prior to the date of this order shall be included in the account.
- c. All expenditures shall be consistent with the project documentation filed with the application, as supplemented by the discovery process.
- d. Costs recorded in the account shall be subject to subsequent reasonableness review, and shall not be placed into rates until after such review and so ordered by the Commission.
- e. Edison shall be authorized to accrue interest at the three-month commercial paper rate on the amounts booked in the interim memorandum account.
- f. The relief granted herein is interim in nature, and shall not be construed to indicate prejudgment of any issue in this case.

Discussion

Because of the prohibition against retroactive ratemaking, Edison will be unable to recover any of its currently incurred expenses for HWMP at the Compton site without the establishment of a Commission-approved memorandum account. Therefore, Edison's request to create an interim memorandum account is justified. Since Edison is currently incurring expenses at the

Compton site, it is necessary to establish an interim memorandum account to record those expenses prospectively.

We note that the terms and conditions proposed by DRA define the interim relief more precisely and are consistent with the guidelines adopted in D.86-12-066. Therefore, we will grant Edison interim relief subject to the terms and conditions proposed by DRA.

Findings of Fact

1. Edison filed A.88-06-052 requesting ex parte Commission approval to accrue in a memorandum account the expenses related to its HWMP at the Compton site.
2. On July 22, 1988, DRA filed a protest to Edison's request for ex parte relief.
3. Edison is currently incurring expenses for its HWMP at the Compton site.
4. On August 15, 1988, Edison filed a motion requesting authorization to record in an interim memorandum account the expenses incurred for its HWMP at the Compton site.
5. Edison will not be able to recover any of its currently incurred expenses for HWMP without the establishment of a Commission-approved interim memorandum account.
6. DRA supports the establishment of an interim memorandum account for Edison's HWMP at the Compton site provided the order granting interim relief contains certain terms and conditions.
7. Edison is not opposed to the terms and conditions proposed by DRA.

Conclusions of Law

1. Edison's request to establish an interim memorandum account to record expenses for its HWMP at the Compton site should be granted subject to the terms and conditions proposed by DRA.
2. This application should be made effective immediately.