

Decision 89 09 019 SEP 7 1989

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
SOUTHERN CALIFORNIA EDISON COMPANY )  
(U 338-E) for Authority to Increase )  
Rates Charged by it for Electric )  
Service. )

Application 86-12-047  
(Filed December 26, 1986)

Order Instituting Investigation )  
Into the Rates, Charges, and )  
Practices of the SOUTHERN )  
CALIFORNIA EDISON COMPANY. )

I.87-01-017  
(Filed January 14, 1987)

OPINION MODIFYING DECISIONS 89-01-039 and 87-12-066

Summary of Decision

This decision modifies the filing requirements for Southern California Edison Company's (Edison) reasonableness review applications for its hazardous waste management program.

Background

Decision (D.) 87-12-066 adopted, among other things, a procedure which allows Edison to book its hazardous waste management expenses in a memorandum account. D.87-12-066 requires Edison to file an annual report by January 1 of each year starting in 1989 describing its hazardous waste management activities during the previous calendar year as well as projected activities for the next 12 months. D.89-01-039 requires Edison to file a reasonableness review application for hazardous waste management expenses incurred during the previous year no later than 60 days after filing its annual report.

Edison's first reasonableness review application for its hazardous waste management expenses was due April 1, 1989. By letter dated February 21, 1989 Edison requested a one-year extension for this filing. On March 8, 1989 the Executive Director granted Edison a 60-day extension to either file its application or

a petition to modify D.89-01-039. Edison complied on May 15, 1989 by filing a petition which requests the application filing date be extended by one year because only \$224,825 were booked to the hazardous waste memorandum account during the previous year.

Along with its petition for an extension of time, Edison requests that it be required to file a reasonableness review application for its expenses only when the amount booked in the memorandum account exceeds \$3 million. However, if this threshold is not met Edison requests the option of making such a filing within 60 days after its annual hazardous waste management report is filed. Edison also proposes to indicate in its annual hazardous waste management report whether or not a reasonableness review application will be filed. Regardless of the memorandum account balance Edison states that it will file an application at least once every three years. In summary, Edison proposes the following procedure for its hazardous waste management program:

1. An annual hazardous waste management report filed on January 31 of each year will indicate whether or not a reasonableness review application for Edison's hazardous waste management expenses will be filed within 60 days.
2. If accumulated hazardous waste management expenses in the memorandum account are greater than or equal to \$3 million, a reasonableness review application for Edison's hazardous waste management expenses will be filed within 60 days of its annual hazardous waste management report.
3. If accumulated hazardous waste management expenses in the memorandum account are less than \$3 million, Edison will have the option of filing a reasonableness review application for its hazardous waste management expenses.
4. A reasonableness review application for Edison's hazardous waste management

expenditures will be filed at least once every three years.

No party filed a response to Edison's petition. However, in response to a similar petition by Southern California Gas Company (SoCal) in Application (A.) 87-06-021, the Division of Ratepayer Advocates (DRA) had no objection to SoCal's request for: (1) a one-year extension for the filing of its reasonableness review application for hazardous waste management expenses and (2) the establishment of a trigger mechanism for future applications.

#### Discussion

We agree with Edison that the requirements for filing an annual reasonableness review application for its hazardous waste management expenses should be modified, and we will discuss these changes below.

Edison proposes that a reasonableness review application only be required if the amount booked in its hazardous waste management memorandum account exceeds \$3 million. We agree that this proposal will reduce the number of proceedings and allow for a more efficient use of the Commission's and Edison's resources. Therefore, we will adopt Edison's trigger mechanism.

Additionally, we share Edison's concerns that extended delays in reviewing hazardous waste management expenses will make the review process more difficult. Accordingly, we will adopt Edison's proposal that reasonableness review applications be filed at least once every three years.

As to Edison's other proposed modifications, we believe no change is warranted because Edison has the option of filing an annual reasonableness review application, if justified. Likewise, the Commission can order such filings, when appropriate.

Finally, we will adopt Edison's proposal to indicate in its annual hazardous waste management report whether an application

for a reasonableness review will be filed within 60 days. This will allow the Commission staff to better schedule its work load.

Therefore, for reasons stated above, we will modify D.89-01-039 by adding the following ordering paragraphs:

If the amount booked into Edison's hazardous waste management memorandum account exceeds \$3 million on December 31st of the year for which the annual report is being filed, Edison shall file, within 60 days of filing its annual hazardous waste management report, a reasonableness review application for expenditures incurred during the previous year. Edison is not required to file a reasonableness review application prior to its 1990 annual report filing.

Edison shall file a reasonableness review application for its hazardous waste management expenditures at least once in three years.

Edison shall indicate, in its annual hazardous waste management report, whether it will file a reasonableness review application for hazardous waste management expenses within 60 days.

#### Findings of Fact

1. D.87-12-066 adopted, among other things, a procedure which allows Edison to book its hazardous waste management expenses in a memorandum account.
2. D.89-01-039 requires Edison to file an annual reasonableness review application for the expenditures booked into its hazardous waste management memorandum account within 60 days after the filing of its annual hazardous waste management report.
3. Edison requests modification of D.87-12-066 and D.89-01-039 to require mandatory reasonableness review applications only when the amount booked in the hazardous waste management memorandum account exceeds \$3 million.
4. Edison proposes to file a reasonableness review application for its hazardous waste management expenses at least once every three years.

5. Requiring Edison to file a reasonableness review application for the expenses booked in its hazardous waste management memorandum account only when they exceed \$3 million should result in an efficient use of the Commission's and Edison's resources.

6. Extended delays between the time hazardous waste management expenses are booked in the memorandum account and a reasonableness review of such expenses should make the review difficult to conduct.

7. A reasonableness review of Edison's hazardous waste management expenses at least once every three years would facilitate the reasonableness review process.

8. Edison proposes to indicate in its annual hazardous waste management report whether or not it will file a reasonableness review application within 60 days.

9. No party objected to Edison's proposal.

10. In A.87-06-021 SoCal proposed requirements for reasonableness review applications similar to those proposed in Edison's petition.

11. DRA supports SoCal's proposal.

#### Conclusion of Law

D.89-01-039 should be modified by adding the following ordering paragraphs:

If the amount booked into Edison's hazardous waste management memorandum account exceeds \$3 million on December 31st of the year for which the annual report is being filed, Edison shall file, within 60 days of filing its annual hazardous waste management report, a reasonableness review application for expenditures incurred during the previous year. Edison is not required to file a reasonableness review application prior to its 1990 annual report filing.

Edison shall file a reasonableness review application for its hazardous waste management expenditures at least once in three years.

Edison shall indicate, in its annual hazardous waste management report, whether it will file a reasonableness review application for hazardous waste management expenses within 60 days.

ORDER

IT IS ORDERED that the following ordering paragraphs are added to D.89-01-039:

5. If the amount booked into Edison's hazardous waste management memorandum account exceeds \$3 million on December 31st of the year for which the annual report is being filed, Edison shall file, within 60 days of filing its annual hazardous waste management report, a reasonableness review application for expenditures incurred during the previous year. Edison is not required to file a reasonableness review application prior to its 1990 annual report filing.
6. Edison shall file a reasonableness review application for its hazardous waste management expenditures at least once in three years.
7. Edison shall indicate, in its annual hazardous waste management report, whether it will file a reasonableness review application for hazardous waste management expenses within 60 days.

IT IS FURTHER ORDERED that the order in D.89-01-039, as modified above, is shown in full in the Appendix.

This order becomes effective 30 days from today.

Dated SEP 7 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. CHANIAN  
PATRICIA M. ECKERT  
Commissioners

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

*Wesley Franklin*

WESLEY FRANKLIN, Acting Executive Director

APPENDIX  
Page 1

For Order in D.89-01-039, as Modified Above

IT IS ORDERED that:

1. Conclusion of Law 8 in D.88-04-064 is modified as follows:

"Edison's petition to modify D.87-12-066 for nuclear fuel inventory and RD&D except for Appendix A should be denied. Edison should be authorized to recover an increase in NRC fees."

2. D.87-12-066 is modified to conform with the advice filing and reasonableness review procedures for hazardous waste expenditures adopted for Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company as discussed in the text of this decision.

3. Southern California Edison Company's petition to modify D.87-12-066 to reflect investments that exceed the \$80 million cost cap for the DC Expansion project in its MAAC balancing account is denied.

4. The third sentence in paragraph 3 on page 78 in D.87-12-066 is modified to read as follows:

"Should our subsequent cost-effectiveness review yield lower results, we will lower the DC Expansion cap adopted in this decision. No consideration will be given to increasing the cost cap as a result of this review."

5. If the amount booked into Edison's hazardous waste management memorandum account exceeds \$3 million on December 31st of the year for which the annual report is being filed, Edison shall file, within 60 days of filing its annual hazardous waste management report, a reasonableness review application for



APPENDIX  
Page 2

expenditures incurred during the previous year. Edison is not required to file a reasonableness review application prior to its 1990 annual report filing.

6. Edison shall file a reasonableness review application for its hazardous waste management expenditures at least once in three years.

7. Edison shall indicate, in its annual hazardous waste management report, whether it will file a reasonableness review application for hazardous waste management expenses within 60 days.

(END OF APPENDIX)

for a reasonableness review will be filed within 60 days. This will allow the Commission staff to better schedule its work load.

Therefore, for reasons stated above, we will modify D.89-01-039 by adding the following ordering paragraphs;

If the amount booked into Edison's hazardous waste management memorandum account exceeds \$3 million, Edison shall file, within 60 days of filing its annual hazardous waste management report, a reasonableness review application for expenditures incurred during the previous year. Edison is not required to file a reasonableness review application prior to its 1990 annual report filing.

Edison shall file a reasonableness review application for its hazardous waste management expenditures at least once in three years.

Edison shall indicate, in its annual hazardous waste management report, whether it will file a reasonableness review application for hazardous waste management expenses within 60 days.

#### Findings of Fact

1. D.87-12-066 adopted, among other things, a procedure which allows Edison to book its hazardous waste management expenses in a memorandum account.
2. D.89-01-039 requires Edison to file an annual reasonableness review application for the expenditures booked into its hazardous waste management memorandum account within 60 days after the filing of its annual hazardous waste management report.
3. Edison requests modification of D.87-12-066 and D.89-01-039 to require mandatory reasonableness review applications only when the amount booked in the hazardous waste management memorandum account exceeds \$3 million.
4. Edison proposes to file a reasonableness review application for its hazardous waste management expenses at least once every three years.

5. Requiring Edison to file a reasonableness review application for the expenses booked in its hazardous waste management memorandum account only when they exceed \$3 million should result in an efficient use of the Commission's and Edison's resources.

6. Extended delays between the time hazardous waste management expenses are booked in the memorandum account and a reasonableness review of such expenses should make the review difficult to conduct.

7. A reasonableness review of Edison's hazardous waste management expenses at least once every three years would facilitate the reasonableness review process.

8. Edison proposes to indicate in its annual hazardous waste management report whether or not it will file a reasonableness review application within 60 days.

9. No party objected to Edison's proposal.

10. In A.87-06-021 SoCal proposed requirements for reasonableness review applications similar to those proposed in Edison's petition.

11. DRA supports SoCal's proposal.

Conclusion of Law

D.89-01-039 should be modified by adding the following ordering paragraphs:

If the amount booked into Edison's hazardous waste management memorandum account exceeds \$3 million, Edison shall file, within 60 days of filing its annual hazardous waste management report, a reasonableness review application for expenditures incurred during the previous year. Edison is not required to file a reasonableness review application prior to its 1990 annual report filing.

Edison shall file a reasonableness review application for its hazardous waste management expenditures at least once in three years.

Edison shall indicate, in its annual hazardous waste management report, whether it will file a reasonableness review application for hazardous waste management expenses within 60 days.

ORDER

IT IS ORDERED that the following ordering paragraphs are added to D.89-01-039:

5. If the amount booked into Edison's hazardous waste management memorandum account exceeds \$3 million, Edison shall file, within 60 days of filing its annual hazardous waste management report, a reasonableness review application for expenditures incurred during the previous year. Edison is not required to file a reasonableness review application prior to its 1990 annual report filing.
6. Edison shall file a reasonableness review application for its hazardous waste management expenditures at least once in three years.
7. Edison shall indicate, in its annual hazardous waste management report, whether it will file a reasonableness review application for hazardous waste management expenses within 60 days.

APPENDIX  
Page 1

For Order in D.89-01-039, as Modified Above

IT IS ORDERED that:

1. Conclusion of Law 8 in D.88-04-064 is modified as follows:

"Edison's petition to modify D.87-12-066 for nuclear fuel inventory and RD&D except for Appendix A should be denied. Edison should be authorized to recover an increase in NRC fees."

2. D.87-12-066 is modified to conform with the advice filing and reasonableness review procedures for hazardous waste expenditures adopted for Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company as discussed in the text of this decision.

3. Southern California Edison Company's petition to modify D.87-12-066 to reflect investments that exceed the \$80 million cost cap for the DC Expansion project in its MAAC balancing account is denied.

4. The third sentence in paragraph 3 on page 78 in D.87-12-066 is modified to read as follows:

"Should our subsequent cost-effectiveness review yield lower results, we will lower the DC Expansion cap adopted in this decision. No consideration will be given to increasing the cost cap as a result of this review."

5. If the amount booked into Edison's hazardous waste management/memorandum account exceeds \$3 million, Edison shall file, within 60 days of filing its annual hazardous waste management report, a reasonableness review application for expenditures incurred during the previous year. Edison is not required to file a reasonableness review application prior to its 1990 annual report filing.

APPENDIX  
Page 2

6. Edison shall file a reasonableness review application for its hazardous waste management expenditures at least once in three years.

7. Edison shall indicate, in its annual hazardous waste management report, whether it will file a reasonableness review application for hazardous waste management expenses within 60 days.

(END OF APPENDIX)