

Decision 82 02 013 FEB - 4 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Southern California Edison)
Company for an Order authorizing)
it to sell an additional undivided)
co-tenancy interest in its San)
Onofre Nuclear Generating Station)
Units 2 and 3 and Common)
Facilities.)
_____)

Application 60916
(Filed September 17, 1981)

O P I N I O N

Southern California Edison Company (Edison) requests that the Commission authorize it to transfer an additional portion of its ownership interests in San Onofre Nuclear Generating Station (SONGS) Units 2 and 3 and in the SONGS common facilities, including accompanying easements and associated nuclear fuel to the City of Anaheim (Anaheim). Anaheim joins in this application.

Anaheim owns and operates an electric utility consisting of electric transmission and distribution facilities, and it owns an existing interest in Units 2 and 3. Anaheim purchases most of its electric capacity and most of its energy for resale and its own use from Edison under resale rates filed by Edison with the Federal Energy Regulatory Commission. Anaheim also purchases nonfirm energy from Nevada Power Company in the State of Nevada and from the Department of Energy, Western Area Power Administration. This energy is transmitted to Anaheim by Edison. The electric load served by Anaheim's electric utility is wholly within Edison's electric control area.

Edison now owns an undivided 80% cotenancy interest in SONGS Unit 1 and an undivided 76.55% cotenancy interest in Units 2 and 3. San Diego Gas & Electric Company owns an undivided 20% cotenancy interest in all three units. Anaheim now owns an undivided 1.66% cotenancy interest in Units 2 and 3 and an undivided 1.39% in the common facilities at the station. The City of Riverside (Riverside) owns an undivided 1.79% cotenancy interest in Units 2 and 3 and an undivided 1.49% cotenancy interest in the common facilities. Anaheim and Riverside purchased their existing interests in SONGS under Decision 88708 dated April 18, 1978, which authorized Edison to make the respective transfers of interest to the cities.

By a letter to Edison dated January 22, 1981, the general manager of Anaheim's Public Utilities Department inquired whether Edison would sell to Anaheim an additional interest in Units 2 and 3. Following discussions, Anaheim has offered to purchase from Edison, and Edison has agreed to sell to Anaheim, an additional undivided 1.5% cotenancy interest in Units 2 and 3; an additional undivided 1.25% cotenancy interest in the common facilities; and an additional undivided 1.5% cotenancy interest in the nuclear fuel associated with Units 2 and 3. Anaheim will continue to have no ownership interest in Unit 1.

Edison and Anaheim have entered into a letter agreement dated July 28, 1981 (Exhibit 1 to the application), which specifies the terms of the sale. The exact purchase price has not yet been determined, but it is estimated, as of September 1, 1981, to be \$53,205,178, determined in accordance with the letter agreement. Our review of the letter agreement indicates that its terms are fair and reasonable.

Our staff has reviewed Edison's operations relative to this application. It is the staff's position that approval of the transfer would not: (1) produce any significant impact upon Edison's ability to provide reliable electric service; (2) affect the underlying need that justifies Edison's participation in SONGS; or (3) tie up generation capacity in excess of Anaheim's needs.

Edison points out in the application that it is conducting an extensive construction program and is actively engaged in raising substantial amounts of external capital. Because Edison is not earning a cash return on its capital investment in Units 2 and 3, the generation of cash from internal sources to help fund its construction program has fallen below desirable levels. This condition is expected to continue until the revenue requirements associated with Edison's investment in Units 2 and 3 are reflected in customer rates. The proposed sale of an additional interest in Units 2 and 3 to Anaheim would provide Edison with additional cash and thus help ease Edison's external financing requirements.

We are of the opinion that Anaheim's ownership of an additional interest in Units 2 and 3 would not adversely affect Edison's ability to serve its electric customers in a safe and reliable manner. Regardless of whether Edison retains its present 76.55% undivided cotenancy interest in Units 2 and 3 and uses it to provide an additional portion of its electric capacity and energy requirements, the physical and operational aspects of Edison's and Anaheim's electric systems would remain substantially unchanged. The electric requirements imposed upon Edison's electric control area and the generating resources available within its electric control area to meet such requirements would not be altered in any way by the proposed transfer, which would not result in any change in the physical or operational aspects of SONGS. Because the capacity

and associated energy represented by the additional 1.5% interest in Units 2 and 3 to be transferred to Anaheim would be integrated with Edison's system and be used to serve all loads within Edison's electrical control area, including Anaheim's, Edison would not have to replace the capacity and associated energy.

The action taken shall not be construed to be a finding of the value of the property authorized to be transferred.

We find that:

1. A public hearing is not necessary.
2. Consummation of the sale as described in the application will not be adverse to the public interest.

We conclude that the application should be granted.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company (Edison) is authorized to transfer a portion of its ownership interests in SONGS Units 2 and 3 and associated common facilities, and a portion of its real property interests at SONGS to Anaheim, substantially as described in the application and attached exhibits.

2. Within 30 days after actual sale and transfer, Edison shall notify this Commission in writing of the date thereof.

3. Within 180 days after actual sale and transfer, Edison shall file with this Commission the final cost figures for property transferred.

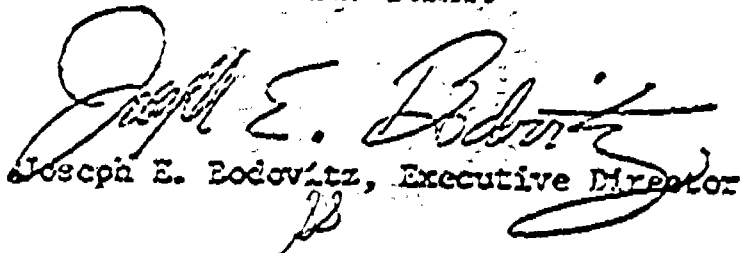
In the event the sale and transfer are not consummated within five years after the effective date of this order, the authority granted will expire.

This order becomes effective 30 days from today.

Dated FEB - 4 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

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


Joseph E. Bodovitz, Executive Director