

January 17, 2003

Docket Clerk
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

RE: R.02-11-039

Dear Docket Clerk:

Enclosed for filing with the Commission are the original and five copies of the **COMMENTS ON THE PROPOSED GENERATION MAINTENANCE PROGRAM BY SOUTHERN CALIFORNIA EDISON COMPANY** in the above-referenced proceeding.

We request that a copy of this document be file-stamped and returned for our records. A self-addressed, stamped envelope is enclosed for your convenience.

Your courtesy in this matter is appreciated.

Very truly yours,



Larry R. Cope

LRC:as:LW030140005.doc

Enclosures

cc: All Parties of Record
(U 338-E)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Rulemaking to implement the)	
provisions of Public Utilities Code)	R.02-11-039
§761.3 enacted by Chapter 19 of the)	
2001-02 Second Extraordinary)	
Legislative Session.)	

**COMMENTS ON THE PROPOSED GENERATION MAINTENANCE
PROGRAM BY SOUTHERN CALIFORNIA EDISON COMPANY**

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Dated: January 17, 2003

**COMMENTS ON THE PROPOSED GENERATION FACILITY STANDARDS
BY SOUTHERN CALIFORNIA EDISON**

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**COMMENTS ON THE PROPOSED GENERATION MAINTENANCE
PROGRAM BY SOUTHERN CALIFORNIA EDISON COMPANY**

Pursuant to Rule 14.5 of the Rules of Practice and Procedure of the Commission and pursuant to the December 10, 2002 Ruling of the Administrative Law Judge, Southern California Edison Company (SCE) hereby submits these comments on the Commission's proposed Generation Maintenance Program.

I.

SCE'S GENERATING FACILITIES

SCE owns and operates a number of generating facilities in California and outside California. SCE has an interest in two nuclear generating facilities. SCE is the majority owner and operator of the San Onofre Nuclear Generating Station ("SONGS"), located in northern San Diego County, California and is a minority owner in the Palo Verde Nuclear Generating Station, located outside of Phoenix, Arizona which has Arizona Public Service Company ("APS") as the majority owner and operator. SCE also is the majority owner and operator of the coal-fired Mohave Generating Station in Laughlin, Nevada and is a minority owner of the coal-fired Four Corners Coal Plant of which APS is the majority owner and operator. In

addition, SCE operates and maintains 36 hydro generating plants consisting of 79 generating units, 33 dams, 46 stream diversions, and 143 miles of tunnels, conduits, flumes, and flow lines. These hydro resources have an aggregate 1,156 MW of generating capacity. Most of the hydro units are operated under Federal Energy Regulatory Commission (“FERC”) licenses. The units were constructed over an extended period of time; some as early as 1893 and others as recently as 1999.

II.

COMMENTS ON THE PROPOSED GENERATION MAINTENANCE PROGRAM

A. General

Public Utilities Code Section 761.3 acknowledges that the operation and maintenance of many types of generating facilities are already subject to regulation by the Nuclear Regulatory Commission (“NRC”), the Federal Energy Regulatory Commission (“FERC”), and the California Independent System Operation (“CAISO”).

In that regard, the CPUC has properly exempted nuclear facilities from the Generation Maintenance Performance Standards and Assessment Guidelines since they are federally regulated and subject to standards developed by the NRC. Moreover, each of these nuclear facilities are members of the Institute of Nuclear Power Operations (“INPO”), an organization devoted to promoting the highest levels of safety and reliability for nuclear facilities.

Additionally, the CPUC must recognize that the proposed Generation Maintenance Performance Standards and Assessment Guidelines should not apply to federally licensed hydro-electric facilities. Those facilities must comply with federal reporting requirements similar to the reporting requirements of nuclear facilities. All FERC licensed hydro-electric facilities are subject to FERC exclusive

jurisdiction under Part I of the Federal Power Act (FPA). Part I of the FPA provides for FERC's licensing and inspection authority over the operation and maintenance of hydro projects. (Note that the standard license conditions are what FERC imposes on SCE's hydro but the authority comes from the FPA.)

As to SCE's other generation facilities, i.e. those not subject to NRC or FERC standards, SCE participated with the CAISO to develop outage scheduling protocols and maintenance standards. As the Commission implements this rulemaking, SCE believes the Outage Scheduling and Maintenance Protocols adopted by the CAISO should be utilized. Those Outage Scheduling Protocols were developed by a representative stakeholder committee consisting of experts from the IOU's, the Commission, the California Energy Commission, wholesale generators, environmental agencies, and the municipal utilities. SCE believes that the Commission should use these protocols as the basis for any Commission action in this rulemaking. All participants in the market who are subject to the CAISO protocols would be concerned if the rules adopted by the Commission in this rulemaking were inconsistent with the CAISO protocols.

B. Nuclear Powered Generating Facilities

Operation and maintenance of nuclear generating facilities is subject to the exclusive jurisdiction of the NRC. Acknowledging the exclusive nature of the NRC's jurisdiction, SB-39xx generally exempts nuclear facilities with the exception of limited reporting requirements. Specifically, SB-39xx requires nuclear facilities to submit annual maintenance schedules to the Commission and the Oversight Board, to report significant variations from that plan to the Oversight Board and the CAISO, to submit monthly reports of all planned and unplanned outages during the preceding month to the Commission and Oversight Board, and to provide daily reports of operational status and availability to the Oversight Board and the

CAISO. SB-39xx does not, however, attempt to regulate the manner in which a nuclear generating facility should be operated or maintained.

The CAISO Tariff and Outage Coordination Protocols already contain generator outage reporting requirements similar to those contemplated by the proposed Generation Maintenance Program. As a Participating Generator under the CAISO, SCE's San Onofre Nuclear Generating Station is required to submit to the CAISO, among other things, (a) an annual proposed maintenance plan updated quarterly each January, April, July and October, (b) written notification of any known changes to the outage plan, and (c) immediate notification of any forced outages.

Since the existing CAISO Tariff and Outage Coordination Protocol already address the reporting and notification requirements for nuclear generating facilities, SCE does not believe it is necessary or appropriate for the Commission to adopt another set of reporting requirements. SCE would propose that nuclear facilities comply with the requirements of SB-39xx and the Commission's proposed Generation Maintenance Program by simply submitting to the Commission and the Oversight Board the same information currently provided to the CAISO.

C. FERC-Licensed Hydroelectric Facilities.

Neither SB-39xx nor the proposed Generation Maintenance Program explicitly addresses FERC licensed hydroelectric projects. Nevertheless, the Commission should interpret the statute in a manner that results in fair non-redundant regulations while still achieving the objectives of the statute and of the Commission. SCE believes the application of the proposed Generation Maintenance Program to FERC licensed hydroelectric facilities must be limited to the same type of reporting and notification requirements applicable to nuclear plants in

recognition of FERC's exclusive jurisdiction under Part I of the Federal Power Act ("FPA").

It has long been recognized that Part I of the FPA extends exclusive jurisdiction to FERC in regulating FERC licensed hydroelectric projects. Part I of the FPA specifically grants FERC authority to regulate the operation and maintenance of hydroelectric projects through its licensing authority. Section 10(c) states that all licenses issued by FERC shall require the licensee to maintain the project in a condition of repair and for the efficient operation in the development and transmission of power. FERC licenses also require the licensee to make all necessary renewals and replacements. FERC also inspects licensed facilities to evaluate, among other things, the performance of the project and the quality and adequacy of maintenance of the project for the protection of public safety.

SCE requests the Commission to implement the Generation Maintenance Program in a manner that recognizes FERC's jurisdiction over the operation and maintenance of FERC licensed hydroelectric projects. The manner and type of standards guidelines included in the Generation Maintenance Program is overly broad and burdensome and would require a massive undertaking to comply, particularly when many of the facilities are less than 10MW and are already subject to FERC maintenance oversight.¹

To mandate the compliance with the Generation Maintenance Program for the dozens of FERC licensed hydro projects, including the many small facilities, is not only overly burdensome, but exceedingly costly, and in the end does not achieve the objectives of either SB-39xx or the Commission. SCE believes that the appropriate application of the Generation Maintenance Program for FERC licensed hydroelectric facilities must be limited to the type of notification and reporting

¹ 61% of SEC's hydro plants are less than 10MW.

requirements similar to nuclear generating facilities. SCE would provide the Commission and the Oversight Board the same outage planning information it currently provides the CAISO and any other information we provide pursuant to the CAISO Outage Coordination Protocol.

D. Other

SCE believes the Commission should take into account the unique operating characteristics and ownership interests of different generating plants in adopting the Generation Maintenance Program. Many electric generating plants have more than one owner and require unanimous agreement with respect to scheduling outages and operation and maintenance decisions. In addition, certain of SCE's generating units are multiple-owned, located out of state and subject to multiple state commission jurisdictions, thus not subject to SB-39xx or the Generation Maintenance Program.² The Commission's adoption of standards and guidelines in this rulemaking must take these circumstances into consideration and factor them into the final rulemaking.

In addition, SCE believes that the Commission must take into account the unique characteristics of different generating plants in adopting standards for conventional fossil and non FERC licensed hydroelectric generating facilities. The final Generation Maintenance Program needs to take into consideration the differences that exist between electric generating plants. For example, coal plant maintenance requirements vary substantially depending on fuel quality, fuel type, and fuel delivery systems. The type of maintenance program used for one coal facility may be totally unreasonable for another.

² See SB-39xx. Also Section 1(b) and page 3 under the Applicability section of the Generation Maintenance Performance Standards and Assessment Guidelines.

Finally, SCE already has obligations as to the scheduling of operation and maintenance of its facilities. In fact, SCE is subject to the CAISO's Tariff and Outage Coordination Protocol which requires a reporting regime similar to that contemplated by the Commission's proposed Generation Maintenance Program (i.e., annual proposed maintenance schedules; quarterly updates to those schedules; written notification of any known changes to the proposed maintenance schedules, and immediate notification of forced outages). Therefore, SCE believes operation and maintenance standards adopted for conventional fossil and non FERC licensed hydroelectric generating facilities must be established in the context of existing regulation, including operation and maintenance standards established by the CAISO and other regulatory entities such as the Western Electricity Coordinating Council. To the extent these generation facilities have already signed Participating Generation Agreements with CAISO, they are also subject to the CAISO Protocols regarding maintenance and the Commission must recognize these potential conflicts and adopt standards and guidelines that are consistent with the CAISO Protocols.

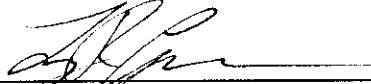
III.

CONCLUSION

For the reasons set forth herein, SCE urges the Commission to move forward with this rulemaking with care so as not to create problems and issues that either could or should be avoided. Nuclear units under NRC jurisdiction and hydro units operating under a FERC license must be exempted from the Generation Maintenance Program except for limited filing requirements and all other regulations must be broad enough to provide the necessary flexibility to meet the maintenance requirements of a diverse resource base which will include renewable resources.

Respectfully submitted,

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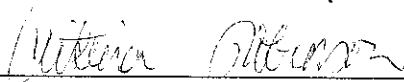
January 17, 2003

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of COMMENTS ON THE PROPOSED GENERATION MAINTENANCE PROGRAM BY SOUTHERN CALIFORNIA EDISON COMPANY on all parties identified on the attached service list. Service was effected by one or more means indicated below:

- Placing the copies in properly addressed sealed envelopes and depositing such envelopes in the United States mail with first-class postage prepaid (Via First Class Mail);
- Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand to the offices of each addressee (Via Courier);
- Transmitting the copies via facsimile, modem, or other electronic means (Via Electronic Means).

Executed this **17th day of January, 2003**, at Rosemead, California.



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