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# California Legislature

## Assembly Committee ON Utilities and Commerce

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FORTY-NINTH DISTRICT

January 26, 1987

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State Capitol  
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FEB 3 - 1987

William M. Bennett, Member  
State Board of Equalization  
SACRAMENTO

Hon. William Bennett  
Member, State Board of Equalization  
1020 "N" Street  
Sacramento CA 95814

Dear Mr. Bennett,

I am formally inviting you to participate in an oversight hearing of the Assembly Utilities & Commerce Committee on the current status of ratemaking for the Diablo Canyon Nuclear Powerplant. The Committee is interested in the procedural status of the reasonableness review, the costs of processing the case to date, the commission's and the parties' respective views on the applicable law and commission precedents, and lessons to be learned for the future processing of ratemaking proceedings for major construction projects. A specific set of Issues of Interest to the Committee is attached.

The hearing will be held on Monday, February 23, 1987 at 1:30 p.m. in Room 126 of the State Capitol. Please contact Bill Julian of my staff (916-445-4246) to coordinate your testimony. Thank you in advance for your assistance to the Committee.

Yours sincerely,

GWEN MOORE  
Chairwoman

GM:wj



## ISSUES OF INTEREST TO THE COMMITTEE

The purpose of this informational hearing is to get up-to-date information on the status of an important proceeding being conducted by the PUC, and to provide a basis for evaluating the PUC's procedures for deciding important issues in an adjudicatory setting.

The Committee is interested in determining what the applicable law is, what the applicable facts are, and where disputes over law and fact exist. The Committee is interested in the efficacy of PUC procedures in clarifying issues of law and fact, and resolving them in accordance with the public interest.

The following questions are intended to be illustrative of the Committee's interests.

1. What are the rules of decision applicable to the Diablo Canyon reasonableness review ?
  - (a) How do the PUC and the parties intend to apply AB 1776 (Sher, 1985), PU Code § 463 ?
  - (b) How do the PUC and the parties view the precedential effect of D.86-10-000 (SONGS reasonableness review) ?
  - (c) How do the parties and the commission define "reasonableness?"
  - (d) How do the parties and the commission allocate the burden of proof (risk of nonpersuasion) between applicant (PG & E) and public on the issue of reasonableness ? on the issue of cost causation ?
  
2. How have existing commission procedures functioned in the following areas:
  - (a) exchange of information among parties ?
  - (b) discovery of information in PG & E's possession ?
  - (c) clarification and resolution of factual issues, both disputed and undisputed ? (Where legal standards are in dispute, how does the commission determine materiality ?)
  - (d) simplification of factual issues, through stipulation, agreement, collateral estoppel, or summary disposition ?



(e) expediting introduction of evidence and creation of the factual record ?

3. How much has each party spent on the case to date ?

(a) Does the balancing account approach to PG & E's expenditures encourage overlitigation ?

(b) Will there be a "reasonableness review" of those costs to determine whether ratepayer reimbursement is appropriate ?

(c) What is the reason for limiting the public to a budget, while not treating PG & E similarly ?

(d) Should the commission, in a protracted proceeding like this one, consider periodic awards of intervenor compensation to help keep small parties afloat ?

4. What are the costs to PG & E of delay in concluding the reasonableness review ? What are the benefits ?

5. What are the costs of delay to ratepayers in processing the case ? What are the benefits ?

6. Under the current balancing account procedure (DCAA), who bears the risk of irresolution ? Who has the incentive to move the case ?

(a) To what extent is the complexity and protractedness of the proceeding related to conflict management and avoidance of rate shock ?

(b) To what extent is the complexity and protractedness of the proceeding buffered for