

BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

Application of Southern California Edison
(U338e) for authority to, among other things,
increase its authorized revenues for electric service
in 2012, and to reflect that increase in rates.
(filed November 23, 2010)

Application 10-11-015

PREHEARING CONFERENCE STATEMENT OF
THE ALLIANCE FOR NUCLEAR RESPONSIBILITY

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February 8, 2011

Pursuant to the Ruling issued on January 7, 2010, and Rule 7.2 of the Commission Rules of Practice and Procedure, the Alliance for Nuclear Responsibility "A4NR" hereby submits this Pre-Hearing Conference Statement and informs the Commission, the assigned Administrative Law Judge, and the parties that it wishes to participate in this proceeding. Although we reserve the right to raise additional issues as this proceeding goes forward, the primary issues that A4NR would like to see addressed in this proceeding are:

- Removal of all seismic and nuclear license renewal funding into a separate proceeding similar to PG&E's recent 10-01-014 and 10-01-022 applications
- SCE's identification of all seismic and license renewal costs related to San Onofre Nuclear Generating Station (SONGS) within multi-volumes of testimony in A.10-11-015
- Withholding ratepayer funding for any SONGS license renewal application related costs until completion and independent review of AB 1632 recommendations.

The Alliance for Nuclear Responsibility has been actively involved in PG&E's license renewal proceeding and will bring forth the same issues and concerns to any requests from SCE to recover costs towards an application to further SCE's San Onofre Nuclear Generating Station's (SONGS) license - including funding for AB 1632 seismic studies. The ruling in PG&E's license renewal case issued by ALJ Barnett on January 28, 2011 questions whether the Commission should deny PG&E's application at this time, absent the completion and independent peer review of the AB 1632 seismic studies. A4NR believes that absent completion and review of AB 1632's directives, the state will be placing ratepayers at risk for foreseeable seismic retrofits or early plant closure.

The implications of the Ruling issued on January 28, 2011 should be seriously considered in the Instant Application. Had A4NR filed a Protest and/or Prehearing

Testimony in Application 10-11-015 before this precedent setting decision, it would have been a wasted effort, both for A4NR the CPUC, and all parties involved.

Our opposition to SCE's license renewal/seismic funding is based on Energy Commission (CEC), Coastal Commission (CCC) and legislative actions beginning in 2005. The CPUC is aware of the state's seismic requests, yet A4NR believes this Commission wasted the time of all parties by failing to immediately return PG&E's License Renewal Application (A 10-01-022) as incomplete absent the full development and resolution of AB 1632 recommendations.

SCE and SDG&E should not be allowed to recover any costs related to license renewal until completion and review of AB 1632 updated seismic studies and mapping. This issue is the subject of ALJ Barnett's Ruling of January 28, 2011:

In reviewing the proposed settlement, I am of the opinion that it does not consider all of the issues raised in the June 23, 2010 Scoping Memo. More particularly, the Assigned Commissioner Scoping Memo says:

The most contentious issue raised at the PHC was whether the Commission should suspend consideration of this application until after PG&E completes the seismic studies recommended by the CEC. I am not prepared at this time to suspend consideration of this application pending completion of additional seismic studies, but I will permit evidence on this issue and make a recommendation to the Commission after submission.

The issues to be considered within the scope of this proceeding are: Should funding for PG&E's license renewal application be resolved before the seismic studies recommended by the CEC are completed?

Based on the Scoping Memo, I find that there remain two issues to be resolved in this proceeding which require a hearing:

Whether the settlement agreement should be adopted

Whether funding should be authorized before seismic studies are completed?

Now, therefore, good cause appearing, this application is set for hearing...”

The completion and review of the same seismic directives in AB 1632 for Diablo Canyon are valid for SONGS. And the CPUC should treat both aging reactors, located in seismically active coastal zones equally. SCE’s intimated that it would not file for license renewal absent completion and review of AB 1632 seismic recommendations. A4NR questions the sincerity of this assertion.

SONGS is located in a Zone 4 Seismic Environment -- according to SCE, “the highest category of seismic activity based on the Uniform Building Code” -- yet A4NR believes that due to a lack of active intervention and controversial seismic-related cost overruns, the Nuclear Regulatory Commission (NRC) did not require a Long Term Seismic Program for SONGS -- a condition of PG&E’s operating license.

A4NR’s concerns about the ratepayer risks of a premature license renewal for SONGS—absent completion and independent peer review of AB 1632—were supported in a letter sent by CPUC Chairman Peevey on June 25, 2009 to SCE Chairman and CEO Alan Fohrer. That letter clarified the CPUC’s position on the recommendations of their sister agency, the California Energy Commission (CEC) concluding:

Report on developments in SCE’s efforts to achieve and maintain a strong plant safety culture as well as the U.S. Nuclear Regulatory Commission’s evaluation of these efforts and of the overall plant performance. This must be documented before

SCE submits a license renewal application. SCE should also include in its documentation to the CPUC its responses to nuclear-related data requests and recommendations in future IEPRs including the requested safety culture information.

SCE is obligated to address the above itemized issues in assessing SCE's plant relicensing application for SONGS. This commission will not be able to adequately and appropriately exercise its authority to fund and oversee SONGS' license extension without these AB 1632 issues being fully developed and addressed.

As the CPUC is aware, it appears that rather than completing the seismic studies that were recommended by the CEC and confirmed by the CPUC, SCE, like PG&E, is watching to see if the state was sincere in its directive to complete such studies before granting ratepayer funding. A4NR also questions any funding that allows SCE to hire PG&E's seismic department to lead its AB 1632 studies and mapping. PG&E's seismic history does not inspire public confidence, and that history has already been documented via motions to take "official notice" filed in the PG&E case.

Headlines in the past year expounding the tragedies and costs of devastating earthquakes on the Pacific Rim (Humboldt, Haiti, Chile, Japan and Taiwan) should give the CPUC pause. These quakes appear to be a clear indication to the general public that the updated seismic data and 3D Reflective Mapping recommended by the CEC, and CCC, and supported by the state legislators must be the basis for determining whether or not it is in the ratepayers interest to fund further license renewal studies before completion of the state-required seismic review. Further, nearly three years after the earthquake at the Kashiwazaki-Kariwa nuclear complex in Japan, only 3 of 7 units have been restored to use at a cost of repairs/replacement power exceeding \$10 billion. As well, the Japanese are still conducting ongoing analysis of the failures and currently updating and upgrading all their nuclear seismic requirements as a result of lessons learned.

The CPUC must stop wasting ratepayer dollars for the convenience of investor owned utilities. The CPUC directed SCE to include all AB 1632 recommendations before

license renewal. While A4NR supports funding to complete these seismic studies, the state must review these studies before SCE files for a twenty year extension to operate SONGS. Ratepayers have no more money to waste on SCE's legal maneuvering than the state does.

The focus of the Nuclear Regulatory Commission (NRC) license renewal review is primarily age-related issues, yet is set to change. The NRC's draft Generic Environmental Impact Study (GEIS) for license renewal includes specific reference to the unique seismic situation of California's coastal reactors as not being "generic" but rather site-specific issues. However, these new GEIS guidelines will not take effect until 2013. Will California allow license renewals under dated environmental criteria? Currently, the NRC's scope is so narrow that new seismic information and the cancellation of Yucca Mountain as a permanent federal waste repository do not weigh into their process. This leaves it to California oversight agencies to ensure that Californians are not financially harmed or left without reliable services if SCE is allowed to produce and store highly radioactive waste within three miles of at least two major active earthquake faults for an additional twenty years.

CONCLUSION

The CPUC should remove funding decisions for seismic studies and license renewal costs from SCE's current GRC Application and relegate them to separate applications. While the funds requested pale in comparison the SCE's overall GRC request, in current difficult financial times ratepayers can ill-afford even what the utility may consider paltry increases. And ratepayer/consumer advocate resources, along with drastic budget restraints, may lead to an incomplete record and unsubstantiated ratepayer expenses that could result from geo-seismic updates.

A4NR intends to participate actively on issues of license renewal and seismic studies and mapping, and will begin discovery on a range of topics next week. We intend to participate in evidentiary hearings (if convened), and submit post-hearing briefs. Yet we cannot overstate our concern that SCE may be following PG&E's disregard of AB 1632

recommendations and could soon surprise this Commission with an after the fact funding request for license renewal costs once the utility has already filed for and NRC license renewal.

We repeat our April 14, 2010 statement at the Prehearing Conference for PG&E's application A. 10-01-022: All state directed seismic studies must be completed and reviewed before any funding goes forward for license renewal. California's coast is undergoing new seismic studies and recent quakes in Baja have increased concern. A4NR believes that the CPUC places SCE/SDG&E ratepayers at risk by funding SCE's license renewal requests proposed in General Rate Cases. History has demonstrated that unresolved seismic issues can result in billions in cost overruns.

Preserving the option of license renewal at ratepayer's expense, without fully addressing possible alternatives or seismic risks, is irresponsible in light of historic cost overruns and recent energy shortages due to inadequate planning.

Respectfully Submitted,

/s/

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