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January 15, 1992

Dr. Thomas E. Murley, Director
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852

Dear Tom:

My letters to you dated December 28, 1990 and July 10, 1991 forwarded for your information copies of cost-effectiveness evaluations of San Onofre Nuclear Generating Station Unit 1 (SONGS 1) which Southern California Edison (Edison) submitted to the California Public Utilities Commission in connection with our request for authorization to make the capital expenditures required to meet the commitments confirmed in the NRC's January 2, 1990 Order. I noted in each case that our evaluations continued to show that these expenditures were cost-effective over a broad range of possible future scenarios, and Edison therefore was proceeding with work required to support completion of most of the outstanding modifications during the refueling for Fuel Cycle 12.

While we vigorously supported the results of our evaluations with testimony and additional filings during extensive CPUC hearings, the Division of Ratepayer Advocates (DRA) within the CPUC staff has strongly opposed authorization of the additional expenditures. The bases stated for their opposition have included the conclusions that: SONGS 1 will not be able to operate at a significantly higher capacity factor in the future than during recent years, the rate of required modifications will continue at a high level notwithstanding issuance of the Full Term Operating License and completion of the work identified in the NRC Order, the steam generators will likely require replacement and no credit can be taken for possible extension of the operating license.

In view of the DRA opposition to authorization of the additional expenditures, Edison and DRA have agreed on the terms under which SONGS 1 operations would be discontinued when operation is no longer permitted by the NRC without completion of the associated modifications. This agreement will now be subject to further CPUC proceedings and will be reflected in the recommendation of the Administrative Law Judge to the

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Director

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commissioners. This process is expected to continue for several months before a CPUC decision concerning SONGS 1 is completed.

In the meantime, SONGS 1 continues operation in Fuel Cycle 11. As I discussed with you previously, we will propose to the NRC shortly a mid-cycle fuel shuffle in which previously discharged fuel is returned to the reactor core during this cycle. This fuel was discharged early when Fuel Cycle 10 was prematurely ended in order to replace the thermal shield supports. With this mid-cycle fuel shuffle, Fuel Cycle 11 is forecast to be completed in mid-1993.

I will continue to keep you informed concerning the deliberations of the CPUC concerning SONGS 1. If you have any questions, or if you would like additional information, please let me know.

Sincerely,



HBR:bam

cc: John B. Martin, USNRC Regional Administrator, Region V
George Kalman, NRR Project Manager