UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of	)	
	)	
PACIFIC GAS AND ELECTRIC COMPANY	)	Docket No. 50-133
	)	License No. DPR-7
(Humboldt Bay Power Plant, Unit No. 3)	)	
	)	

AFFIDAVIT OF MICHAEL R. SHERWOOD

MICHAEL R. SHERWOOD, being first duly sworn on oath, states:

1. I am one of the attorneys of record representing Intervenors in this proceeding.

2. Intervenors are also parties to the presently pending proceeding before the Public Utilities Commission of the State of California captioned:

> Application of Pacific Gas and Electric Company for authority, among other things, to increase its rates and charges for electric service (Electric) Application No. 58545
>
> Application of Pacific Gas and Electric Company for authority, among other things, to increase its rates and charges for gas service (Gas) Application No. 58546
>
> Investigation on the Commission's own motion into the electric resource plan and alternatives of Pacific Gas and Electric Company and the ratemaking implications and options relating to the various plans O.I.I. No. 26

Intervenors were represented in the said proceedings by William S. Curtiss (Esq.) of the Sierra Club Legal Defense Fund.

Mr. Curtiss has since transferred from the San Francisco to the Denver office of Sierra Club Legal Defense Fund.

3. The attached 22 pages are true and correct copies of pages excerpted from the record of the said California PUC proceedings. Specifically, the attached items are:

a) Pages 3286-3287 and 3294-3297 of the Reporter's Transcript of Hearing (found in Volume 35), before PUC Administrative Law Judge Marcel J. Gagnon, a portion of the record of the testimony on cross-examination of Roy Davis, called as a witness by PG&E on June 7, 1979. The examination was conducted by James S. Rood, attorney for the California Public Utilities Commission. William H. Edwards, Esq. represented PG&E; William S. Curtiss, Esq. represented Intervenors.

b) Pages 3464-3465 and 3487-3489 of the same Reporter's Transcript of Hearing (found in Volume 36), a portion of the record of the testimony on cross-examination of James O. Schuyler, called as a witness by PG&E on June 12, 1979. This examination was also conducted by James S. Rood, attorney for the California Public Utilities Commission. William H. Edwards represented PG&E.

c) Cover and pages 5-7 of the Prepared Rebuttal Testimony of James O. Schuyler, a part of PG&E's Exhibit No. 77, admitted on June 7, 1979.

d) Cover and pages 1-3 of Humboldt Bay Unit No 3, Testimony of Roy Davis, admitted on June 7, 1979 as PG&E's Exhibit No. 79.

e) Cover and pages 13-14 of PG&E Electric Depart-

ment, Comparison Exhibit, dated June 1, 1979, admitted on June 13, 1979 as PG&E's Exhibit No. 89.

Dated: October 16, 1979, San Francisco, California.

Michael R. Sherwood
MICHAEL R. SHERWOOD

Subscribed and sworn to before me this 16th day of October, 1979.

Richard M Rogers
Notary Public, City and County of San Francisco, California

1320 019

MR. ROOD: All right.

Let me move to another area.

Q Mr. Davis, would you refer to page 4 of your testimony.

At the top you state:

> "If it is determined Unit 3 cannot be returned to operation, the Commission will determine how PG&E will be fully compensated for net plant investment and the balance in the account."

Now, are you suggesting that the Commission should issue an order so that PG&E will recover all of its costs on the Humboldt nuclear facility, if the plant should have to shut down permanently?

A Yes, I believe that's the import of my testimony.

Q Why do you think these costs should be recovered if Humboldt never reopens?

A There are unrecovered capital costs. It was a productive plant. We used the best estimates of depreciation allowances. If they were not adequate to cover the cost by the time it shuts down there would be some unrecovered capital costs which have served the customers over a period of time.

Consequently, it would seem equitable to me that these costs would have to be covered by the ratepayers.

Q Why do you think the Commission should make a judgment at this time, in other words, prejudge these issues in this decision?

MR. EDWARDS: Prejudge what issues?

MR. ROOD: The recovery issues the witness just brought up.

MR. EDWARDS: The witness has testified that he believes that the Commission should order recovery if necessary based upon the facts, the fact that it was used and useful.

Now I don't see that there is any controversy over that. The plant did operate. So that is all he is testifying to.

MR. ROOD: The problem is the if necessary.

The staff feels that the Commission should not issue an order in this proceeding which will allow for future recovery of this money if it appears that the plant never will reopen without some investigation into the reasonableness of this order.

That is my question.

Q Why is this reasonable?

A I would certainly concur that there would have to be a hearing on how the proper rate-making treatment would be for any plant that was insufficient -- that had unrecovered capital costs.

Q I would like to move to another area, Mr. Davis, your testimony regarding Mendocino in Exhibit 77.

///

the supervision of Mr. Schyuler?

A Mr. Schyuler is fully aware of what is happening, as I understand it, with hearings before the Nuclear Regulatory Commission.

Q All right, sir, with respect to Exhibit 79 and your testimony at Page 1, Lines 18 through 20, and I will quote from those --

A What page, sir?

Q Page 1, quote:

> "PG&E believes that the revenue requirements for the unit based on capital in service as of 12/31/78, should be borne by current rate-payers."

In plain language, Mr. Davis, what does that mean?

A This means that we are seeking to have the Humboldt Plant included as part of the rate base on which we are entitled to earn at the capital cost accounts as of 12/31/78, along with any maintenance and operating costs that are incurred on site, property taxes and income tax ramifications, or income tax expenses associated with that plant.

Q Do you know, Mr. Davis, what the capital in-service amount is as of 12/31/78?

A The depreciated cost is approximately $16 million.

Q Can you tell me, sir, what portion of that $16 million represents investments in the plant that PG&E has made since the plant was shut down in 1976?

A Not specifically, but it isn't an appreciable amount. It may be three to five-million dollars, as a ball park.

There have been additional expenditures since the beginning of -- there have been expenditures, but they are not included in this figure.

They are being carried as construction work in progress, and are not part of what we are recommending to be included in this case.

Q Do you know what the expenses are that are so being carried as construction work in progress?

A On the order of twenty-plus-million dollars.

Q Twenty-plus million?

A Twenty-two million may be a good round number.

That is what was anticipated to be in 1980, and we aren't making appreciable expenditures today.

Q Let's get back to the 16 million for a moment.

If your application is approved as requested, what annually will be the revenue to PG&E if the rate of return as requested is approved, and this 16 million is included in rate base, in round figures?

THE WITNESS: May I have the question again?

ALJ GAGNON: Read the question, please, Miss Reporter.

(Record read)

THE WITNESS: We are seeking a 10.7-percent return on investment, which is to cover bonds, preferred and common equity.

16 million times 10. -- 10 percent would be just a little more than 1.6 million of net revenue covering bonds, preferred, common.

MR. CURTISS: Q Thank you. Am I to understand from your testimony a moment ago that with the amounts that are now being considered as construction work in progress,

plus the amounts of the 16 million that have been spent which are under consideration for inclusion in the rate base, that PG&E has spent somewhere between twenty-five and twenty-eight million dollars on the Humboldt Plant since it was shut down in 1976?

A No.

MR. EDWARDS: Objection. There is an assumption in the question that is incorrect.

Well, maybe I will just let the witness -- I will let the witness --

THE WITNESS: 16 million was net investment of the plant, net investment being what it cost us originally to build the plant, additions up until December 31st, '78, less the depreciation that had accrued for this plant.

/

The $22 million is the amount that we have spent basically since it was shut down.

MR. CURTISS: Q All right.

So $22 million approximately is the total expenditures that PG&E has made since the plant was shut down on Unit 3?

A Yes.

Q Now, was it at your suggestion, Mr. Davis, that PG&E has asked that this $16 million be included in rate base?

What I am asking is whether as part of your job duties as a PG&E employee do you recommend that this be included in rate base?

A I so recommended, but others participated in that decision.

ALJ GAGNON: Maybe we should have it clarified.

As I understand it, it is now in the rate base, is it not?

THE WITNESS: It is in the rate base on a recorded basis. It was in the rate base for our '78 test year.

We propose to continue it in 1980.

ALJ GAGNON: Mr. Curtiss, it is now in the rate base. The issue arises because the staff is saying that it should be excluded.

MR. CURTISS: I understand. Thank you, your Honor.

Q Would you recommendation be changed, Mr. Davis, if you were certain that the plant would never reopen?

A I would certainly have to reevaluate if I were certain that the plant would never be operative and develop a proposal as to how it should be handled.

those studies would bring up to a successful completion.

Q When do you anticipate at this point that all of these studies will be completed?

A This is a moving target because as you gather more data you find additional studies need to be made.

In my opinion, the studies cannot be completed until at the very earliest late 1980.

Q You stated it was a moving target.

I take it the target is moving away rather than towards you?

A It's moving in both directions. Some data confirms data that you have already taken. Other data says that, gee, I should go take -- drill us another hole here.

Q Now, you just stated I think that the present target is the end of 1980, is that correct?

A In my estimate we cannot complete the geologic work much before the latter part of 1980.

Q Now, on page 5 in answer to Question 7 you stated that your current estimate for completion of the geologic investigations is mid-1980.

Would you then change that estimate?

A Yes. I will stand corrected. Since I prepared this testimony we are still reviewing the data.

Q Well then, would it be appropriate to delete m-i-d and insert end of?

A Late 1980 I would prefer.

MR. EDWARDS: May that change be made, your Honor?

ALJ CARNOW: So ordered.

How does the last sentence support with that?

MR. [illegible]: In that paragraph, your Honor

Yes.

Q Mr. Schuyler --

A Would you give me the reference. I got lost.

Q Lines 8 and 9 on page 5.

You state:

"I believe the earliest date we could hope to achieve operation would be December 31, 1980."

Should that also be changed?

A I think that is still a correct statement. We could hope to do that.

That is the earliest date. It could be later.

Q If you don't finish the geological investigations until late 1980, isn't there a requirement for hearings?

A Correct.

Q So my question is, if you don't finish the investigations until the end of 1980, how can you then schedule hearings and still get the plant in operation by December 31, 1980?

A Well, I said it's the earliest date.

Q What would be the latest date?

A The latest date is going to -- cannot be determined until we complete the geologic studies that are underway. So, I mean, it could go out in 1981, 1982.

Q Now, following the completion of the investigations and the hearings the NRC would then give you a permit, is that correct?

A Let me clarify a possible misunderstanding.

We have a license to operate the Humboldt Bay Power Plant Unit No. 3 from the NRC.

acceleration?

A Yes.

Q Do you have any idea, Mr. Schuyler, of the cost -- the total cost of modifying the Humboldt plant to meet the .25G operating-basis earthquake and the .5G safe shutdown earthquake?

A We have spent approximately $26.6 million in modifications and in the geologic and seismological studies up to the April, 1977 report.

Q Do you have any estimate as to what additional amounts have been spent since April, 1977?

A Well, excuse me, these -- the figure I just gave you of 26.6 million was the amount that we have spent to date, as of March; the last figures I have as of March, the end of March, 1979, and most of that was spent prior to April, 1977.

We have spent approximately $2,700,000 in the most recent geologic and seismological studies.

Q Can you give me a total component of that 26.6 million that represents the cost of the studies to date?

A I don't have that broken down.

I can give you a ball-park estimate.

I would say in the neighborhood of $5 million.

Q So, we do have something on the order of twenty-one to twenty-two million that was spent for other things besides these studies.

Can you tell me what general categories of expenses make up that twenty-one to twenty-two million?

A Yes. In modifying the plant to withstand a .25G operating-basis earthquake, we had to do a number of

structural modifications.

We had to reinforce the roof of the refueling building.

We had to reinforce the walls.

We had to take and replace some of the electrical equipment.

Most of it we either tried to analyze, or we did a shaker-table testing on the equipment to prove its seismic capability.

And where we couldn't do that, why, then, we replaced it with new equipment that was qualified for the seismic levels.

There was a large expenditure on reanalyzing the piping systems and providing new pipe, new pipe supports for the piping in the plant.

And in addition, there has been the engineering costs in doing all of this.

Q How much more money needs to be spent on the structural modifications in order to complete the repair of the plant to meet the .25G operating-basis earthquake and the .5G safe shutdown earthquake?

A I don't seem to have that number with me.

I would estimate it is probably less than a million dollars.

Q And do you know, Mr. Schuyler, how much has to be spent to complete the studies?

A We divided the studies into basically two phases.

The first phase, which is presently going on, the latest studies, it will take approximately $1.1 million to complete.

At the end of that, we'll have to make another decision as to what the results show, and at that point, may or may not require going ahead with future studies.

The next program could be as high as $7 million, Phase 2.

Q So that I'm sure I understand your answer, did you tell me that of the $3.2 million estimated cost of the present program, 2.7 million had already been spent?

A No. We have already spent 2.7 million.

We have an additional 3.2 million to complete the Phase 1 program, for an overall cost of about 5.9 million for Phase 1.

Q So, we are looking at a potential cost through the end of up to something like 12.9 million?

A Correct.

Q So, in round figures, we are talking about a potential cost of the modifications, assuming the standards we have discussed are employed, of something on the order of up to $35 million at the upper limit?

A Taking 12 plus 26 or something -- is that --

Q 12 point something plus 22.

A All right.

Q Now, to your knowledge, Mr. Schuyler, has PG&E made any studies of whether or not this investment of up to $35 million in repairing this plant is justified by the benefits of getting it back into service?

Application No. 58546

Exhibit No. 77

Date

W.t.: Various

PACIFIC GAS AND ELECTRIC COMPANY

REBUTTAL TESTIMONY

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A 6 Continued -

age dating analyses, additional microseismic recording, and review and re-interpretation of existing onshore and offshore seismic reflection records.

Q 7 When is the unit likely to return to service?

A 7 Our current estimate for completion of the geologic investigations is late 1980. After completion of the investigations and acceptance of them by the NRC Staff, a public hearing will be required in order to obtain the required license amendment. I believe the earliest date we could hope to achieve operation would be December 31, 1980.

Q 8 What is the monthly cost of operation and maintenance of Humboldt Bay Unit 3 when the plant is in service? What is the cost when the plant is not in service?

A 8 PG&E's nuclear plant expenses, excluding fuel, for the years 1979 and 1980, as estimated for the current general rate case, Application No. 58545, are $186,400 and $200,300 per month, respectively. These expense estimates assumed full operation of the unit. These 1979 and 1980 estimates were based on actual data for 1973-1977, as 1978 data was not available when the rate case application was prepared. PG&E's latest monthly estimates for 1979 and 1980 are: (a) in service - $222,500 for 1979 and $238,700 for 1980; (b) not in service - $182,300 for 1979 and $195,500 for 1980. Fuel expenses are excluded from all these figures.

The differential in costs between full operation and shut-down operation is not very great, as the Nuclear Regulatory Commission (NRC) requires that the plant must be staffed 24 hours a day, 365 days a

A 8 Continued -

year, with a 7-man operating staff per shift on site, and that the full plant security system must be staffed and maintained. What economies have been obtained are due to (1) lower maintenance costs; (2) deletion of one shift position saving four employees; and (3) where possible, delaying filling positions vacated by attrition.

Q 9 What has been the net cost to the system since the shutdown of Humboldt Bay Unit 3 in terms of increased cost of service?

A 9 The major effect on net system costs because of the shutdown of the Humboldt Bay Unit 3 electric generating plant has been the cost of fuel to generate replacement power. Humboldt Bay Unit 3 generated 383 million Kwh in 1975, its last full year of operation, at a fuel cost of $1,123,000. To determine the true replacement cost of that power each year since then would require resimulating operations during that period at a great expense of time and money.

However, an approximation of the cost can be made if certain simplifying assumptions are made: (1) assume that replacement power was generated in an oil-fueled steam generation plant. Therefore the cost can be based on the average cost of fuel oil for the year estimated. This is a reasonable assumption, as PG&E uses its most efficient low-cost sources of power first, gradually bringing on higher cost sources. Thus, the most likely source of replacement power would be oil-fueled generation: (2) assume that the cost of capacity replacement is zero; (3) assume that 1975's output of 383 million Kwh is typical for the estimated years.

Given the above assumptions, the net cost of replacing Humboldt

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A 9 Continued -

Bay Unit 3 energy was approximately as follows: 1976 - $3,906,000; 1977 - $7,890,000; 1978 - $8,694,000. The 1976 figure is approximately half of the 1977 or 1978 figures because Unit 3 generated energy for only the first six months of that year.

Q 10 Mr. Schuyler, does that complete your testimony?

A 10 Yes, it does.

Application No. 58545
Application No. 58546
Exhibit No. Duplicate 79
Date 6-7-79

PACIFIC GAS AND ELECTRIC COMPANY

REBUTTAL TESTIMONY

ROY DAVIS

HUMBOLDT POWER PLANT

1320 035

HUMBOLDT BAY UNIT NO. 3

TESTIMONY

OF

ROY DAVIS

Q 1 What is PGandE's position concerning rate base treatment and the inclusion of operating expenses related to Humboldt Bay Unit No. 3 in Test Year 1980?

A 1 At the time Application No. 58545 was being prepared, Humboldt Bay No. 3 was expected to be in operation for the entire year 1980. Therefore PGandE included the unit in the test year. At this time it is not expected to be in operation until after the test year as testified to by Mr. J. O. Schuyler. PGandE therefore agrees with the staff that capital additions remain in Construction Work In Progress (CWIP) and accrue an Allowance for Funds Used During Construction (AFUDC). In PGandE's comparison exhibit Humboldt Bay capital costs as of 12/31/78 and 1980 operating expense have been included.

Q 2 Has the Staff included Humboldt Bay Unit No. 3 in Test Year 1980?

A 2 No, with the exception of a allowance for on-site maintenance and operation expenses.

Q 3 Does PGandE disagree with the Staff's treatment?

A 3 Yes, PGandE believes that the revenue requirements for the unit based on capital in service as of 12/31/78 should be borne by current ratepayers. The plant has in the past operated to the benefit of the ratepayer and is expected to continue to do so in the future. It has merely been temporarily shut down.

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Q 4 What was the Staff's recommendation for this unit?

A The Staff Operations Division (Exhibit 24, page 11-3, paragraph 14) recommended transferring this net capital cost into CWIP to accrue AFUDC until such time as the plant begins operating again. However, the Staff Finance Division (testimony of Anderson, page 825; Dun, page 833-4) confirmed the statement by PGandE's witness (Mr. K. S. Taylor, page 795-803) that this recommendation violates the Uniform System of Accounts.

Q 5 How could the CPUC accomplish the goal of the utility's division recommendation?

A 5 As stated by Mr. K. S. Taylor, PGandE could be ordered to accrue carrying costs and other costs for the unit for future rate treatment.

Q 6 What would be the nature of such an order?

A 6 I have had drafted certain language that could be included in the decision which would accomplish the intent of the Utility Division's recommendation. It is as follows:

> "The Commission Staff's recommendation to transfer Humboldt Bay Power Plant, Unit No. 3 from plant-in-service to CWIP will be rejected. It is not appropriate to return operative plant to CWIP. However, the cost of Unit 3 for the adopted Test Year 1980 will be excluded from the rate base, and operating costs (except $_____ for minimum on site production maintenance and operation expense) will be excluded from expenses, as Unit 3 is not currently being operated. It is not the intent of this Commission to deny the recovery of

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A 6 Continued -

return on investment or expenses of this unit, but only to delay recovery until the Unit 3's future is known. In order to compensate the Company for the costs applicable to this unit, the Company is hereby directed to establish on the effective date hereof an appropriate account to record all actual costs excluded from the costs adopted in this proceeding. Any increase or decrease in income taxes resulting from the non-operation or operation of this unit must also be recorded in the account. This account will accumulate costs for operations, maintenance, taxes and return on investment. The appropriate monthly rate applicable to the return on investment and to average monthly balance in this account is one-twelfth of the rate of return authorized by this decision. No depreciation shall be accrued for Unit No. 3 until further order of this Commission.

After the unit is back in operation, the investment in plant will be included in rate base and all costs of operation for Unit 3 will be included in expenses to be adopted for the next test year. The balance in said account will be amortized over the remaining life of the plant. PGandE will be ordered to file within 60 days of the effective date hereof a full description of the implementation of this procedure, including all proposed accounting entries and an estimate of the annual amounts to be recorded.

1320 038

Application No. 58545
Exhibit No. 89
Date 6-13-79
Witness Roy Davis

PACIFIC GAS AND ELECTRIC COMPANY

ELECTRIC DEPARTMENT

COMPARISON EXHIBIT

JUNE 1, 1979

Pacific Gas and Electric Company
Electric Department

Other Production, Transmission, and Distribution
CPUC Staff, PGandE's Exhibit No. 10 and PGandE's Revised Estimate
Showing PGandE's Acceptance of Staff Amounts and Remaining Issues

(000's Omitted)

Line No.	Account Number CPUC	Account Number PG&E	Account Name	CPUC Staff Exhibit Nos. 24, 30 and 91 (A)	PGandE Exhibit No. 10 (B)	PGandE Exceeds Staff (C) = B - A	Accept (D)	Issues From Staff Report (E)	Issues Additions Revised Estimate (F)	PGandE Revised Estimate (G) = B - D + F	Line No.
			Electric Production Expenses								
			Steam Power - Operation:								
1	-	-	3 Accounts - No Difference	$15,838	$15,838	$ -	$ -	$ -	$ -	$15,838	1
2	500	760	Supervision & Engineering	2,088	2,093	5	4	1	-	2,089	2
3	505	764	Electric Expenses	19,582	19,614	32	24	8	-	19,590	3
4	506	765	Misc. Steam Power Expenses	3,493	3,502	9	8	1	-	3,494	4
5			Total - Steam Power Operation	41,001	41,047	46	36	10	-	41,011	5
			Steam Power - Maintenance:								
6	-	-	1 Account - No Difference	3,431	3,431	-	-	-	-	3,431	6
7	510	440	Supervision & Engineering	2,572	2,586	14	11	3	-	2,575	7
8	511	441	Structures	920	927	7	6	1	-	921	8
9	512	442	Boilers & Related Apparatus	4,887	4,888	1	1	0	-	4,887	9
10	513	444	Main Turbogen Apparatus	5,196	5,259	63	49	14	-	5,210	10
11	513	445	Main Turbogen. Auxiliaries	4,328	4,360	32	25	7	-	4,335	11
12	513	446	Accessory Electric Equip.	704	712	8	6	2	-	706	12
13	514	447	Misc. Steam Plant	1,244	1,249	5	3	2	-	1,246	13
14			Total - Steam Pwr. Maintenance	23,282	23,412	130	101	29	-	23,311	14
15			Total - Steam Pwr. M. & O.	64,283	64,459	176	137	39(a)	-	64,322	15
			Nuclear Power - Operation:								
16	517	770	Supervision & Engineering	152	59	(93)	-	(93)	-	59	16
17	519	772	Coolants & Water	49	59	10	-	10	-	59	17
18	520	773	Steam Expenses	322	502	180	-	180	-	502	18
19	523	775	Electric Expenses	191	235	44	-	44	-	235	19
20	524	776	Misc. Nuclear Power Exps.	519	484	(35)	-	(35)	-	484	20
21			Total - Nuclear Pwr. Operations	1,233	1,339	106	-	106	-	1,339	21
			Nuclear Power - Maintenance:								
22	528	450	Supervision & Engineering	97	141	44	-	44	-	141	22
23	529	451	Structures	82	34	(48)	-	(48)	-	34	23
24	530	452	Reactor & Related Apparatus	256	430	174	-	174	-	430	24
25	530	453	Reactor Plant Auxiliaries	33	138	105	-	105	-	138	25
26	531	454	Main Turbogen. & Related Apparatus	6	186	180	-	180	-	186	26
27	531	455	Main Turbogen. Auxiliaries	15	41	26	-	26	-	41	27
28	531	456	Accessory Electric Equip.	2	4	2	-	2	-	4	28
29	532	457	Misc. Nuclear Plant	55	91	36	-	36	-	91	29
30			Total - Nuclear Pwr. Maintenance	546	1,065	519	-	519	-	1,065	30
31			Total - Nuclear Pwr. M. & O.	1,779	2,404	625	-	625(b)	-	2,404	31
			Hydraulic Power - Operation:								
32	-	-	7 Accounts - No Difference	8,187	8,187	-	-	-	-	8,187	32
			Hydraulic Power - Maintenance:								
33	-	-	8 Accounts - No Difference	4,713	4,713	-	-	-	-	4,713	33
34	544	463	Prime Movers & Generators	1,523	1,823	300	189	111	-	1,634	34
35			Total - Hydro Power Maintenance	6,236	6,536	300	189	111	-	6,347	35
36			Total - Hydro Power M. & O.	14,423	14,723	300	189	111(c)	-	14,534	36
			Other Power								
37	-	-	3 Operation Accts. - No Difference	308	308	-	-	-	-	308	37
38	-	-	3 Maintenance Accts. - No Difference	506	506	-	-	-	-	506	38
39			Total - Other Power M. &. O.	814	814	-	-	-	-	814	39
40	-	-	49 Accounts	-	-	-	-	-	1,105(d)	1,105	40
41			Total Electric Production	$81,299	$82,400	$1,101	$326	$775	$1,105	$83,179	41

Description of Issues

(a) Assumption by Staff that Geysers Unit 14 will not go into service until September 1980; PGandE original estimate was June 1979. Staff disallowed 8/12 of PGandE's original 1980 estimate. Staff Exhibit 24, page 11-1, and Transcript Pages 1104-1107, S. Han.

PGandE's latest estimate Geysers Unit 4 is June 1, 1980, therefore disallowance should be 5/12, or $137,000, rather than $176,000. D. E. Nielsen, Transcript pages 768-772.

(b) Assumption by Staff that Humboldt Bay Unit 3 will not be in service in 1980. Staff estimates that 1978's expenses (with certain adjustments) are more representative of standby operation than PGandE's original estimate, and used them as a basis for estimating 1980's expense by factoring-up the adjusted 1978 expenses at 7% per year. Staff Exhibit 24, page 11-2, S. Han

PGandE's lastest estimate of expenses for Unit 3 in a standby status is $2,346,000 for 1980. The difference between this estimate and PGandE's original estimate is minimal. Exhibit 77 rebuttal testimony of J. O. ~~Schlaer~~ Schuyler, page 5, line 21.

(c) Assumption by Staff that a 10-year amortization of a 1974 BELDEN overspeed problem is better than PGandE's 5-year amortization. PGandE accepts 10-year amortization but finds Staff's calculation of the effect was overstated. Staff adjusted for the total 10-year amortization rather than the difference between PGandE's 5-year amortization and a 10-year amortization.

(d) Effect of 1978 recorded expenses on estimates. Information available to Staff, but not to PGandE at time its estimate was prepared. This figure is net effect of differences in all production accounts.

CPUC witness E. Knolle, Transcript page 913, beginning at line 15 through 23, page 914, indicates that he would accept effect 1978 recorded data at 1/6 of its value; recorded 1978 data ... entered by Knolle at Transcript pages 898-900.

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CERTIFICATE OF SERVICE

The foregoing document, Intervenors' Memorandum In Support of Answer In Opposition To Licensee's Motion To Hold Proceedings In Abeyance, has been served today on the following by deposit in the United States Mail, properly stamped and addressed:

Richard F. Locke, Esq.
Counsel for Pacific Gas and Electric Company
77 Beale Street, 31st Floor
San Francisco, CA 94106

Barry Smith, Esq.
Office of Executive Legal Director
BETH 042
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555
Attn: Docketing and Service Section

Edward Luton, Esq., Chairman
Atomic Safety and Licensing Board Panel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Mr. Gustave A. Linenberger, Member
Atomic Safety and Licensing Board Panel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dr. David R. Schink
Department of Oceanography
Texas A & M University
College Station, TX 77840

Dated: October 16, 1979.

Michael R. Sherwood
MICHAEL R. SHERWOOD
Attorney for Intervenors