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 50-362 SAN ONOFRE NUCLEAR STATION, UNIT 3, SOUTHERN CALIFORN 05000362
 AUTH. NAME AUTHOR AFFILIATION
 DRAKE, J. H. SOUTHERN CALIFORNIA EDISON CO.
 RECIP. NAME RECIPIENT AFFILIATION
 REGAN, W. H. ENVIRONMENTAL PROJECT BRANCH 2

SUBJECT: FORWARDS RESPONSES TO NRC 790308 LTR RE NEW CA TAX STRUCTURE
 & EFFECT ON FACILITIES. REQUEST & RESPONSES WILL BE
 INCORPORATED INTO NEXT AMEND TO ER, OL STAGE.

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Southern California Edison Company

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J. H. DRAKE
VICE PRESIDENT

TELEPHONE
213-572-2258

April 17, 1979

Director, Office of Nuclear Reactor Regulation
Attention: William H. Regan, Jr., Chief
Environmental Projects Branch 2
Division of Site Safety and Environmental Analysis
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

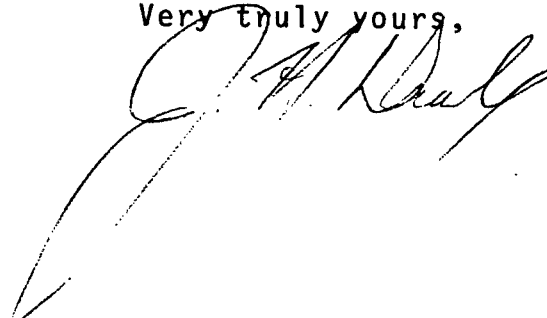
Gentlemen:

Subject: San Onofre Nuclear Generating Station
Units 2 and 3
Docket Nos. 50-361 and 50-362

The Southern California Edison Company, on behalf of the Applicants and in accordance with your letter of March 8, 1979, has prepared responses to the request for additional information. Enclosed are three originals and four additional copies of the responses. The request and responses will be incorporated in the next amendment to the Applicants' environmental report-operating license stage.

Should you have any questions or require clarification regarding these responses, please contact me.

Very truly yours,



Enclosure

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RESPONSES TO THE NRC REQUEST
FOR ADDITIONAL INFORMATION

Item 1

"In light of Proposition 13, provide the new projection of local property taxes to be paid by SONGS 2 & 3.

Please specify how the property tax rate and/or the assessed value of the plant have changed from the figures given in the DES."

Response

The passage of Proposition 13 has placed various limitations on the power of local governments to tax real property. Legislative changes specifically affecting the amount and distribution of the SONGS 2 and 3 property tax contribution vis-a-vis the former taxation procedure are reviewed briefly as follows:

1. Excluding debt service, the maximum ad valorem tax on real property is limited to one percent of full cash value, which equates to \$4.00 per \$100 of assessed valuation.
2. Property tax revenues received by local jurisdictions are allocated on the basis of the historical property tax revenue relationship between each local district and all districts (cities, schools, special district and county) in the county. This is in contrast to the previous local agency establishment of the property tax rate.
3. Local district property tax revenues are determined by the product of the district's percentage allocation figure and total county assessed valuation (gross less regular exemptions). Prior to Proposition 13, local property tax revenues were determined by the product of the district property tax rate and its tax base.

The overall effects of Proposition 13 are that property tax payments from real property are substantially reduced and distributed among all county districts regardless of whether or not these districts actually service the property. It should be noted that debt service collection procedures have largely been unaffected by Proposition 13, with each district responsible for the retirement of locally voter approved bond obligations, including the servicing of appropriate interest.

Proposition 13 was implemented for fiscal year 1978-79 by California Senate Bill 154 which established formulas for the

allocation of property tax revenues and a one-time distribution of excess state funds to assist local government. The implementing legislation, however, did not create a permanent procedure for the financing of local government in subsequent years.

Currently, there are numerous bills before the California legislature to establish tax allocation procedures for future years. The bills vary in their methods, and there is no certainty as to which will be adopted. As such, the following analysis reflects the current situation, but may not accurately reflect the long term tax implications of SONGS.

Assessed Valuation

The plant would provide a major source of additional assessed valuation to San Diego County. The value of the completed plant defined in terms of total work order costs (labor, material, overhead and contingency) is expected to total \$2,200.0 million in 1981 dollars. In 1979 dollars (discounting at an annual rate of 9.6 percent) this translates into a work order cost of \$1,831.5 million. Based on the current relationship of 17.8 percent between the assessed value and undepreciated California historical cost of the entire SCE California system, the assessed value of the two plants would be \$326.0 million in Fiscal Year 1978-79. However, the assessed value of current construction for SONGS 2 and 3 is approximately \$100 million. Therefore, the assessed value from the remaining construction would represent an additional \$226.0 million for 1979. SONGS 2 and 3 would raise the 1978-79 assessed valuation of San Diego County from \$7,875.5 million to \$8,101.5 million as shown in Table 1-1. On a relative basis, the projected SONGS 2 and 3 assessed value would augment the present tax base of San Diego County by 2.9 percent.

The matter of the application of the provisions of Proposition 13 to determine the assessed value of state assessed utility systems has been challenged by Southern California Edison and others in a proceeding now before the State Court of Appeals. The preparation of this analysis has assumed the decision of the State Board of Equalization will prevail. That decision, generally is that state assessed utilities will be assessed at current market value, based upon historical methods of valuation, rather than the 1975-1976 base-year method prescribed by Proposition 13.

Property Tax Revenues

The magnitude of the SONGS 2 and 3 property tax contributions is indicated in Table 1-2. Projected revenues are distributed among the local districts within which the two plants would

be located and all other districts in the county. The SONGS 2 and 3 revenue impacts are projected for Fiscal Year 1978-79 based on the current county-wide allocation of property tax receipts to local districts.

In addition to the approximate \$4.0 million of taxes applicable to SONGS 2 and 3 property for construction work completed for 1978-79, SONGS 2 and 3 would add another \$9.0 million in property tax revenues, increasing the 1978-79 county total from \$315.0 million to \$324.0 million. Local districts would receive \$2.6 million or 28.8 percent of the total SONGS 2 and 3 additional property tax payment, with the remaining \$6.4 million or 71.2 percent dispersed to other districts throughout the county. The property tax increments provided by the additional portions of SONGS 2 and 3 would increase the tax receipts of each district in the county by 2.9 percent. This would occur because the SONGS 2 and 3 revenues have been distributed according to the 1978-79 district allocation schedules such that district revenues would increase in direct proportion to the assessed value relationship between the power plants and the county.

The assessed value of SONGS 2 and 3 would substantially reduce the 1978-79 debt service tax rate of local districts. These districts include Fallbrook Union Elementary, Fallbrook Union High and Palomar Community College. Table 1-3 reveals that the local district debt service tax rate would fall from the current total of \$0.146 per \$1000 assessed valuation to \$0.084 with the development of SONGS 2 and 3, a decline of 42.5 percent.

REFERENCE

ER-OLS Section 8.2

Item 2

"Provide recreation use figures for the Pendleton Coast Area for 1975-76, 1976-77, and 1977-78.

Response

There are four public beaches in the vicinity of the San Onofre Nuclear Generating Station. They are: San Onofre State Beach, located 0 to 3.5 miles southeast and 0 to 1.0 miles west northwest; San Clemente State Beach, located 3-4.3 miles northwest; San Clemente City Beach, located 4.3-5.5 miles northwest; and, Doheny State Beach, located 9.2 to 10.5 miles northwest. The annual visitors at each beach is shown on Table 2-1.

REFERENCE

ER-OLS Section 8.2

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Table 1-1

PROJECTED SONGS 2 AND 3 IMPACTS ON

COUNTY TAX BASE AND PROPERTY TAX REVENUES, FISCAL YEAR 1978-79

(In Thousands of Constant 1979 Dollars)

	<u>San Diego County</u>	<u>SONGS 2 and 3</u>	<u>San Diego County with SONGS 2 & 3</u>
			<u>Total</u> <u>Percent Increase</u>
Assessed Valuation	\$7,875,499.8 ^{1/}	\$226,003.9 ^{2/}	\$8,101,503.7 2.9
Property Tax Revenues	315,020.0 ^{3/}	9,040.1 ^{3/}	324,060.1 2.9

1/ Total assessed value of secured and unsecured property in San Diego County in Fiscal Year 1978-79, which includes approximately \$100 million of the current construction of SONGS 2 and 3.

2/ Discounted present assessed value of the two units which become operational in 1981 and 1983.

3/ Based on \$4.00 per \$100 of assessed valuation or 1 percent of market value per limitations imposed by Proposition 13. San Diego County property tax revenue includes approximately \$4.0 million of property taxes currently paid by SCE.

Sources: County of San Diego, Auditor and Controller, Property Valuations, Tax Rates, Useful Information for Taxpayers, 1978-79 and 1978-79 Fund Revenue and Ratio Report; Southern California Edison Company; Williams-Kuebelbeck and Associates, Inc.

Table 1-2

PROJECTED SONGS 2 AND 3 PROPERTY TAX REVENUE
CONTRIBUTIONS BY DISTRICT, FISCAL YEAR 1978-79
(In Thousands of Constant 1979 Dollars)

<u>District/Fund</u>	<u>1978-79 Tax Revenues</u> ³	<u>Projected Additional Tax Revenues from SONGS 2 & 3</u>	<u>Projected Total 1978-79 Tax Revenues with SONGS 2 & 3</u>
Districts Providing Local Services¹			
County General	\$73,022.0	\$2,095.5	\$ 75,117.5
County Library	1,781.3	51.1	1,832.4
Fallbrook Union Elementary	1,898.3	54.5	1,952.8
Fallbrook Union High	1,441.9	41.4	1,483.3
Palomar Community College	4,547.4	130.5	4,667.9
County School Service	2,692.2	77.2	2,769.4
Trainable Mentally Retarded Minors Elementary Comp.	252.1	7.2	259.3
Physically Handicapped Minors Elementary Comp.	379.8	10.9	390.7
Childrens Institutions Tuition	574.4	16.5	590.9
Regional Occupational Centers	1,716.9	49.3	1,766.2
Trainable Mentally Retarded Minors High School Comp.	2,254.6	64.7	2,319.3
Physically Handicapped Minors High School Comp.	297.2	8.5	305.7
Autistic Pupils Minors Elementary Comp.	12.0	0.3	12.3
Autistic Pupils Minors High School Comp.	10.6	0.3	10.9
Subtotal	\$90,880.7	\$2,607.9	\$ 93,488.6
Districts Not Providing Local Services²			
Subtotal	\$224,139.3	\$6,432.2	\$230,571.5
Total, All Districts	\$315,020.0	\$9,040.1	\$324,060.1

- 1 Includes districts and funds forming the local tax rate area (75001).
 2 Includes districts and funds in the county other than those serving the local tax rate area.
 3 Based on the 1978-79 allocation of property tax revenues to local districts.

Sources: County of San Diego, Auditor and Controller, Property Valuations, Tax Rates, Useful Information for Taxpayers, 1978-79 and 1978-79 Fund Revenue and Ratio Report; Southern California Edison Company; Williams-Kuebelbeck and Associates, Inc.

Table 1-3

PROJECTED SONGS 2 AND 3 IMPACTS ON LOCAL

DEBT SERVICE TAX RATES, FISCAL YEAR 1978-79

	1978-79		With SONGS 2 & 3		
	Assessed Valuation (\$000's)	Debt Service Tax Rate ^{1/}	Adjusted Assessed Valuation (\$000's)	Adjusted ^{1/} Tax Rate	Net Tax Rate Change ^{3/}
Fallbrook Union Elementary	\$ 244,333.0	\$0.086	\$ 470,336.0	\$0.044	(\$0.042)
Fallbrook Union High	330,368.1	0.045	556,371.1	0.027	(0.018)
Palomar Community College	1,576,884.8	0.015	1,802,887.8	0.013	(0.002)
TOTAL		\$0.146	\$595.3	\$0.084	(\$0.062)

1/ Per \$100 assessed valuation (AV).

2/ Sum of district AV and SONGS 2 and 3 AV.

3/ Adjusted debt service tax rate with SONGS 2 and 3 less 1978-79 debt service tax rate.

Sources: County of San Diego, Auditor and Controller, Property Valuations, Tax Rates, Useful Information for Taxpayers, 1978-79 and 1978-79 Fund Revenue and Ratio Report; Southern California Edison Company; Williams-Kuebelbeck and Associates, Inc.

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Table 2-1

Total Annual Visitor Attendance
at Public Beaches near the
San Onofre Nuclear Generating Station

Public Beaches				
Year	San Onofre ¹ State Beach	San Clemente ¹ State Beach	San Clemente ² City Beach	Doheny ¹ State Beach
1975	389,403	298,226 ³	1,755,590	525,342 ³
1976	440,015	337,318	1,367,609	447,995
1977	575,852	311,284	1,400,340	627,588
1978	429,600	480,256	1,603,620	670,396

- 1) State Department of Parks and Recreation, Comparative Visitor Attendance Report.
- 2) City of San Clemente, Department of Marine Safety.
- 3) 1975 Visitor Attendance figures for San Clemente and Doheny State Beaches are for the Fiscal year ending in 1975. All other figures are for calendar year.

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