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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)	Docket Nos. 50-361 OL
)	50-362 OL
SOUTHERN CALIFORNIA EDISON)	
COMPANY, <u>et al.</u> (San Onofre)	APPLICANTS' STATEMENT OF
Nuclear Generating Station,)	MATERIAL FACTS REGARDING
Units 2 and 3).)	INTERVENOR FRIENDS OF THE
<hr/>)	EARTH, <u>ET AL.</u> 's CONTENTION
		9 (URANIUM FUEL COSTS) AS TO
		WHICH NO GENUINE ISSUE
		<u>EXISTS TO BE HEARD.</u>

Pursuant to 10 C.F.R. § 2.749(a), SOUTHERN CALI-
FORNIA EDISON COMPANY and SAN DIEGO GAS & ELECTRIC COMPANY
(hereafter the "Applicants") hereby submit their proposed
statement of material facts as to which Applicants claim

there exists no genuine issue to be heard regarding the uranium fuel costs contention (Contention 9) as alleged by Intervenor FRIENDS OF THE EARTH, ET AL. and admitted to this proceeding by Memorandum and Order of the Atomic Safety and Licensing Board, dated January 27, 1978.

STATEMENT OF MATERIAL FACTS

1. By its Memorandum and Order dated January 27, 1978, the Atomic Safety and Licensing Board of the U.S. Nuclear Regulatory Commission (hereafter the "NRC") allowed the following contention:

"The Applicants' projections of fuel costs over the life of the plants does not adequately account for escalation of uranium prices and therefore the cost-benefit analysis is in error."

2. In 1977, Southern California Edison Company ("Applicants") filed with the NRC Staff its Environmental Report-Operating License State ("ER-OLS") in support of its application for an operating license for the San Onofre Nuclear Generating Station Unit Nos. 2 and 3 ("SONGS 2 and 3"). In the ER-OLS Applicants projected 30-year levelized fuel costs for SONGS 2 and 3.

3. In its ER-OLS levelized fuel cost projections, Applicants' projected uranium costs for SONGS 2 and 3 based on the then current price of \$42./LB of U308 escalated at a compound rate of 7% per year through the life of the plants.

4. Applicants' projections of uranium costs for SONGS 2 and 3, performed in 1977, were performed utilizing then accepted industry methodology and were reasonable and consistent in comparison with similar projections using alternate methodologies generally accepted in the nuclear industry.

5. Using methodologies currently accepted in the nuclear industry for forecasting uranium prices, Applicants forecast of uranium prices for the life of SONGS 2 and 3 are conservative and adequately account for escalation of uranium prices through the life of the plants.

6. Applicants' 1977 projection of the cost of uranium in 1980 is \$51.45/lb., whereas the April 1980 NUEXCO exchange value was \$32.00/lb., or 62% of the Applicants' projection. The NUEXCO Exchange Value is Nuclear Exchange Corporation's published value of the price at which, in its judgment, transactions for significant quantities of natural uranium concentrates could be concluded as of the last day of the month and is generally accepted as the current rate of uranium concentrate.

7. Applicants' projection of uranium prices to date has proved to be conservative and less than actual market price.

8. Over the long-term, the cost of uranium will be determined on the basis of production costs, supply and demand, and rate of return on investment. In the long-term,

costs of uranium will increase continuously reflecting higher production costs associated with deeper ore bodies and declining ore grades. Applicants fuel price projections adequately account for these factors.

9. Assuming Applicants' uranium cost projections were doubled or trebled, the cost-benefit analysis would not be materially altered.

10. The NRC Staff as reflected in its draft environmental statement issued in November, 1978 was satisfied that Applicants' projection of fuel costs adequately escalated the price of uranium and the cost-benefit analysis of the ER-OLS is not in error.

11. Applicants' methodology of projecting fuel costs for the life of the plants accurately accounts for escalation of uranium prices and the cost-benefit analysis is correct.

DATED: June 6, 1980

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