BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company and San Diego Gas & Electric Company Associated with the San Onofre Nuclear Generating Station Units 2 and 3.	I.12.10-013 (Filed October 25, 2012)
And related matters.	A.13-01-016 A.13-03-005 A.13-03-013 A.13-03-014

MOTION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) FOR AUTHORITY TO REDUCE RATES ON AN INTERIM BASIS

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MOTION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) FOR AUTHORITY TO REDUCE RATES ON AN INTERIM BASIS

Pursuant to Rule 11.1 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure and California Public Utilities Code ("P.U. Code") § 491, San Diego Gas & Electric Company ("SDG&E") respectfully makes this motion to reduce rates on an interim basis ("SDG&E Interim Rate Reduction Motion" or "Motion") and requests an expedited ruling from the Assigned Commissioner in this proceeding, or alternatively, if necessary, a decision from the Commission no later than August 23, 2013, authorizing SDG&E to effect the rate reduction described herein, to be effective September 1, 2013. In total, this proposed rate reduction will fall in a range between $62 million and $67 million subject to the July 31, 2013 ending balance in

SDG&E's San Onofre Nuclear Generating Station ("SONGS") Operations & Maintenance ("O&M") balancing account.[1]

Pursuant to Rule 11.1(g), SDG&E respectfully requests that the Administrative Law Judge and/or Assigned Commissioner order that responses by any parties be filed on or before July 31, 2013, and that responses be served no later than August 5, 2013. SDG&E respectfully requests the Commission to grant any other necessary waivers to permit approval and implementation of SDG&E's Interim Rate Reduction Motion as soon as possible. Additionally, SDG&E respectfully requests, in conjunction with the requested approval of a rate reduction, that the Commission promptly vote out the Proposed Decision in SDG&E's pending Energy Resource Recovery Account ("ERRA") Forecast Application, A.12-10-002, as modified by SDG&E's comments[2] and promptly resolve SDG&E's pending ERRA Trigger Application, A.13-04-017.

I. INTRODUCTION

During the prehearing conference in this proceeding ("OII") on July 12, 2013, Assigned Commissioner Florio explained that questions exist as to why the Commission is simultaneously allowing recovery in rates for the full amount of the SONGS outage replacement power cost plus the full amount of the return on and of an investment in SONGS together with SONGS-related operations and maintenance costs. He invited the utilities to submit a motion for interim action in the OII dealing with this subject. In

[1] Unlike Southern California Edison ("SCE"), which has stayed its request in jointly-filed A.12-12-013 for an increase in the current authorized revenue requirement to fund its Nuclear Decommissioning Trusts, SDG&E has not requested a similar stay of its request in jointly-filed A.12-12-013 for an increase in the current authorized revenue requirement to fund the Nuclear Decommissioning Trusts as of the time of this Motion filing.

[2] *See* A.12-10-002, Comments of San Diego Gas & Electric Company on the Proposed Decision of ALJ Wilson, dated April 29, 2013. SDG&E's comments fully support the Proposed Decision issued on April 8, 2013 and respectfully requests the insertion of language to afford greater clarity to SDG&E in its implementation efforts.

response, SDG&E submits this Motion pursuant to Rule 11.1 given the unforeseen, extraordinary circumstances leading SCE to announce its decision to permanently retire SONGS Units 2 and 3, effective June 7, 2013, in combination with its submission to the Nuclear Regulatory Commission ("NRC") of its Certification of Permanent Cessation of Power Operations of SONGS Units 2 and 3, dated June 12, 2013. In these circumstances, it is in the public interest for the Commission to approve and direct SDG&E to implement its interim rate reduction proposal, subject to the outcome of Phase 3 of the OII. In exchange, SDG&E respectfully requests the Commission to move forward expeditiously to approve the April 8, 2013 issued Proposed Decision with slight modifications for the 2013 ERRA Forecast Application, as well as expedite SDG&E's pending ERRA Trigger Application, both involving SONGS replacement energy costs.

II. DISCUSSION

A. SDG&E's Proposed Rate Reduction Reflecting SONGS Capital Rate Base

Concurrently herewith SDG&E has served its testimony pursuant to the Commission's OII (I.12-10-013 issued November 1, 2012) and ALJ Darlings' July 1, 2013 Ruling on the Miscellaneous Scheduling and Procedural Issues and Notice of Phase 2 Prehearing Conference.[3] This testimony identifies and describes whether any reductions in rate base and 2012 revenue requirement are warranted or required due to the extended SONGS outage. This testimony further provides an accounting of the assets and amounts currently in rate base for the entire SONGS facility associated with SDG&E's 20% minority ownership interest in SONGS. Lastly, it proposes which assets and costs should be removed from rates and when.

[3] ALJs Dudney and Darling granted SDG&E's counsel oral request to extend the filing date of this testimony to July 24, 2013.

A description of SDG&E's Interim Rate Reduction Motion proposal follows. The revenue requirement associated with SONGS, both O&M and capital costs on rate base in current rates is $153.097 million excluding franchise fees and uncollectibles.[4] A Commission decision on SCE's and SDG&E's respective 2012 General Rate Cases ("GRCs") had not yet been issued by the time the advice letter was submitted that proposed the $153.097 million be put into rates for January 1, 2013, meaning the amounts approved in the prior GRCs (SDG&E's 2008 GRC (D.08-07-046) and SCE's 2009 GRC (D.09-03-025)) were still in effect. The $153.097 million in current rates consists of $100.490 million for SONGS O&M, $23.214 million for SONGS non-SGRP capital, adjusted for the reduced cost of capital (D.12-12-034), and $29.393 million for SONGS SGRP capital, adjusted for D.12-12-034.

In the final decision on SDG&E's 2012 GRC (D.13-05-010), SDG&E was granted authority to collect $156.344 million to cover 2012 costs for SONGS. SDG&E was also allowed attrition of 2.65% for 2013.[5] After applying attrition and adjusting for the reduced cost of capital from D.12-12-034, SDG&E's authorized revenue requirement for SONGS in 2013 is $159.499 million excluding franchise fees and uncollectibles. With the $29.393 million revenue requirement in rates for SGRP, the total SONGS revenue requirement for 2013 is $188.892 million to be put into rates on September 1, 2013.[6]

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[4] $155.128 million was approved in Advice Letter 2416-E on December 19, 2012 and includes $30.439 million for Steam Generator Replacement Program. After that approval, a final decision in SDG&E's Cost of Capital application (A.12-04-016/D.12-12-034) was reached reducing the revenue on the capital components of the revenue requirement by $2.031 million. Therefore, in current rates, SDG&E shows $153.097 million for SONGS total revenue requirement.

[5] D.13-05-010 at Ordering Paragraph ("OP") 4.

[6] D.13-05-010 at OP 5.

SDG&E is proposing that the increase in revenue requirement from what is in current rates to what is in the approved 2012 GRC rates not be implemented on September 1, 2013 as previously directed in D.13-05-010 at OP 5. Foregoing the recovery of $35.794 million at this time will help mitigate the other rate increases expected on September 1, 2013. SDG&E believes it can implement this proposal to forego this rate increase resulting from the approved 2012 GRC rates without Commission action.

Subject to the outcome of OII Phase 3's questions of prudence and the like, SDG&E will be proposing a ratemaking mechanism consistent with Commission precedent pertaining to the recovery over an amortization period together with a return on plant in its August 12, 2013 testimony discussed during the July 12, 2013 prehearing conference involving Phase 2 matters.

In conjunction with the proposed ratemaking treatment of SONGS, and to address both aspects of Commissioner Florio's comments, as noted above, SDG&E requests the Commission promptly vote out the Proposed Decision in A.12-10-002, SDG&E pending ERRA Forecast Application. That Application was filed on October 1, 2012 and proposed to recover procurement-related costs in rates beginning January 1, 2013. The Commission deferred issuing the Proposed Decision pending resolution of the SONGS-related rates issue which this Motion proposes to resolve, as discussed above. By addressing the sole area of objection to the Proposed Decision,[7] the Commission can and should allow recovery of the applied-for ERRA costs, both in the ERRA Forecast Application as well as in SDG&E's pending ERRA Trigger Application, A.13-04-017, which has been pending

[7] A.12-10-002, Opening Comments of the Division of Ratepayer Advocates ("DRA") dated April 29, 2013. DRA's comments (at page 1) "generally supports" the April 8, 2013 Proposed Decision but recommends exclusion of SONGS replacement energy costs from the total 2013 ERRA revenue requirement forecast and that such replacement energy costs be tracked in the SONGS Outage Memorandum Account.

without Commission action for the same, single reason as SDG&E's ERRA Forecast Application. All of these above-mentioned issues, from the SONGS OII and two ERRA proceedings, are integrally linked and should be resolved through the Commission's expeditious action on this Motion.

B. SDG&E's SONGS O&M Cost Rate Reductions Are Provided Through SDG&E's SONGS O&M Balancing Account

As mentioned above, in D.06-11-026 the Commission approved for SDG&E a two-way balancing account to record SONGS O&M for comparison to the authorized revenue requirement. As invoices from SCE have been received by SDG&E, these amounts have been recorded in this balancing account.[8] The costs incurred by SCE and invoiced to SDG&E are then compared to the authorized revenues approved in SDG&E's and SCE's respective GRCs. Any amount of revenue that was approved for SONGS O&M that was not spent is returned to ratepayers in accordance with the year-end rate changes filed by SDG&E. In the case of the SONGSBA, it is transferred annually to the Non-Fuel Generation Balancing Account ("NGBA"). The year-end NGBA balance (over or undercollected) is submitted in an advice letter to the Commission to be reviewed and allowed to be included in rates each year effective January 1st in SDG&E's NGBA Tier 2 Advice Letter filing. The two-way balancing account works both ways in that if spending, or invoices received from SCE, is higher than the authorized revenue requirement, January 1 rates would be adjusted to collect that difference.

As of June 30, 2013, the balance in the SONGSBA is an overcollected balance of approximately $24.8 million. SDG&E predicts that the balance by the end of July 2013

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[8] The Balancing Account is named the SONGS O&M Balancing Account ("SONGSBA"). The approved tariff can be found at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_SONGSBA.pdf

will be overcollected in the $25 million to $30 million range. Due to the mechanics described above and approved in Commission decisions setting up the SONGSBA, this account balance is due to be returned to ratepayers annually, typically but not necessarily on January 1, 2014. Because language in the balancing account allows flexibility when this annual rate true up can occur, SDG&E is proposing to transfer the balance as of the July 31, 2013 accounting close in the SONGSBA to the NGBA and place the amortization of that overcollection into rates on September 1, 2013 to be returned over 12 months in conjunction with the other rate changes anticipated at SDG&E.

Unfortunately, SDG&E NGBA requires a Tier 2 Advice Letter to be submitted during November of each year to allow a 30 day comment period prior to the January 1st rate adjustment. It is for this reason that SDG&E is herein requesting a one-time waiver of this NGBA provision. SDG&E is therefore requesting authority to file a Tier 1 Advice Letter in order to allow the amortization of the NGBA balance associated with the SONGS O&M balancing account transfer to occur on September 1, 2013. SDG&E will make this Tier 1 Advice Letter filing reflecting the rate reduction as soon as possible once it has the final July 31, 2013 SONGS O&M balance.

III. CONCLUSION

For the reasons described above, it is in the public interest for the Commission to grant necessary waivers and to approve as soon as possible SDG&E proposed interim SONGS rate reduction. In total, this proposed rate reduction will fall in a range between $62 million and $67 million subject to the July 31, 2013 ending balance in SDG&E SONGS O&M balancing account. In exchange, SDG&E requests the Commission to move forward expeditiously to approve its 2013 ERRA forecast proposed decision with slight modifications and expedite the long-pending SDG&E ERRA related proceedings mentioned above.

Respectfully submitted,

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