

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of San Diego Gas & Electric)	Application No. 15-02-006
Company (U 902-E) for a Reasonableness)	(filed January 30, 2015)
Determination and Recovery of its 2014 O&M)	
and Non-O&M SONGS Costs.)	
)	

UPDATED APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)

Emma D. Salustro
101 Ash Street, HQ12
San Diego, California 92101-3017
Telephone: (619) 696-4328
Facsimile: (619) 699-5027
Email: esalustro@semprautilities.com

Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY

April 1, 2015

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U 902-E) for a Reasonableness Determination and Recovery of its 2014 O&M and Non-O&M SONGS Costs.)	Application No. 15-02-006 (filed January 30, 2015)
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UPDATED APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)

Pursuant to Rule 1.12 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure and Ordering Paragraph 4 of Decision (“D.”) 14-11-040, San Diego Gas & Electric Company (“SDG&E”) submits the following Updated Application of San Diego Gas & Electric Company (U 902-E) for a Reasonableness Determination and Recovery of its 2014 O&M and Non-O&M SONGS Costs, A.15-02-006 (“Updated Application”).

Ordering Paragraph 4 of D.14-11-040 orders SDG&E and Southern California Edison Company (“SCE”) to file separate applications for reasonableness determination and recovery of their 2014 Operations & Maintenance (“O&M”) and non-O&M SONGS costs shortly after the Decision’s issuance. In addition, D.14-11-040 states, “[t]o the extent that final 2014 expenses are not available by the time of filing these applications, each utility may update their application and supporting testimony by April 1, 2015 with final figures, or when directed to do so by the presiding officer of those application proceedings.”¹

SDG&E previously submitted direct testimony (SDGE-01) in support of its Application, outlining SDG&E’s O&M Billed by SCE to SDG&E, Non-O&M and SDG&E Internal (100%) Costs. At the same time, SDG&E also submitted an exhibit (SDGE-03) with tables depicting its 2014 SONGS O&M and non-O&M costs to be reviewed in this proceeding, as well as SONGS 2&3 costs incurred in 2014 that fall outside of the scope of this proceeding.

At the time both testimonies were served, SDG&E did not have its final SONGS 2014 expenses. In compliance with D.14-11-040, SDG&E is timely filing its Updated Application,

¹ D.14-11-040 at 139.

and concurrently, serving its testimony with updated 2014 O&M and non-O&M expense amounts. These numbers are based on the information currently available to SDG&E, and remain subject to additional changes if SDG&E receives new information from SCE.

The updates to SDG&E's Application concern updated cost information and as a result, SDG&E's requested relief.² Attachment A provides the four Application pages showing the Application updates.

The filing of this update is ordered by D.14-11-040. In addition, Rule 1.12 of the Commission's rules permits the filing of amendments to applications prior to the issuance of the Scoping Memo. At this time, a Scoping Memo has not been issued. Therefore, SDG&E's Updated Application is timely.

SDG&E requests that the protest period for this Application should not be reopened since the updates focus on updated cost information for SDG&E's 2014 recorded and adjusted accruals for SONGS. Therefore, there should not be any need for new substantive arguments raised in protests to the Updated Application.

Respectfully submitted the 1st day of April, 2015.

By: /s/ Emma D. Salustro
Emma D. Salustro

Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY
101 Ash Street, HQ 12
San Diego, CA 92101
Telephone: (619) 696-4328
Facsimile: (619) 699-5027
E-mail: esalustro@semprautilities.com

² Pursuant to D.14-11-040, SDG&E is also updating its supporting testimonies, which are now available through a notice of availability. Updated testimonies SDGE-01-A and SDGE-03-A contain updated expense and cost categorization information. Updated testimony SDGE-02-A contains only errata changes. These three volumes of testimony will supersede the previously served chapters, SDGE-01, SDGE-01 and SDGE-03. To assist the reader, a change log appears at the end of each testimony volume.

Attachment A
Updated Application Pages

supplemental workpapers with final figures and figures categorized similarly to the 2014 Decommissioning Cost Estimate (“DCE”)² once that information is available to SDG&E.

I. Introduction and Summary

A. Summary of Request

In this Application, SDG&E respectfully requests that the Commission:

- (1) Find that the \$35.22 million (2014\$) of Operations and Maintenance (“O&M”) costs paid by SDG&E, including SCE overheads, ~~to~~ nuclear fuel contract cancellation costs and SONGS energy costs SCE in 2014 for Units 2 & 3 to be reasonable;³
- (2) Find that the \$2.8 million (2014\$) of Non-Operations and Maintenance (“non-O&M”) paid by SDG&E in 2014 to be reasonable;
- (3) Find that the \$1.34 million (100% share; 2014\$) SDG&E ~~internal~~ only SONGS costs recorded in 2014 to be reasonable; and
- (4) Authorize SDG&E’s recovery of the costs from the SDG&E Trust.

B. Background

Pursuant to California Public Utilities Code Section 455.5, the Commission issued an OII on October 25, 2012, initiating a multi-part investigation into the actions and expenses of the SDG&E and SCE associated with the extended outages at SONGS.⁴ In the backdrop of the SONGS OII and the continued shutdown of the SONGS facility, the final decision for the SCE Test Year (“TY”) 2012 Generate Rate Case (“GRC”) application found it reasonable to allow SCE and SDG&E, subject to refund, to recover in the resulting revenue requirement SONGS O&M costs.⁵ Shortly after, in the SDG&E TY2012 GRC, the Commission reiterated its finding

² The DCE was previously provided to the Commission as Appendix A-1 to Ex. SCE-01, served in support of A.14-12-017, jointly filed by SDG&E and SCE on December 10, 2014. The DCE is also provided as Attachment B to accompanying testimony Ex. SDGE-01.

³ Because the SONGS Order Instituting Investigation (“OII”), the Settlement Agreement and the approving Decision, D.14-11-010, only concern Units 2 & 3, SDG&E interpreted the Commission’s order to file this Application to only apply to costs for Units 2 & 3.

⁴ D.14-11-040.

⁵ D.12-11-051 at Conclusions of Law (“COL”) 20 & 21.

IV. Description of Application and Testimony

This Application seeks a reasonableness determination of SDG&E’s 2014 SONGS costs as outlined in OP 4 of D.14-11-040. Specifically, those costs are SDG&E’s “operations and maintenance” costs billed by SCE²³, SDG&E internal (100%) costs, and SDG&E’s “non-operations and maintenance” costs.²⁴ All three of these costs were conditionally found reasonable by the Commission and SDG&E’s revenue requirements for all three types of costs were authorized in D.12-11-051 and D.13-05-010.²⁵

Table IV-1: SDG&E 2014 SONGS Costs Addressed in this Application

Description		Sponsoring Witness / Chapter	Provisionally Authorized Revenue Requirement (2014\$)	2014 Recorded Costs (Jan 1 - Dec 31)	Decision Authorizing Treatment of Costs	Nuclear Decommissioning Trust Eligible?
SONGS O&M as billed by SCE ²⁶		Tracy Dalu/ SDGE-01, Chapter 1	\$121.6 million	\$33.8 million	SCE GRC D.12-11-051	Yes
Non-O&M Costs (excluding Pension & Benefits)	Insurance (Property and Liability)	Tim Curtis/SDGE-01, Chapter 2	\$1.9 million	(\$0.2) million	SDG&E GRC D.13-05-010	Yes
	Property Tax	Tim Curtis/SDGE-01, Chapter 2	\$3.1 million	\$3.0 million	SDG&E GRC D.13-05-010	Yes
SDG&E Internal Costs ²⁷		Mike De Marco/SDGE-01, Chapter 3	\$0.2 million	\$1.1 million	SDG&E GRC D.13-05-010	Yes

For a detailed list of SDG&E’s 2014 SONGS Costs Addressed in this Application, please see Table 1 in SDGE-03-A

²³ As defined in the Settlement Agreement at Para. 2.27; including Pensions and Benefits imbedded in O&M bills from SCE.

²⁴ As defined in the Settlement Agreement at Para. 2.32.

²⁵ In its implementation of the SONGS OII Settlement (Advice Letter (“AL”) 2672-E), SDG&E already credited ratepayers the amount collected which was in excess of recorded costs. The Commission approved AL 2672-E, tentatively effective December 24, 2014; however it remains subject to modification pending further Energy Division review and final disposition.

²⁶ This amount excludes Seismic Costs, which are shown in SDGE-03 Table 2; Pension & Benefits billed by SCE are included in this calculation.

²⁷ Includes SDG&E labor and non-labor; the \$1.1 million recorded costs includes Vacation and Sick Time, but does not include exclude Pensions and Benefits, state tax and federal tax. See Chapter 3 of SDGE-01 for more information.

Table I
SONGS 2014 SONGS Cost Application

Application Filed/Supporting Testimony Submitted	January 30, 2015
Prehearing Conference	TBD
Updated Application and Supplemental Testimony Submitted	TBD ³⁴
Intervener Testimony	July 1, 2015
Rebuttal Testimony	July 15, 2015
Evidentiary Hearings	Mid-to-late August, 2015
Opening Briefs	September 31, 2015
Reply Briefs	October 14, 2015
Proposed Decision Issued	November 14, 2015

and nuclear fuel contract cancellation costs and SONGS energy costs

\$35.22

The principal issues to be considered in this Application concern the reasonableness of (1) the ~~\$33.8~~ million (2014\$) of 2014 O&M costs paid by SDG&E, including SCE overheads, through December 31, 2014; (2) the \$2.8 million (2014\$) of 2014 non-O&M costs paid by SDG&E through December 31, 2014; and (3) the ~~\$1.1~~ million (100% share; 2014\$) 2014 SDG&E-only ~~internal~~ costs paid by SDG&E through December 31, 2014; and (4) the recovery of such costs from SDG&E's Trusts.

\$1.34

C. Legal Name and Correspondence

SDG&E is a public utility organized and existing under the laws of the State of California. The location of SDG&E's principal place of business is 8306 Century Park Court,

³⁴ Ordering Paragraph 4 of D.14-11-040 instructs SDG&E and SCE to "update their application and supporting testimony by April 1, 2015 with final figures, or when directed to do so by the presiding officer of those applicable proceedings." In the above schedule, SDG&E declined to use the April 1, 2015 date for submitting an updated application and supporting testimony because it is unclear to SDG&E when SCE will provide the information necessary for SDG&E to complete the updated application and supporting testimony.

Table VI-1
List of Exhibits

<u>Exhibit No.</u>	<u>Title</u>
SDGE-01	Prepared Direct Testimony (O&M Billed by SCE to SDG&E, Non-O&M, SDG&E Internal Costs)
SDGE-02	Prepared Direct Testimony (SDG&E Review Efforts)
SDGE-03	Tables of 2014 SDG&E SONGS Costs

Table VI-2
List of Appendices

<u>Appendix</u>	<u>Title</u>
Appendix A	SDG&E's Balance Sheet and Income Statement
Appendix B	SDG&E's Cities and Counties List
Appendix C	SDG&E's Summary of Earnings

VII. Conclusion

In this Application, SDG&E respectfully requests the Commission:

- \$35.22
- (1) Find that the ~~\$33.8~~ million (2014\$) of Operations and Maintenance costs paid by SDG&E, including SCE overheads to SCE through December 31, 2014 for Units 2 & 3 to be reasonable;

nuclear fuel contract cancellation costs and SONGS energy costs
 - (2) Find that the \$2.8 million (2014\$) of 2014 Non- Operations and Maintenance costs paid by SDG&E through December 31, 2014 to be reasonable;

\$1.34
 - (3) Find that the ~~\$1.1~~ million (100% share; 2014\$) 2014 SDG&E ~~internal~~ costs paid through December 31, 2014 to be reasonable; and

only
 - (4) Authorize recovery of the costs from SDG&E's Trust.