

Application of San Diego Gas & Electric (U902M) for a Reasonableness Determination of 2012 Costs Decided in SDG&E's and SCE's GRC Proceedings Pursuant to the SONGS OII

Application No. 13-03-____
Exhibit No. SDG&E-3
Witness: Michael De Marco

**PREPARED DIRECT TESTIMONY
OF MICHAEL L. DE MARCO
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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

March 19, 2013

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16

PREPARED DIRECT TESTIMONY
OF
MICHAEL L. DE MARCO
CHAPTER 1

I. PURPOSE OF TESTIMONY

In accordance with the Commission’s Order Instituting Investigation (OII) I.12-10-013, this testimony identifies and describes a subset of San Diego Gas & Electric Company’s (SDG&E’s) incurred costs for 2012 that are associated with SDG&E’s 20% ownership interest in the San Onofre Nuclear Generating Station (SONGS). The following table lists SDG&E’s SONGS related costs categorized by CPUC proceeding and highlights the subset of actually incurred SONGS costs described on a forecast basis in SDG&E’s GRCs that are described in the following testimony.

SDG&E’S SHARE OF SONGS RELATED COSTS IDENTIFIED BY PROCEEDING			
COST CATEGORY	SDG&E’s GRC	SCE’s GRC	SGRP Proceeding
SONGS Unit 1 Spent Fuel Storage	X		
SONGS Site Easement	X		
SONGS Insurance	X		
SONGS Operations & Billing	X		
SONGS Utility Ratebase	X		
Escalation	X	X	X
SONGS O&M (other than refueling outages)		X	
SONGS Refueling Outage O&M		X	
SONGS Capital Additions		X	
SONGS Steam Generator Replacement Project (SGRP)			X

II. OVERVIEW

These incurred costs are based on the categories of forecast costs presented for recovery in SDG&E’s 2012 GRC A.10-12-006 and not addressed in SCE’s OII Application.¹ These costs are incurred regardless of whether or not SONGS generates

¹ See SCE-04, A.13-01-016

1 electricity, have been deemed reasonable and prudent in prior rate cases, and therefore
 2 should continue to be recoverable from ratepayers.² The following table summarizes this
 3 portion of SDG&E's costs.

SCE 2012 OII SDG&E's SONGS RELATED COSTS IDENTIFIED IN SDG&E'S 2012 GRC (<i>YOE Thousands</i>)		
No.	Item	Amount
1	SONGS Unit 1 Spent Fuel Storage	\$994
2	SONGS Site Easement	\$20
3	SONGS Insurance	\$2,364
4	SONGS Operations and Billing Oversight	\$642
5	SONGS Depreciation ⁽¹⁾	\$23,273
6	SONGS Taxes ^{(1)*}	\$13,270
7	SONGS Return on Rate Base ^{(1)*}	\$19,929
8	Total	\$60,492

⁽¹⁾ Depreciation, Taxes and Return Authorized for 2012 Pending SDG&E's 2012
 Decision in A.10-12-006 as per AL 2302 Filed on November 10, 2011

* Estimate only, subject to update

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5
6 **III. SDG&E'S 2012 SONGS ACTUAL INCURRED COSTS BY CATEGORIES**
 7 **REQUESTED IN SDG&E'S 2012 GRC**

8 SDG&E incurs SONGS costs not included in the SONGS portion of SCE's 2012
 9 GRC or in SCE's OII testimony. These cost categories and forecast amounts are
 10 addressed in SDG&E's 2012 GRC A.10-12-006.

11 Although the subset of SDG&E's expenditures discussed in this testimony occur
 12 regardless of whether SONGS generates electricity, they are required as a result of
 13 SDG&E's ownership of SONGS. Therefore, SDG&E respectfully requests that these
 14 2012 incurred expenses associated with these activities be found reasonable, prudently
 15 incurred and recoverable from ratepayers.

16 **1. Unit 1 Used Fuel Storage**

17 In addition to Unit 1 spent fuel assemblies stored on-site at SONGS, 270 spent
 18 fuel assemblies from Unit 1 have been stored at the General Electric spent fuel storage

² Note that SDG&E typically reserves its rights under the Second Amended San Onofre Operating
 Agreement to continue auditing SONGS costs as part of its customary audit procedures.

1 facility located in Morris, Illinois, since 1972. Because there are no other facilities
2 currently available in the U.S. for the commercial storage of spent nuclear fuel, the 270
3 assemblies are expected to remain at the Morris facility until they are accepted for
4 ultimate disposal by the Department of Energy (DOE) in accordance with timetables yet
5 to be established by the DOE. Payments are made monthly to General Electric by SCE
6 through SCE's corporate center, which in turn bills SDG&E for its 20% ownership
7 interest. SDG&E's SONGS Unit 1 Spent Fuel Storage expenses were \$994, 000 in 2012.
8 These costs are not related to the operation of SONGS Units 2 & 3 and are a result of the
9 prior operation of Unit 1, which has been substantially decommissioned. As these costs
10 are not related to the current outage and would be incurred regardless of whether SONGS
11 Units 2 & 3 generate electricity, SDG&E respectfully requests that these 2012 expenses
12 from Unit 1 spent fuel storage be found reasonable, prudently incurred, and recoverable
13 from ratepayers.

14 **2. SONGS Site Easement**

15 SONGS resides on Camp Pendleton property, which is owned by the U.S.
16 Department of the Navy ("Navy"), and held by the SONGS owners through an easement
17 (*i.e.*, the SONGS Site Easement). Under the terms of the SONGS Site Easement, the
18 SONGS owners are billed individually by the Navy for their respective shares of the
19 annual easement fee. SDG&E makes fixed annual payments of \$20,000 for its 20% share
20 of the SONGS Site Easement fee. As the SONGS Site Easement under contract with the
21 Navy continues to be incurred regardless of whether SONGS generates electricity,
22 SDG&E respectfully requests that these 2012 expenses for the SONGS Site Easement be
23 found reasonable, prudently incurred, and recoverable from ratepayers.

24 **3. SONGS Insurance**

25 SDG&E is responsible for its 20% share of SONGS site insurance for property
26 liability and property damage ("PL/PD") insurance costs billed by SCE's corporate
27 center. SDG&E incurred \$2,364,000 in SONGS PL/PD insurance expense in 2012. As
28 the SONGS insurance expense continues to be incurred regardless of whether SONGS
29 generates electricity. SDG&E respectfully requests that these 2012 insurance expenses be
30 found reasonable, prudently incurred, and recoverable from ratepayers. These costs are
31 not the subject of SCE's GRC but rather are addressed in SDG&E's GRC.

1 **4. SDG&E's SONGS Operations and Billing**

2 In D.06-11-026, the Commission ordered SDG&E to enhance its oversight.³ This
3 order was reaffirmed in SCE's 2012 GRC Decision D.12-11-051, as the Commission
4 stated, "[a]s a co-owner of SONGS, SDG&E has an obligation to oversee and monitor
5 SCE's performance and to protect its ratepayers."⁴

6 However, SONGS is operated by SCE, the Nuclear Regulatory Commission's
7 (NRC's) designated operator. SDG&E relies upon SCE as the operating agent and the
8 exclusive NRC licensed operator of the station. SDG&E's influence as a minority owner
9 over SCE's expenditures related to SONGS is subject to the terms of the Second
10 Amended San Onofre Operating Agreement between the SONGS Co-Owners.⁵

11 Nonetheless, SDG&E has taken steps to enhance its role as a minority owner to
12 review SONGS operations and expenditures in accordance with the Commission's orders
13 and within the terms of the Second Amended San Onofre Operating Agreement. SDG&E
14 provides oversight of SONGS operational decisions and expenditures through:

- 15 a. A SONGS Team Lead monitoring SCE's daily activities at the SONGS
16 worksite.
- 17 b. A Principal Accountant to validate costs and to support informed inquiries
18 regarding costs incurred.
- 19 c. A Financial Project Manager to monitor O&M, capital expenditures, fuel
20 contracts, and decommissioning expenditures.
- 21 d. Further, SDG&E has requested additional funding in its 2012 GRC
22 application A.10-12-006 to engage an external consultant/technical advisor
23 with extensive knowledge of practices at other nuclear facilities.

24 SDG&E incurred 2012 costs of \$642,000 for these positions to fulfill the
25 Commission's directive. SDG&E's enhanced review of SONGS operations and
26 expenditures has resulted in ratepayer recoveries from SCE and is incurred regardless of
27 whether either SONGS unit generates electricity. Accordingly, SDG&E respectfully

³ See D.06-11-026, p. 12.

⁴ See Final Decision (D.) 12-11-051, page 40 (December 12, 2012).

⁵ The SONGS Co-Owners are SCE, SDG&E, and the City of Riverside.

1 requests that these 2012 expenses be found reasonable, prudently incurred, and
2 recoverable from ratepayers.

3 **5. SDG&E's SONGS Capital-Related Costs**

4 SDG&E has a 20% ownership interest in SONGS and is allowed to recover
5 capital-related costs on its share of SONGS capital investment in utility rate base.
6 Capital-related costs include depreciation, income taxes, ad valorem taxes, and return on
7 investment. These types of costs are described in the testimony of Deborah Hiramoto in
8 SDG&E's 2012 GRC A.10-12-005, Exhibit SDG&E-45-R. These costs are incurred,
9 regardless of whether SONGS generates electricity. Therefore, SDG&E respectfully
10 requests that its SONGS capital-related costs are found reasonable, prudently incurred,
11 and recoverable from ratepayers.

12 **IV. CONCLUSION WITH RESPECT TO CHAPTER 1**

13 This testimony identified and described a subset of the costs that SDG&E paid in
14 2012 and recorded in SDG&E's SONGSMA in an amount of \$60.492 million. These
15 incurred costs are associated with SDG&E's 20% ownership interest in the San Onofre
16 Nuclear Generating Station (SONGS) and were unique to SDG&E and not addressed in
17 SCE's January 31, 2013 Application that will be consolidated in the OII Phase I
18 proceeding. These costs are related to Unit 1 spent fuel storage, the SONGS site
19 easement with the Navy, SDG&E's share of SONGS insurance premium costs,
20 operations and billing oversight, and SONGS Utility Ratebase and are incurred regardless
21 of whether or not SONGS generates electricity, they have been deemed reasonable and
22 prudent in prior rate cases, and therefore should continue to be recoverable from
23 ratepayers. SDG&E presented these categories of costs on a forecast basis in its
24 SDG&E's 2012 GRC A.10-12-006. The actually incurred costs during 2012 presented in
25 this testimony fell within these categories.
26

1 **CHAPTER 2**

2

3 **V. PURPOSE OF TESTIMONY**

4 In accordance with the Commission’s Order Instituting Investigation (OII) I.12-
5 10-013, this testimony identifies and describes a subset of San Diego Gas & Electric
6 Company’s (SDG&E’s) incurred costs associated with SDG&E’s 20% ownership interest
7 in the San Onofre Nuclear Generating Station (SONGS).

8 Southern California Edison’s (SCE’s) 2012 costs for Capital and Operations and
9 Maintenance (O&M) including refueling outages are established in SCE’s 2012 General
10 Rate Case (GRC), presented again in SCE’s OII Application, and recorded in the SONGS
11 Memorandum Account (SONGSMA).

12 SCE bills SDG&E 20% of the SONGS costs described above commensurate with
13 SDG&E’s 20% ownership interest in SONGS. Correspondingly, SDG&E seeks recovery
14 of these costs, incurred in 2012, and highlighted in the following table.

SDG&E’S SHARE OF SONGS RELATED COSTS IDENTIFIED BY PROCEEDING			
COST CATEGORY	SDG&E’s GRC	SCE’s GRC	SGRP Proceeding
SONGS Unit 1 Spent Fuel Storage	X		
SONGS Site Easement	X		
SONGS Insurance	X		
SONGS Operations & Billing	X		
SONGS Utility Ratebase	X		
Escalation	X	X	X
SONGS O&M (other than refueling outages)		X	
SONGS Refueling Outage O&M		X	
SONGS Capital Additions		X	
SONGS Steam Generator Replacement Project (SGRP)			X

15

16 **VI. OVERVIEW**

17 SONGS is operated by SCE, the Nuclear Regulatory Commission’s (NRC’s)
18 designated operator. SDG&E relies upon SCE as the operating agent and the exclusive
19 NRC licensed operator of the station. SDG&E’s influence as a minority owner over

1 SCE's expenditures related to SONGS is subject to the terms of the Second Amended
2 San Onofre Operating Agreement between the SONGS Co-Owners.⁶

3 SCE has presented SONGS costs at the 100% level in their OII Application. SCE
4 states in SCE-4:

5 "[T]he recorded 2012 costs (which are substantially higher than the costs that
6 should be excluded from the subject-to-refund condition) **are reasonable**
7 **because they are necessary to maintain SONGS systems, structures,**
8 **components, and other processes and procedures in the condition**
9 **required by the operating licenses, and to restore the units safely to**
10 **service [emphasis added].** Indeed, SCE submitted an operational assessment
11 and restart plan for Unit 2 as part of its response to the Nuclear Regulatory
12 Commission's (NRC) Confirmatory Action Letter (CAL) for SONGS 2 & 3."⁷

13 Under conventional cost-of-service ratemaking⁸ SDG&E's SONGS-related costs
14 are established in SCE's and SDG&E's separate GRC proceedings with the majority of
15 SDG&E's SONGS-related costs established in SCE's GRC.

16 The practice of recovering SDG&E's costs in two separate proceedings was
17 implemented by the Commission in prior decisions to ensure consistency of treatment of
18 SONGS Operations and Maintenance (O&M) and capital expenditures, and to avoid
19 litigating the same costs and expenditures in more than one proceeding. Specifically, the
20 SONGS-related O&M and capital expenses that SCE bills to SDG&E are considered in
21 SCE's proceedings.⁹ This practice has been followed by SDG&E in SCE's GRCs in
22 1985, 1988, 1992, 1995, 2003, 2006 and 2009.

23 In SCE's 2012 GRC Decision, the Commission directed SCE to file an
24 application for reasonableness review of the 2012 SONGS costs. Following the
25 Commission's direction, SDG&E's share of SONGS costs are introduced in SCE's OII
26 Application.

⁶ The SONGS Co-Owners are SCE, SDG&E, the City of Riverside, and the City of Anaheim.

⁷ See SCE-04, A.13-01-016, page 13.

⁸ See D.04-07-022, page 29 and page 358, Ordering Paragraph #8.

⁹ See D.04-07-022, page 324, Finding of Fact #43. See also D.06-05-016, pages 39 - 40, Section 7.8. And D.09-03-025, Section 12, page 295.

1 **VII. SONGS OPERATIONS AND MAINTENANCE COSTS**

2 SDG&E's 2012 O&M costs of \$143.1 million corresponding to SDG&E's 20%
3 ownership interest are based upon SCE's direct costs invoiced to SDG&E.

4 The \$143.1 million figure includes contractual overhead costs that are added to
5 the direct charges (labor and non-labor) through an applicable contractual overhead¹⁰
6 (Administrative and General (A&G), Pension and Benefits (P&B), and Payroll Taxes)
7 rate multiplier under the terms of the Second Amended San Onofre Operating
8 Agreement.

9 Additionally, SCE invoices SDG&E for Information Technology, Results
10 Sharing, and other SCE SONGS-related O&M costs that are not addressed in SCE's OII
11 Application.

12 All of these O&M costs are invoiced to SDG&E by Federal Energy Regulatory
13 Commission (FERC) account and not by functional group as presented in SCE's OII
14 Application. Therefore SDG&E's 2012 O&M costs of \$143.1 million figure (including
15 refueling outages) cannot be displayed by functional group and are summarized in the
16 following table.

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¹⁰ Contractual overheads are from the Exhibit Ratios in the Second Amended San Onofre Operating Agreement between SCE and the SONGS Co-Owners. The overheads address A&G, P&B, and Payroll Tax on pages 50-56 and Exhibits G, H, I, J, and K.

SDG&E's Share of 2012 Costs													
SONGS O&M and Capital													
Addressed in SCE's GRC D. 12-11-051 & 2012 SONGS OII													
SDG&E's 2012 SONGS Operations & Maintenance (O&M) Costs, Including Refueling ^[1]													
(thousands of dollars)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
1 O&M Expense - SONGS Labor	4,761.3	9,527.2	4,717.5	3,904.7	4,334.8	3,970.6	3,477.5	4,575.4	3,280.7	4,095.2	3,766.6	4,402.0	54,813.5
2 O&M Expense - SONGS Non-Labor	5,013.1	6,996.2	5,846.7	6,313.7	3,434.1	3,042.7	4,788.1	6,894.8	5,228.0	3,642.5	2,233.1	3,857.9	57,290.9
3 O&M Expense - SONGS Contractual Overheads	3,066.1	3,603.1	3,104.5	2,890.3	3,152.2	2,826.8	2,525.8	3,412.2	2,463.3	3,013.3	2,550.2	2,559.9	35,167.7
4 O&M Expense - SONGS Invoice Lag Adjustment ^[2]	(550.5)	(9,775.1)	(3,330.6)	5,356.7	395.2	3,016.6	1,346.2	(5,022.8)	(1,270.3)	3,995.8	1,966.6	(388.1)	(4,260.3)
5 O&M Expense - SONGS Invoice Total	12,290.0	10,351.4	10,338.1	18,465.4	11,316.3	12,856.7	12,137.6	9,859.6	9,701.7	14,746.8	10,516.5	10,431.7	143,011.8
6 O&M Expense - SONGS Additional Invoicing ^{[3],[4]}	-	-	11.7	-	-	-	-	-	-	27.0	-	61.0	99.7
7 O&M Expense - SDG&E Corrections to SCE Data	-	-	-	-	-	-	7.6	(0.9)	-	-	-	-	6.7
7 O&M Expense - Total Payments to SCE	12,290.0	10,351.4	10,349.8	18,465.4	11,316.3	12,856.7	12,145.2	9,858.7	9,701.7	14,773.8	10,516.5	10,492.7	143,118.2
8 O&M Expense - Excluded from SONGSBA	-	-	(11.7)	-	-	-	(7.6)	0.9	-	(27.0)	-	(61.0)	(106.4)
9 O&M Expense - Posted to SONGSBA	12,290.0	10,351.4	10,338.1	18,465.4	11,316.3	12,856.7	12,137.6	9,859.6	9,701.7	14,746.8	10,516.5	10,431.7	143,011.8

2012 Capital Costs, Excluding the Steam Generator Replacement Project ^{[6],[9]}													
(thousands of dollars)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
10 Capital Expenditures - SONGS Labor	481.0	582.6	506.3	360.7	436.7	406.4	391.6	436.5	286.0	499.8	459.2	414.6	5,261.4
11 Capital Expenditures - SONGS Non-Labor	2,513.8	9,342.5	1,628.7	1,197.0	1,443.2	3,173.6	2,627.7	1,272.7	1,519.5	1,981.5	1,378.4	1,552.4	29,631.0
12 Capital Expenditures - SONGS Contractual Overheads	327.0	466.6	332.8	237.4	286.9	283.9	269.4	284.0	190.9	331.2	300.3	273.7	3,584.1
13 Capital Expenditures - SONGS Invoice Lag Adjustment ^[2]	2,588.4	614.3	(2,244.1)	5,473.3	279.4	(2,526.0)	(1,983.5)	1,670.6	2,492.3	1,780.8	(3,341.5)	(4,028.1)	775.9
14 Capital Expenditures - SONGS Invoice Total	5,910.2	11,006.0	223.7	7,268.4	2,446.2	1,337.9	1,305.2	3,663.8	4,488.7	4,593.3	(1,203.6)	(1,787.4)	39,252.4
15 Capital Expenditures - SDG&E Corrections to SCE Data	-	-	-	-	-	-	(7.6)	1.0	-	5.0	-	-	(1.6)
14 Capital Expenditures - Total Payments to SCE ^[5]	5,910.2	11,006.0	223.7	7,268.4	2,446.2	1,337.9	1,297.6	3,664.8	4,488.7	4,598.3	(1,203.6)	(1,787.4)	39,250.8
15 Capital Expenditures - SDG&E Operational Oversight	1.7	2.4	2.5	1.7	2.9	1.9	2.5	2.5	1.8	2.4	1.5	2.6	26.4
16 Capital Expenditures - SDG&E Overheads	152.0	282.2	8.3	209.2	72.9	40.2	48.5	131.0	159.3	188.3	(51.6)	(79.8)	1,160.5
17 Capital Expenditures - SDG&E AFUDC	634.2	682.0	619.5	680.0	500.6	734.9	837.9	826.7	844.1	880.8	824.6	757.4	8,822.7
18 Capital Expenditures - Total ^[6]	6,698.1	11,972.6	854.0	8,159.3	3,022.6	2,114.9	2,186.5	4,625.0	5,493.9	5,669.8	(429.1)	(1,107.2)	49,260.4

[1] SONGS O&M costs are billed by FERC account by SCE. Included in the FERC account billing are refueling costs. SDG&E rely upon SCE's budget reporting to break out refueling costs for analysis and review

[2] SCE advance bills SDG&E for the month and true-ups previous advance bills. The "Lag Adjustment" converts SONGS data for the billing process to match actual SDG&E postings

[3] Includes \$11.7K for independent consultant for SONGS A&G Study, \$16.6K for Legal costs associated with the SONGS DOE Litigation for Units 2/3, and \$230.8K additional Master Insurance Program billing post audit settlement. These costs were inadvertently excluded from SONGSBA.

[4] Excludes \$2,122.4K SDG&E posting error in June 2012 that did not impact SONGSBA and was subsequently corrected in July 2012.

[5] Capital total excludes \$22.5K of SDG&E non-SONGS costs inadvertently charged to SONGS projects and subsequently corrected in 2013. These costs are included in CWIP for 2012.

[6] Excludes refunds / adjustments associated with prior periods (ex. Joint Minority Owner Audit Findings and DOE Litigation Refund)

1

2 **VIII. SONGS CAPITAL EXPENDITURES**

3 SCE has the sole responsibility for the safe operation of SONGS and SDG&E
 4 relies upon SCE as its Operating Agent. In SCE's OII Application the utility identified
 5 its capital expenditures necessary to maintain SONGS systems, structures, and
 6 components in the condition required by the operating licenses, and to restore the units
 7 safely to service.

8 SDG&E's 2012 capital costs as set forth in this portion of the OII Application
 9 testimony are \$49.3 million, corresponding to SDG&E's 20% ownership interest of
 10 SONGS.

11 Similar to the process explained previously for O&M costs, the \$49.3 million
 12 includes contractual overhead costs added to the direct charges through an applicable

1 contractual overhead¹¹ (A&G, P&B, and Payroll Taxes) rate multiplier under the terms of
2 the Second Amended San Onofre Operating Agreement.

3 SDG&E then applies its own capital A&G overheads to its share of SONGS
4 capital expenditures using a uniform rate applied to all SDG&E capital projects, in order
5 to recover the administrative costs such as accounting, finance, and legal expenses that
6 SDG&E incurs. In addition, some SDG&E labor costs are charged to projects for
7 SDG&E's capital project oversight.

8 Application of overhead A&G for capital projects is an established convention
9 approved in SDG&E's 2009 GRC D.08-07-046 and again proposed in SDG&E's 2012
10 GRC application.¹²

11 **IX. CONCLUSION WITH RESPECT TO CHAPTER 2**

12 SDG&E respectfully requests that the Commission find that SDG&E's 2012
13 SONGS costs invoiced by SCE for O&M (including refueling outages) and capital
14 expenses (excluding the Steam Generator Replacement Project) are reasonable, prudently
15 incurred, and recoverable from ratepayers. SDG&E's total amount for these invoiced
16 2012 costs was \$192.4 million and is comprised of:

- 17 • \$143.1 million in O&M including refueling outages and;
- 18 • \$49.3 million in capital expenditures excluding the Steam Generator
19 Replacement Project

20 This concludes my prepared direct testimony.

21

¹¹ Contractual overheads are from the Exhibit Ratios in the Second Amended San Onofre Operating Agreement between SCE and the SONGS Co-Owners. The overheads address A&G, P&B, and Payroll Tax on pages 50-56 and Exhibits G, H, I, J, and K.

¹² The A&G cost put forth in this instant proceeding will be revised in update testimony in the event the Commission decision in SDG&E's 2012 GRC authorizes a different A&G rate.

1 **X. STATEMENT OF QUALIFICATIONS**

2 My name is Michael L. De Marco, and I have been employed by San Diego Gas
3 & Electric Company (SDG&E) since May of 2007 as Team Leader of the Nuclear
4 Section in the Electric Project Development & Business Planning Department. My
5 current responsibilities include representing SDG&E's ownership interests at SONGS.

6 Prior to working for SDG&E, I worked for Southern California Edison. Previous
7 positions relevant to my testimony include: Nuclear Plant Operator, SONGS (1989 –
8 2001), Technical Specialist, Nuclear Rate Regulation (2002 – 2003), Senior Financial
9 Analyst, Energy Supply and Management (2003 – 2006), and Senior Project Manager,
10 Power Procurement (2006 – 2007).

11 I received a Bachelor of Science degree in Workforce Education from Southern
12 Illinois University at Carbondale in 1998 and a Master of Business Administration degree
13 from the University of California, Irvine in 2001. I am a registered Project Management
14 Professional with the Project Management Institute.

15 My business address is 5000 Pacific Coast Highway, San Clemente, California
16 92672. I have previously testified before the Commission.

APPENDIX A – 2012 SONGS O&M AND CAPITAL EXPENDITURES

SDG&E's Share of 2012 Costs SONGS O&M and Capital Addressed in SCE's GRC D. 12-11-051 & 2012 SONGS OII SDG&E's 2012 SONGS Operations & Maintenance (O&M) Costs, Including Refueling ^[1] (thousands of dollars)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
1 O&M Expense - SONGS Labor	4,761.3	9,527.2	4,717.5	3,904.7	4,334.8	3,970.6	3,477.5	4,575.4	3,280.7	4,095.2	3,766.6	4,402.0	54,813.5
2 O&M Expense - SONGS Non-Labor	5,013.1	6,996.2	5,846.7	6,313.7	3,434.1	3,042.7	4,788.1	6,894.8	5,228.0	3,642.5	2,233.1	3,857.9	57,290.9
3 O&M Expense - SONGS Contractual Overheads	3,066.1	3,603.1	3,104.5	2,890.3	3,152.2	2,826.8	2,525.8	3,412.2	2,463.3	3,013.3	2,550.2	2,559.9	35,167.7
4 O&M Expense - SONGS Invoice Lag Adjustment ^[2]	(550.5)	(9,775.1)	(3,330.6)	5,356.7	395.2	3,016.6	1,346.2	(5,022.8)	(1,270.3)	3,995.8	1,966.6	(388.1)	(4,260.3)
5 O&M Expense - SONGS Invoice Total	12,290.0	10,351.4	10,338.1	18,465.4	11,316.3	12,856.7	12,137.6	9,859.6	9,701.7	14,746.8	10,516.5	10,431.7	143,011.8
6 O&M Expense - SONGS Additional Invoicing ^{[3],[4]}	-	-	11.7	-	-	-	-	-	-	27.0	-	61.0	99.7
7 O&M Expense - SDG&E Corrections to SCE Data	-	-	-	-	-	-	7.6	(0.9)	-	-	-	-	6.7
7 O&M Expense - Total Payments to SCE	12,290.0	10,351.4	10,349.8	18,465.4	11,316.3	12,856.7	12,145.2	9,858.7	9,701.7	14,773.8	10,516.5	10,492.7	143,118.2
8 O&M Expense - Excluded from SONGSBA	-	-	(11.7)	-	-	-	(7.6)	0.9	-	(27.0)	-	(61.0)	(106.4)
9 O&M Expense - Posted to SONGSBA	12,290.0	10,351.4	10,338.1	18,465.4	11,316.3	12,856.7	12,137.6	9,859.6	9,701.7	14,746.8	10,516.5	10,431.7	143,011.8

2012 Capital Costs, Excluding the Steam Generator Replacement Project ^{[6],[9]} (thousands of dollars)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
10 Capital Expenditures - SONGS Labor	481.0	582.6	506.3	360.7	436.7	406.4	391.6	436.5	286.0	499.8	459.2	414.6	5,261.4
11 Capital Expenditures - SONGS Non-Labor	2,513.8	9,342.5	1,628.7	1,197.0	1,443.2	3,173.6	2,627.7	1,272.7	1,519.5	1,981.5	1,378.4	1,552.4	29,631.0
12 Capital Expenditures - SONGS Contractual Overheads	327.0	466.6	332.8	237.4	286.9	283.9	269.4	284.0	190.9	331.2	300.3	273.7	3,584.1
13 Capital Expenditures - SONGS Invoice Lag Adjustment ^[2]	2,588.4	614.3	(2,244.1)	5,473.3	279.4	(2,526.0)	(1,983.5)	1,670.6	2,492.3	1,780.8	(3,341.5)	(4,028.1)	775.9
14 Capital Expenditures - SONGS Invoice Total	5,910.2	11,006.0	223.7	7,268.4	2,446.2	1,337.9	1,305.2	3,663.8	4,488.7	4,593.3	(1,203.6)	(1,787.4)	39,252.4
15 Capital Expenditures - SDG&E Corrections to SCE Data	-	-	-	-	-	-	(7.6)	1.0	-	5.0	-	-	(1.6)
14 Capital Expenditures - Total Payments to SCE ^[5]	5,910.2	11,006.0	223.7	7,268.4	2,446.2	1,337.9	1,297.6	3,664.8	4,488.7	4,598.3	(1,203.6)	(1,787.4)	39,250.8
15 Capital Expenditures - SDG&E Operational Oversight	1.7	2.4	2.5	1.7	2.9	1.9	2.5	2.5	1.8	2.4	1.5	2.6	26.4
16 Capital Expenditures - SDG&E Overheads	152.0	282.2	8.3	209.2	72.9	40.2	48.5	131.0	159.3	188.3	(51.6)	(79.8)	1,160.5
17 Capital Expenditures - SDG&E AFUDC	634.2	682.0	619.5	680.0	500.6	734.9	837.9	826.7	844.1	880.8	824.6	757.4	8,822.7
18 Capital Expenditures - Total ^[6]	6,698.1	11,972.6	854.0	8,159.3	3,022.6	2,114.9	2,186.5	4,625.0	5,493.9	5,669.8	(429.1)	(1,107.2)	49,260.4

[1] SONGS O&M costs are billed by FERC account by SCE. Included in the FERC account billing are refueling costs. SDG&E rely upon SCE's budget reporting to break out refueling costs for analysis and review

[2] SCE advance bills SDG&E for the month and true-up previous advance bills. The "Lag Adjustment" converts SONGS data for the billing process to match actual SDG&E postings

[3] Includes \$11.7K for independent consultant for SONGS A&G Study, \$16.6K for Legal costs associated with the SONGS DOE Litigation for Units 2/3, and \$230.8K additional Master Insurance Program billing post audit settlement. These costs were inadvertently excluded from SONGSBA.

[4] Excludes \$2,122.4K SDG&E posting error in June 2012 that did not impact SONGSBA and was subsequently corrected in July 2012.

[5] Capital total excludes \$22.5K of SDG&E non-SONGS costs inadvertently charged to SONGS projects and subsequently corrected in 2013. These costs are included in CWIP for 2012.

[6] Excludes refunds / adjustments associated with prior periods (ex. Joint Minority Owner Audit Findings and DOE Litigation Refund)