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January 4, 2016

Mr. Edward Randolph  
Director, Energy Division  
California Public Utilities Commission  
501 Van Ness Avenue  
San Francisco, CA 94102

**RE: San Diego Gas & Electric's (SDG&E) Quarterly Report in Compliance with Investigation (I.) 12-10-013**

Dear Mr, Randolph:

Enclosed is SDG&E's quarterly report for the period July 1 through September 30, 2015, as directed by the California Public Utilities Commission (Commission) in Investigation (I.) 12-10-013. Specifically, I.12-10-13 states on page 13 the following:

SCE (Southern California Edison) and SDG&E shall each file a monthly status report with the Commission's Energy Division with the service on the service list. The monthly report shall include an operational update for the units, description of any NRC actions, estimated replacement energy and capacity costs, estimated other operational expenses, estimated forgone revenues due to lost sales of excess energy, and any other information either utility believes is relevant that may impact the Commission's consideration of safe and reliable service at just and reasonable rates, including any additional information directed by the Energy Division Director.

In its comments to the OII filed on December 03, 2012, SDG&E requested to submit its report quarterly with a 90-day lag, which was supported by the Energy Division and granted in the ALJ's January 28 Phase 1 Scoping Memo and Ruling (see page 8).

In addition, SDG&E had requested that the Commission designate SCE as the respondent for itself and on behalf of SDG&E to provide certain operating information. In in the January 28, 2013 Scoping Memo, ALJ Darling provided additional direction on page 8 as follows:

We acknowledge, for example, that as Operating Agent, SCE is the contractual party with the vendor of the steam generators, Mitsubishi Heavy Industries, Inc. (MHI), and has standing to enforce contractual warranties. SCE is the utility with primary responsibility for providing information that is within its own records as Operating Agent. However, as a co-owner, SDG&E has a duty to monitor SCE's responses in this OII and to supplement them or challenge them based on its own obligation to ensure safe and reliable service.

SDG&E has reviewed SCE's monthly status reports for the reporting period (July through September 2015) and does not have any additional information with which to supplement or challenge SCE on the reported status of SONGS.

With the CPUC adoption of the amended and restated settlement agreement in D.14-11-040, incremental monthly entries in certain rows of the SONGSOMA spreadsheet have been revised and in some cases, expenses are no longer recorded. For example, rows 23-27, 39, and 40, which previously displayed "Fuel", "Fuel Carrying Costs", "SONGS Replacement Power", "Huntington Beach" and "Demand Response", no longer have monthly entries, and the revenue requirement in row 55 consists of the authorized regulatory asset amortization. The section entitled "Base Capital Cost Subaccount" beginning on Row 1, now enumerates the actual components being amortized by SDG&E. In addition, beginning with the reporting of 2015 SONGS cost data, SDG&E is no longer including the data reported prior to January 2015, due to inconsistencies caused by SDG&E's decision to report costs in the month they are billed and recorded instead of when SCE incurs them. These timing differences would make an "inception to date" number misleading. The year end 2014 SONGS OMA Report submitted on April 1, 2015 includes all cost data through December 31, 2014.

SDG&E will continue to submit its quarterly report with the above noted changes until such time as the Commission renders a final decision in the 2014 reasonableness review (A.15-02-006), or until the Commission authorizes the report's discontinuance.

If you have any questions, please contact Wendy Johnson at (858) 654-1185 or email at [WDJohnson@semprautilities.com](mailto:WDJohnson@semprautilities.com).

Sincerely,

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CLAY FABER  
Director – Federal & CA Regulatory

cc: Commissioner Catherine Sandoval  
ALJ Melanie Darling  
ALJ Kevin Dudney  
Eric Greene – Energy Division  
Truman Burns, Division of Ratepayer Advocates  
Service List I.12-10-013

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**SONGS 2&3 Outage Memorandum Account**  
**I.12-10-013**  
**(\$000)**

		2015												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>1</b>	<b><u>I. Base Capital Cost Subaccount</u></b>													
2	Capital Expenditures													-
3	CWIP													-
4	Rate Base - End of Month	304,785.9	301,321.3	293,988.2	284,326.9	287,415.0	284,076.5	280,697.2	274,878.2	271,525.2				271,525.2
5	Depreciation	3,120.3	3,120.3	3,832.5	3,184.9	3,395.4	3,341.4	3,400.2	3,290.4	3,367.4				30,052.8
6	Taxes on Income	221.5	221.4	221.3	221.2	221.0	220.9	220.8	220.7	220.5				1,989.3
7	Ad Valorem Taxes	30.5	30.5	30.5	30.5	30.5	30.5	242.1	242.1	242.1				909.3
8	Return	391.3	390.3	386.6	393.4	387.6	381.8	399.7	393.4	385.8				3,509.9
9	Subtotal Revenue Requirement	3,763.6	3,762.5	4,470.9	3,830.0	4,034.5	3,974.6	4,262.8	4,146.6	4,215.8	-	-	-	36,461.3
<b>10</b>	<b><u>II. Steam Gen Replacement/Removal Capital Cost Subaccount</u></b>													
11	Capital Expenditures - Replace													-
12	Capital Expenditures - Remove													-
13	Rate Base - Replace													-
14	Rate Base - Remove													-
15	CWIP Balance - Replace													-
16	CWIP Balance - Remove													-
17	Depreciation													-
18	Taxes on Income													-
19	Ad Valorem Taxes													-
20	Return													-
21	Subtotal Revenue Requirement	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>22</b>	<b><u>III. O&amp;M Expense Subaccount</u></b>													
23	Fuel (ERRA)													-
24	Fuel Carrying Costs (ERRA)													-
25	Replacement Power (ERRA)													-
26	Capacity Payments (ERRA)													-
27	Foregone Sales Revenue (ERRA)													-
28	Routine O&M	(336.4)	263.0	11,362.8	7,384.4	(202.6)	(2,785.9)	5,070.0	3,363.3	19,162.9				43,281.5
29	Refueling (1 in 2012)													-
30	Seismic Safety	74.1	(52.7)	15.0	69.4	73.7	0.1	21.6	96.3	-				297.5
31	Investigation	5.5	9.1											14.6
32	Repairs - After Outage													-
33	Regulatory - After Outage													-
34	Defueling													-
35	Litigation	36.7	38.6	-	17.7	0.1	32.1	37.3	15.6				178.1	
36	Payroll Taxes	(8.1)	(20.0)	48.1	323.6	445.5	308.8	315.3	698.2	296.7				2,408.1
37	Other (Pensions, PBOP, Insurance)	99.2	50.9	24.4	19.4	34.6	26.2	95.6	12.2	30.8				393.3
38	Subtotal	(129.0)	288.9	11,450.3	7,814.5	351.3	(2,418.7)	5,539.8	4,185.6	19,490.4	-	-	-	46,573.1
<b>39</b>	<b><u>IV. Huntington Beach Subaccount</u></b>													
														-

		2015												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
40	<b><u>V. Demand Response Subaccount</u></b>													
41	Peak Time Rebate - Small Commercial (PTRA)	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Demand Bidding Program (DBP 2012)	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Marketing, Education & Outreach (ME&O)	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Subtotal DR	-	-	-	-	-	-	-	-	-	-	-	-	-
45	<b><u>VI. Transmission Upgrades Subaccount</u></b>													
46	Capital Expenditures													-
47	Rate Base													-
48	Depreciation													-
49	Taxes on Income													-
50	Ad Valorem Taxes													-
51	Return													-
52	Subtotal Revenue Requirement	-	-	-	-	-	-	-	-	-	-	-	-	-
53	O&M (if any)													-
54	<b><u>VII. Authorized Revenue Requirement Subaccount</u></b>													
55	Monthly Revenue Requirements	4,178.2	4,178.2	4,178.2	4,178.2	4,178.2	4,178.2	4,178.1	4,178.1	4,178.1				37,603.5
56	<b><u>VIII. Adders to SCE-Originated SONGS Costs</u></b>													
57	SCE-Billed Costs Not Included by SCE in § III													-
58	SDG&E Portion of Nuclear and Related Insurance	424.0			613.0	230.9	405.7	(1,088.2)	(347.9)	134.8				372.3
59	SDG&E Portion of SONGS Site Easement													-
60	SDG&E Overheads on SONGS Costs - Capital (Adder to § I)													-
61	SDG&E Overheads on SONGS Costs - O&M (Adder to § III)													-
62	Net Impact of Billing Lag (Temporary Adder to §§ I & III)													-
63	<b><u>IX. SDG&amp;E Direct Cost of SONGS Oversight</u></b>													
64	Operational and Financial Oversight Team	20.7	23.4	27.8	25.1	30.1	47.3	3.1	30.0	17.8				225.3

**NOTES**

- All amounts shown reflect SDG&E's actual costs for SONGS, including 20% share of SONGS 100%-level costs incurred by SCE.
- SDG&E's SONGS Oversight includes estimated overheads for Payroll Tax, Incentive Compensation Plan ("ICP"), Pension & Benefits, Workers' Compensation, Vacation & Sick Leave, PLPD Insurance, and Purchasing.
- Property-tax amounts are estimated based on an allocation of total property taxes paid.
- Beginning with the reporting of 2015 SONGS cost data, SDG&E is no longer including the data reported prior to January 2015, due to inconsistencies caused by SDG&E's decision to report costs in the month they are billed and recorded instead of when SCE incurs them. These timing differences would make an "inception to date" number misleading. The year end 2014 SONGS OMA Report submitted on April 1, 2015 includes all cost data through December 31, 2014.
- With the CPUC adoption of the amended and restated settlement agreement in D. 14-11-040, incremental monthly entries in certain rows of the SONGSOMA spreadsheet have been revised or the expenses will no longer be recorded. For example, rows 23 - 27, 39 and 40, which previously displayed Fuel, Fuel Carrying Costs, SONGS Replacement Power, Huntington Beach and Demand Response, no longer have monthly entries.
- SDG&E will continue to record monthly entries for "Base O&M Expense" billed by Southern California Edison, until such time as the Commission authorizes cost recovery through reimbursements from the SONGS 2&3 Decommissioning Trusts.
- The 2015 Base Capital Cost revenue requirement shown is based on the SONGS Settlement Agreement Base Plant defined in Section 2.6, CWIP balance defined in Section 2.13, Materials and Supply balance defined in Section 2.21, and Nuclear Fuel balance defined in section 2.30.
- FF&U is excluded from line #9 and included in line #55.