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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 and Electric Company Associated with the San Onofre Nuclear Generating Station Units 2 and 3.

Investigation 12-10-013
(Filed October 25, 2012)

And Related Matters.

Application 13-01-016
Application 13-03-005
Application 13-03-013
Application 13-03-014

**ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW JUDGES'
RULING DETERMINING THE PHASE 2 SCOPE AND SCHEDULE**

Pursuant to Rule 7.3(a) of the Commission's Rules of Practice and Procedure and following the prehearing conference (PHC) held on July 12, 2013, this scoping memo sets forth the schedule, issues and procedural requirements for Phase 2 of this proceeding.

1. Background

On November 1, 2012, the Commission issued this Order Instituting Investigation (OII) as authorized by Pub. Util. Code § 455.5.¹ The Commission is investigating the outages and eventual shutdown of nuclear generation at the San Onofre Nuclear Generating Station (SONGS), and the resulting effects on the provision of safe and reliable electric service at just and reasonable rates.

Specifically, this investigation has consolidated and begun to consider issues raised by the operations, practices, and conduct of Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) related to and following the extended outages of SONGS Units #2 and #3. The Commission will assess what SONGS-related costs incurred in 2012 and thereafter, if any, are appropriate for recovery from ratepayers.

On January 28, 2013 assigned Commissioner Michel Peter Florio and Administrative Law Judge (ALJ) Melanie Darling issued a scoping memo which determined it was more efficient to segregate by time and topic the many complex issues presented into separate phases for review. That scoping memo identified the scope for Phase 1, and preliminarily stated the scope of additional phases.²

On July 1, 2013 the assigned ALJs issued a ruling with a more detailed preliminary statement of scope for Phase 2 and sought comment from the parties at the July 12, 2013 PHC. The July 1 ruling also required utility testimony to “provide an accounting of the assets and amounts currently in rate base for the

¹ Unless otherwise indicated, all future references to “Section” (§) refer to the California Public Utilities Code.

² On May 1, 2013 ALJ Kevin Dudney was co-assigned to this proceeding.

entire SONGS facility” and specified certain content and format requirements for this testimony. Utilities were further required to include in the testimony a proposal for which assets should be removed from rate base pursuant to § 455.5 and when. This direct testimony from SCE is due by July 22, 2013. SDG&E requested additional time following receipt of SCE’s testimony.

2. Scope

After hearing input from the parties at the PHC, we adopt the following scope for Phase 2:

1. What are the values of SONGS assets in rate base, and which of these assets should be removed from rate base pursuant to Public Utilities Code Section 455.5, as of November 1, 2012, or a later date if any such asset became not “used and useful” after November 1, 2012?³
2. What are the related Operations and Maintenance (O&M) costs associated with the assets removed from rate base according to No. 1 above?
3. If interim rate adjustments result from Phase 2 (e.g., removal of assets from rate base, disposition of the nuclear fuel account balances, materials and supplies, and construction work in progress), what ratemaking treatment should apply?
4. Any other issues relevant to the application of § 455.5 to the SONGS outage.

The focus of Phase 2 is § 455.5, which required the Commission to institute this investigation and decide whether to reduce rates because some portion of

³ § 455.5 (a) provides, in relevant part, “The Commission’s order shall require that rates associated with that facility are subject to refund from the date the order instituting the investigation was issued.”

the SONGS facilities have been out of service for nine or more consecutive months. Section 455.5 provides for interim rate relief, as follows:

Upon eliminating consideration of any portion of the facility or disallowing any expenses related...the commission shall reduce the rates of the corporation accordingly and shall, for accounting purposes, record the value of that portion of the facility in a deferred debit account, and shall treat this amount similar to the treatment of the allowance for funds used during construction. § 455.5(a).

Some parties asked that the scope include explicit reference to their ability to argue other statutory authority in support of removing SONGS assets from rate base, *i.e.* different assets or different timing, or the subsequent ratemaking treatment.

Generally, we expect the testimony to be circumscribed by the adopted scope (*e.g.* value and use of various SONGS assets). To the extent that the April 30, 2013 Assigned Commissioner's and Administrative Law Judge's Ruling on Legal Questions does not preclude it, parties are free to argue that the Commission should consider additional legal authority, complementary to § 455.5, as a basis to remove assets from rate base, along with associated O&M costs.

3. Schedule

At the PHC, the ALJs presented two schedule alternatives. With the exception of the Alliance for Nuclear Responsibility and Coalition to Decommission San Onofre, all parties who expressed a preference supported the later schedule. Several parties also suggested that five days of hearings may be required. Accordingly, we adopt the later schedule, with five days of hearings:

Date	Action
July 22, 2013	SCE testimony as directed in July 1 Ruling
August 2, 2013	SDG&E testimony as directed in July 1 Ruling
August 12, 2013	Additional utility testimony served
September 5, 2013	Reply testimony served
September 20, 2013	Rebuttal testimony served
October 7-11, 2013 at 9:30 a.m.	Evidentiary Hearings Commission Courtroom, State Office Building 505 Van Ness Avenue San Francisco, CA 94102
November 7, 2013	Concurrent Opening Briefs filed and served
November 22, 2013	Concurrent Reply Briefs filed and served (anticipated submission of Phase 2)
February 2014	Phase 2 decision

The assigned Commissioner or ALJs may modify the schedule as necessary. In any event, the Commission intends that this proceeding will be completed no later than 18 months from the date of issuance of this Scoping Memo, pursuant to § 1701.5.

Prior to the hearing dates set forth above, the parties are directed to meet and confer to settle issues to the extent they are able, and to determine the issues, if any, that must be adjudicated through the hearing process. The proceeding will stand submitted for decision by the Commission upon the filing of reply briefs, unless the ALJ orders further evidence or argument. In such case, the proceeding will stand submitted upon conclusion of final argument. However, the ALJ may issue a ruling to change the submission date to a different date.

The Coalition to Decommission San Onofre also requested a Public Participation Hearing (PPH) in San Diego County. We are working to schedule one in early October in the city of San Diego. A separate notice will be issued for the PPH.

4. Presiding Officer

The assigned Commissioner is Michel Peter Florio. Pursuant to Rule 13.2(b), ALJs Melanie M. Darling and Kevin Dudney are designated as the presiding officers.

5. Other Procedural Issues

Other procedural guidelines addressed in the Phase 1 Scoping Memo remain unchanged for Phase 2. These are: 1) Discovery; Coordination of Issues by Parties; 2) Collaboration with the California Energy Commission; 3) Category of Proceeding and Need for Hearings; 4) Final Oral Argument; 5) Intervenor Compensation; 6) *Ex Parte* Communications; and 7) Filing, Service and Service List.

IT IS RULED that:

1. The issues for Phase 2 of the Order Instituting Investigation are as set forth in the body of this ruling unless amended by a subsequent ruling or order of the Presiding Officer.
2. The procedural schedule for Phase 2 is as set forth in the body of this ruling unless amended by a subsequent ruling or order of the Presiding Officer.
3. Phase 2 evidentiary hearings will be held at 9:30 a.m., on October 7, 2013 through October 11, 2013 at the Commission's Hearing Room, 505 Van Ness Avenue, San Francisco, and each weekday thereafter, as needed.
4. All Parties shall conform with the Commission's Rules of Practice and Procedure, comply with Administrative Law Judge and Assigned Commissioner

rulings, conduct themselves in a professional manner, and ensure that all documents to be filed with the Commission are effectively and timely filed electronically with the Commission's Docket Office.

5. At the conclusion of hearings, the Presiding Officer may adopt a page limit for opening briefs and reply briefs.

Dated July 31, 2013, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner

/s/ MELANIE M. DARLING

Melanie M. Darling
Administrative Law Judge

/s/ KEVIN DUDNEY

Kevin Dudney
Administrative Law Judge