

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Joint Application of Southern California Edison Company (U338E) and San Diego Gas & Electric Company (U902E) to Find the 2014 SONGS Units 2 & 3 Decommissioning Cost Estimate Reasonable and Address Other Related Decommissioning Issues.

A.14-12-007
(Filed December 10, 2014)

**PROTEST
OF THE OFFICE OF RATEPAYER ADVOCATES**

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January 15, 2015

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Joint Application of Southern California Edison Company (U338E) and San Diego Gas & Electric Company (U902E) to Find the 2014 SONGS Units 2 & 3 Decommissioning Cost Estimate Reasonable and Address Other Related Decommissioning Issues.

A.14-12-007
(Filed December 14, 2014)

**PROTEST
OF THE DIVISION OF RATEPAYER ADVOCATES**

I. INTRODUCTION

In accordance with Rule 2.6, subdivision (a),¹ the Office of Ratepayer Advocates (ORA) protests the Joint Application (A.) 14-12-007 (as captioned above) of the Southern California Edison Company (SCE) and the San Diego Gas & Electric Company (SDG&E) (hereafter collectively referred to as the “Utilities”). ORA objects to the granting in whole or in part of the authorities sought by A.14-12-007.

Stated below are the preliminary facts, law, and reasons constituting the grounds for this Protest. ORA requests an evidentiary hearing to develop a full and complete record of the support and justification for A.14-12-007. ORA reserves the right to change or supplement the bases of its Protest, contingent on its discovery and testimonies of the other Parties.

This Protest is timely filed. Although submitted on December 10, 2014, A.14-12-007 first appeared in the Commission Daily Calendar on December 16, 2014.

¹ The term “Rule” means a provision of the Commission’s Rules of Practice and Procedure (2014), available at <http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=89380172/>.

According to Rule 2.6(a), protests are due within thirty days thereafter, which would be January 15, 2015, the date when ORA filed and served this Protest.

II. BACKGROUND

- A. SCE and SDG&E jointly request the Commission as follows:
1. Find that the updated \$4.411 billion (100% share, in 2014 dollars) SONGS 2 & 3 decommissioning cost estimate (DCE) is reasonable;
 2. (i) Approve SCE's request to reduce its annual contributions to the SCE SONGS 2 & 3 Nuclear Decommissioning Trust (NDT) to \$0.00 (zero) at this time; and (ii) SDG&E's request to reduce its annual contributions to the SDG&E SONGS 2 & 3 NDT to \$0.00 (zero) as of January 1, 2016;²
 3. Approve an advice letter process for authorizing disbursements from the SONGS 2 & 3 NDTs, reporting recorded SONGS 2 & 3 decommissioning costs and forecasted costs for future intervals, and reporting remaining NDT balances; and
 4. Authorize a process for the years between the Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) applications that would allow the Utilities to file an application seeking a reasonableness review annually for the costs of decommissioning activities that were completed during the previous calendar year.
- B. SCE's individually requests the Commission to approve a SONGS Balancing Account for recording unanticipated SONGS 2 & 3 non-decommissioning costs.
- C. SDG&E individually requests the Commission as follows:
1. Find that the \$16.662 million (100% share, in 2014 dollars) estimate of SDG&E-only decommissioning costs to be reasonable; and

² See A.14-12-007 at 1–2 (proposals based on current estimate of decommissioning costs, current level of NDT funding, projected escalation rates, and financial market conditions known at this time).

2. Find that SDG&E's revised Nuclear Decommissioning revenue requirement request of \$1.07 million (including Franchise Fees and Uncollectibles (FF&U)) is reasonable.³

III. ISSUES TO BE CONSIDERED

- A. SCE and SDG&E's joint requests:
 1. Whether A.14-12-007 supports and justifies as reasonable, consistent with the law, and in the public interest the Utilities' request for Commission approval of the updated \$4.411 billion (100% share, in 2014 dollars) SONGS 2 & 3 DCE;
 2. Whether A.14-12-007's proposed use of the Advice Letter process: (i) to authorize disbursements from the SONGS 2 & 3 NDTs; (ii) to report recorded SONGS 2 & 3 decommissioning costs and forecasted costs for future intervals; and (iii) to report remaining NDT balances, is supported and justified as reasonable, consistent with the law, and in the public interest; and
 3. Whether A.14-12-007's proposal for a new annual review process to determine the reasonableness of the costs regarding decommissioning activities that were completed during the previous calendar year, is supported and justified as reasonable, consistent with the law, and in the public interest.
- B. Whether A.14-12-007 supports and justifies as reasonable, consistent with the law, and in the public interest SCE's individual request in for Commission approval of a SONGS Balancing Account to record unanticipated SONGS 2 & 3 non-decommissioning costs.
- C. SDG&E's individual requests:
 1. Whether A.14-12-007 supports and justifies as reasonable, consistent with the law, and in the public interest SDG&E's request for approval of \$16.662 million (100% share, in 2014 dollars), its estimate of SDG&E-only decommissioning costs; and
 2. Whether A.14-12-007 supports and justifies as reasonable, consistent with the law, and in the public interest SDG&E's

³ See A.14-12-007 at 2 & n.3 (amount reflects SDG&E's annual contribution to SONGS 2 & 3 NDTs as \$0.00 (zero) starting January 1, 2016 and Commission approved \$1.06 million nuclear decommissioning rate component for Unit 1 Spent Fuel Costs).

revised Nuclear Decommissioning revenue requirement request in the amount of \$1.07 million (including FF&U).

D. Additional issues

1. Whether SCE's request for a presumption of reasonableness regarding any completed activity if the actual expenditures do not exceed the estimated costs, is supported and justified as reasonable, consistent with the law, and in the public interest, when such presumption would in effect would deny ORA and other protestants the opportunity to be heard regarding the reasonableness and prudence of the Utilities' claimed decommissioning costs and impermissibly shift the Utilities' burden of proof to them⁴;
2. Whether SCE's proposal to hire a third-party decommissioning operations contractor (DOC) to manage the SONGS 2 & 3 decommissioning project "with oversight by SCE and the other SONGS decommissioning participants," is supported and justified as reasonable, consistent with the law, and in the public interest, when no cost-benefits and other supporting data are presented for using a DOC⁵; and
3. Whether SCE's failure to take into account the timing and potential amounts of surplus trust fund balances that may result from its negotiations with the Navy and the California Land Commission regarding final cleanup and remediation requirements, is supported and justified as reasonable, consistent with the law, and in the public interest.⁶

IV. ORA REQUESTS A PREHEARING CONFERENCE

In accordance with Rule 7.2, subdivision (a), ORA requests that the Commission schedule and notice a prehearing conference (PHC) as soon as practicable. At the PHC, ORA will address the schedule for this proceeding and any other matters that the Commission may require.

⁴ See Exhibit (Ex.) SCE-1 at 45:17–21 (ORA would have to rebut the presumption of reasonableness).

⁵ See Ex. SCE-1 at 15:1 – 20:11 (general description of DOC process given without any related cost data presented).

⁶ Ex. SCE-1 at 47:1 – 49:20 (no data given regarding timing and anticipated refund amounts).

V. CATEGORIZATION, NEED FOR HEARING, AND ORA’S PROPOSED SCHEDULE

ORA agrees that this proceeding should be categorized as “ratesetting,” and an evidentiary hearing is needed.⁷

The Utilities’ proposed schedule gives ORA insufficient time to conduct discovery and evaluate A.14-12-007’s complex joint and individual requests. Moreover, it would not allow time for the Utilities to conduct their proposed public workshop regarding A.14-12-007,⁸ and for the Parties to explore the possibility of settlement without having to hold an evidentiary hearing.

Instead, ORA proposes the following schedule:

Intervenor Testimony	July 15, 2015
Rebuttal Testimony	August 3, 2015
Evidentiary Hearings	Mid to late August 2015
Opening Brief	September 30, 2015
Reply Briefs	October 15, 2015
Proposed Decision Issued	November 16, 2015

VI. CONCLUSION

ORA will participate in this proceeding by reviewing A.14-12-007, its work papers, and related testimonies; conducting discovery on all relevant and material issues, including those stated in section III *supra*; and presenting its findings in written direct testimony and other documents prior to the hearing. ORA will also attend the Utilities’ public workshop related to A.14-12-007 and may visit the SONGS 2 & 3 sites. In accordance with Public Utilities Code § 451 and other pertinent Commission rules and regulations, an evidentiary hearing is needed to show that A.14-12-007 is justified as reasonable based on a full and complete record of the relevant and material facts and law.

⁷ See SCE, A.14-12-007 at 10 (proposes ratesetting category and hearing).

⁸ *Id.* at 1 n.1.

Respectfully submitted,

/s/ CLEVELAND W. LEE

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