



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA

**FILED**  
6-06-16  
04:59 PM

Joint Application of Southern California Edison )  
Company (U 338-E) and San Diego Gas & )  
Electric Company (U 902-E) For the 2015 )  
Nuclear Decommissioning Cost Triennial )  
Proceedings )  
\_\_\_\_\_ )

Application No. 16-03-004  
(Filed March 1, 2016)

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) AND SAN DIEGO GAS &  
ELECTRIC COMPANY'S (U 902-E) PREHEARING CONFERENCE STATEMENT**

<p>WALKER A. MATTHEWS III</p> <p>Attorney for SOUTHERN CALIFORNIA EDISON COMPANY</p> <p>2244 Walnut Grove Avenue Post Office Box 800 Rosemead, California 91770 Telephone: (626) 302-6879 E-mail: walker.matthews@sce.com</p>	<p>EMMA D. SALUSTRO</p> <p>Attorney for SAN DIEGO GAS &amp; ELECTRIC CO.</p> <p>8330 Century Park Court, CP32D San Diego, CA 92123 (858) 654-1861 phone (619) 699-5027 facsimile <a href="mailto:esalustro@semprautilities.com">esalustro@semprautilities.com</a></p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Dated: **June 6, 2016**

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

Joint Application of Southern California Edison	)	
Company (U 338-E) and San Diego Gas &	)	Application No. 16-03-004
Electric Company (U 902-E) For the 2015	)	(Filed March 1, 2016)
Nuclear Decommissioning Cost Triennial	)	
Proceedings	)	
_____	)	

**SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E) AND SAN DIEGO GAS &  
ELECTRIC COMPANY’S (U 902-E) PREHEARING CONFERENCE STATEMENT**

Pursuant to Rule 7.2(a) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure and the *Administrative Law Judge’s Ruling Setting A Prehearing Conference And Directing Parties To Meet and Confer and File Prehearing Conference Statements* (“Ruling”), issued on May 10, 2016, Southern California Edison (“SCE”) and San Diego Gas & Electric Company (“SDG&E”) jointly submit this Prehearing Conference Statement.

Section I provides a Meet and Confer Report, as directed in the Ruling. In Section II, SCE and SDG&E respond to issues raised by ALJ Bushey in the Ruling. In Section III, SCE and SDG&E propose a procedural schedule and scoping issues.

## I.

### **MEET AND CONFER REPORT**

SCE invited those with party status in this proceeding, as well as those with party status in A.15-01-014 (SCE's SONGS 2014 Cost Application), A.15-02-006 (SDG&E's SONGS 2014 Cost Application) and A.16-03-006 (PG&E's NDCTP Application) to participate in a Meet and Confer. Prior to the scheduled Meet and Confer, SCE, SDG&E and PG&E (collectively, the "Utilities") circulated a proposed procedural schedule and suggested scoping issues for the parties' consideration.

On May 26, 2016, the parties to the 2015 NDCTP and related dockets met and conferred telephonically regarding the proposed phasing, procedural schedule, and issues scope for the 2015 NDCTP. The meet and confer participants included counsel and/or representatives from SCE, SDG&E, PG&E, ORA, TURN, A4NR, UCAN, and COPS (collectively, "the parties"), and Energy Division.

Attachment A provides a Meet and Confer Report agreed to by the attending parties.

## II.

### **ISSUES RAISED BY RULING**

SCE and SDG&E respond to specific issues raised by ALJ Bushey in the Ruling as follows:

- 1. A statement on which, if any, of the four proceedings should be consolidated, setting forth the efficiencies expected to be gained by the parties and the Commission.***

SCE and SDG&E believe that all four proceedings should be consolidated because there are several related, if not identical issues of law and fact in each proceeding. On March 9, 2016, SCE and SDG&E moved to consolidate all four proceedings. Under Rule 11.1(e), responses to the Utilities' motion were due on March 24. No party opposed the motion, and all parties attending the Meet and Confer agreed that consolidation would be appropriate.

Rule 7.4 provides that “proceedings involving related questions of law or fact may be consolidated.” Consolidating the proceedings in the 2015 NDCTP would provide a number of benefits. First, consolidation will help avoid inconsistent rulings on related legal / factual matters and contentions raised in separate proceedings. It is vitally important, for example, that the Commission review the decommissioning expenses in the 2014 SONGS 2&3 Reasonableness Review proceeding (A.15-01-014 / A.15-02-006) and 2015 NDCTP (A.16-03-004 / A.16-03-006) consistently. Consolidation of the proceedings would allow the costs to be reviewed simultaneously in a consistent manner. Second, consolidating the proceedings would better utilize the Commission’s, applicants’, and other stakeholders’ limited resources, promoting judicial economy and efficiency.

**2. *A report of the meet and confer, with proposed procedural schedule and scope.***

Please see Attachment A for the Meet and Confer Report, which contains a proposed procedural schedule and scoping issues, as agreed to by the parties.

**3. *A list of the specific issues that should be included in the scoping memo and decided in the Commission’s decision.***

Please see Attachment A for the Meet and Confer Report, which contains lists of the unopposed issues for each of the three proposed phases.

In addition, there are certain disputed issues that SCE and SDG&E believe should be found to be within the scope of this proceeding, and thus, included in the scoping memo.

**Disputed Issue # 1 – 2009-2012 SONGS 1 Decommissioning Expenses**

SCE and SDG&E have requested in their joint 2015 NDCTP application (A.16-03-004) that the Commission consider the reasonableness of 2009-2012 SONGS 1 decommissioning expenses within the scope of a consolidated 2015 NDCTP. TURN, ORA, and UCAN object to these decommissioning expenses being addressed in this proceeding. In support, TURN argued in its protest to the application that D.14-12-082 and Public Utilities Code Section 1709 prohibit

any further Commission review of these expenses.<sup>1</sup> ORA and UCAN support TURN's position. TURN, ORA, and UCAN are incorrect, and their argument is substantively deficient.

First, TURN's, ORA's, and UCAN's objection would contravene the California Nuclear Facility Decommissioning Act of 1985 (Act). The Commission did not determine that the 2009-2012 SONGS 1 decommissioning expenses were unreasonable. Rather, the Commission determined that SCE had not yet provided sufficient information adequately tying specific activity and cost information to the most recently approved cost estimate, and had not adequately explained and supported cost overruns.<sup>2</sup> It is fundamentally inequitable to deny SCE and SDG&E an opportunity to submit additional testimony to provide such information. To deny SCE and SDG&E such an opportunity unjustly burdens SCE and SDG&E with valid, reasonable decommissioning expenses that should be covered by their respective nuclear decommissioning trusts (NDTs). Section 8325 provides that utilities shall establish NDTs funded through customer contributions.<sup>3</sup> Section 8328 further provides that "the expenses associated with decommissioning of nuclear facilities *shall* be paid from the [NDT] trust funds" established for those purposes.<sup>4</sup> Thus, under the Act, valid decommissioning expenses must ordinarily be covered by customer-funded NDTs. A decision refusing to allow for a second consideration of 2009-2012 SONGS 1 decommissioning expenses would undermine this legislative intent, and burden SCE and SDG&E with valid decommissioning expenses, absent a finding that the expenses were unreasonable. TURN asserts that the Commission should deny SCE and SDG&E an opportunity for a "do over."<sup>5</sup> But the Act establishes California state policy for decommissioning expenses to be paid from customer-funded NDTs. The Commission should reject the intervenors' objections and give full consideration to SCE's and SDG&E's additional

---

<sup>1</sup> TURN Protest, pp. 2-4.

<sup>2</sup> D.14-12-082, p. 49.

<sup>3</sup> Cal. Pub. Util. Code § 8325.

<sup>4</sup> Cal. Pub. Util. Code § 8328 (emphasis added to original).

<sup>5</sup> TURN Protest in A.16-03-004, p. 4.

testimony in the 2015 NDCTP demonstrating the reasonableness of the 2009-2012 SONGS 1 decommissioning expenses.

Second, it is evident from the Commission's deliberate wording in D.14-12-082 that the decision does not constitute the Commission's final cost recovery decision for 2009-2012 SONGS 1 decommissioning expenses. The Commission explained that it "requires more accurate recorded costs and more fully explained variances in order to give final approval to these expenses."<sup>6</sup> TURN, ORA, and UCAN selectively ignore this key explanation to argue that the Commission permanently disallowed the expenses without providing an opportunity to submit additional evidence. Their argument relies on a flawed and incomplete reading of D.14-12-082, and is contradicted by Commission's deliberate, present-tense direction to SCE and SDG&E regarding the detailed information the Commission requires SCE and SDG&E to submit for final approval of the expenses.

Third, contrary to TURN's current position, TURN previously stated that this was the proper proceeding in which this issue should be discussed. SCE initially requested to submit additional information regarding the 2009-2012 SONGS 1 decommissioning expenses in A.15-01-014, which is addressing 2014 SONGS 2&3 decommissioning expenses. At the June 4, 2015 pre-hearing conference for A.15-01-014, TURN opposed SCE's request and asserted that the 2009-2012 expenses issue would be more appropriately raised in the 2015 NDCTP:

Certainly this proceeding is not the venue for considering those costs. They don't relate to SONGS Units 2 or 3. They don't relate to 2014. They just happen to be an application that the utilities think would be convenient to relitigate their arguments that they failed to win on in the last NDCTP. I don't see that Decision as offering a second or third bite at the apple. *If the utilities believe they need to raise this issue again it should raise in the next [2015] NDCTP application. That's where this issue was decided the last time, and if the utilities would like to relitigate issues in that triennial proceeding, that's where they should stick to it.*

---

<sup>6</sup> D.14-12-082, p. 49.

On September 28, 2015, the Commission issued the scoping memo for A.15-01-014, expressly referencing TURN's argument and that SCE agreed to raise the issue in the 2015 NDCTP based on TURN's argument. The scoping memo further provided that based on this outcome, A.15-01-014 would not include 2009-2012 SONGS 1 decommissioning expenses. The logical inference from the ruling is that the expenses should be considered in the 2015 NDCTP.

**Disputed Issue # 2 – Commission Review by “Major Projects” Should Only Apply to Future Reasonableness Reviews, and Not This Proceeding**

Any resulting definition of a “major project” and the timing of applications for completed major projects, whether agreed to by the parties or litigated, should only apply to *future* proceedings, and not to this proceeding.

In the final decision for the 2012 NDCTP, the Commission ordered the parties to conduct a meet and confer to identify “major projects” (milestones) and the timing of applications for completed major projects:

Further scheduling for reasonableness reviews of nuclear decommissioning costs for San Onofre Nuclear Generating Station Units 2 and 3 will be set in the Nuclear Decommissioning Cost Triennial Proceedings, and the parties to such proceedings must meet and confer to identify major components and propose a schedule for filing.<sup>7</sup>

Parties to this proceeding are participating in a workshop on June 13, 2016, which is intended to fulfill the meet and confer requirement. SCE and SDG&E believe this initial workshop will be the first of many workshops on this subject and hope that the parties are able to come to an agreement during the pendency of this proceeding. TURN and UCAN assert that the 2014 and 2015 decommissioning costs in this proceeding should be subject to any resulting “major project” definition. SCE and SDG&E strongly disagree with TURN and UCAN for several reasons, as explained below.

---

<sup>7</sup> D.16-04-019 (OP 9).

First, the Commission could not have intended for any “major projects” decision to apply to the current proceeding because the Commission order for the “major project” meet and confer in April 2016 occurred after SCE and SDG&E filed their applications for the 2014 SONGS 2&3 reasonableness review proceeding and the 2015 NDCTP in accordance with the Commission’s schedule for the applications.<sup>8</sup> Therefore, it is unreasonable to believe that the Commission would require the application of a yet-to-be determined issue (“major projects”) to applications that have already been filed.

Second, the Commission intended for the “major project” definition to be a prospective requirement. In D.16-04-019, the Commission stated:

*[W]hen a major project is completed, a separate application with a comprehensive showing from the conceptual cost estimate through the actual recorded costs will be required. As the decommissioning process unfolds in the Nuclear Decommissioning Cost Triennial Proceedings, we will set specific procedural schedules for filing requests for reasonableness reviews. The parties shall meet and confer to propose a filing schedule for reasonableness reviews that identifies major projects and anticipated filing dates.<sup>9</sup>*

SCE and SDG&E understand from this language the Commission considered the identification of “major projects” and a future filing schedule to be a forward-looking requirement.

Third, judicial efficiency would be hampered if any new definitions of “major project” applied to this proceeding. During the pendency of proposed Phase 1, SCE and SDG&E intend to work with other interested parties to hopefully come to an agreement on the definition of “major projects” and identification of the timing of applications for completed major projects. However, SCE and SDG&E have already submitted testimony in support of their request for a finding of reasonableness for 2014 costs and testimony for 2015 costs is in-progress, for consideration in proposed Phase 2. Therefore, the incorporation and/or application of any

---

<sup>8</sup> SCE and SDG&E filed their respective applications for 2014 SONGS 2&3 costs in early 2015, and filed their joint application for 2015 SONGS 2&3 costs in March 2016.

<sup>9</sup> D.16-04-019, p. 25.

agreements reached to the testimony already submitted in this proceeding would be onerous and could result in the proceeding being further delayed.

For these reasons, SCE and SDG&E request that the scoping memo clarify that any definition of “major project” and timing of applications for completed major projects, whether those definitions and timings are agreed to by the parties, or litigated, only apply to future proceedings and not to this proceeding.

**Other Issues That Should Be Addressed In The 2015 NDCTP Scoping Memo**

SCE and SDG&E respectfully request that the Commission’s scoping memo for the 2015 NDCTP clarify that Phase 2 reasonableness review of SONGS 2&3 decommissioning expenses incurred in 2014 will only include “decommissioning” costs incurred during this period.<sup>10</sup>

***4. A description of the documents and information that would be expected to be presented and included in the record of this proceeding in order to provide a sufficient record for the Commission to render an informed decision.***

In addition to the written testimony already served by SCE and SDG&E in A.15-01-014/A.15-02-006 (2014 SONGS 2&3 Reasonableness Review) and in A.16-03-004 (2015 NDCTP), SCE and SDG&E intend to supplement the record with additional written testimony on the following:

- 2015 SONGS 2&3 recorded costs;
- Updated 2014 SONGS 2&3 recorded costs and 2013-2015 nuclear fuel contract cancellation expenses (if consolidation is granted);

---

<sup>10</sup> The Commission decision (D.14-11-040 at OP4) ordering the filing of the 2014 Cost Reasonableness Review Applications instructs SCE and SDG&E to file an application to recover costs for their “2014 operations and maintenance and non-operations and maintenance expenses at the San Onofre Nuclear Generating Station, whether requesting recovery in general rates or the decommissioning trusts.” However, several O&M costs, which are not decommissioning costs (such as Marine Mitigation), are already litigated in separate Commission proceedings (i.e., the general rate case or ERRRA).

- SCE's and SDG&E's recent settlement with the Department of Energy and the proposed allocation of the proceeds, in compliance with OP 12 of D.14-12-082; and
- The updated SONGS 2&3 DCE, including information about the Decommissioning General Contractor;

**5. *A statement on whether an evidentiary hearing is needed. Any party that states an evidentiary hearing is needed shall (a) list and describe the specific material factual issues to be heard, (b) summarize the evidence that the party plans to introduce at the hearing.***

Based upon intervenors' protests and responses to the Utilities' respective applications (A.15-01-014, A.15-02-006, A.16-03-004, and A.16-03-006), an evidentiary hearing will likely be needed. Please see Attachment A for the Meet and Confer Report, which contains a proposed procedural schedule, including hearings and scoping issues, as agreed to by the parties.

During the hearing, SCE and SDG&E plan to introduce their respective volumes of direct, supplemental, and rebuttal testimony; conduct cross-examination of intervenors' witnesses; and introduce relevant cross-examination exhibits.

**6. *A statement on whether alternative dispute resolution (ADR) would be useful.***

At the current time, SCE and SDG&E are open to engage in ADR and would welcome any proposals from other parties to satisfactorily resolve this proceeding.

SCE believes that the PVNGS DCE could be a subject for settlement, given that the estimate is essentially unchanged from prior estimates and no customer contribution or rate change is requested.

7. ***A proposed schedule with dates for all proceeding-related events contemplated by the party, such as filing and serving written comments and other pleadings; serving written testimony and rebuttal testimony; discovery cutoff; holding evidentiary hearings; and filing and serving briefs and reply briefs.***

Please see Attachment A for the Meet and Confer Report, which contains a proposed procedural schedule, as agreed to by the parties.

8. ***Any other matters that are relevant to scope, schedule, and orderly conduct of this proceeding.***

To the extent the Commission does not consolidate the four proceedings (A.15-01-014, A.15-02-006, A.16-03-004, and A.16-03-006) as requested by SCE and SDG&E in the March 9 motion to consolidate, the Commission should coordinate and sequence the schedules for the 2015 NDCTP (A.16-03-004 and A.16-03-006) with the 2014 SONGS 2 & 3 Reasonableness Proceeding (A.15-01-014 and A.15-02-006) to minimize schedule conflicts.

Respectfully submitted,

<p>WALKER A. MATTHEWS III</p> <p><u>/s/ Walker A. Matthews</u> By: Walker A. Matthews III</p> <p>Attorney for SOUTHERN CALIFORNIA EDISON COMPANY</p> <p>2244 Walnut Grove Avenue Post Office Box 800 Rosemead, California 91770 Telephone: (626) 302-6879 Facsimile: (626) 302-3990 E-mail: walker.matthews@sce.com</p>	<p>EMMA D. SALUSTRO</p> <p>By: <u>/s/ Emma D. Salustro</u> Emma D. Salustro</p> <p>Attorney for: SAN DIEGO GAS &amp; ELECTRIC COMPANY 8330 Century Park Court, CP32D San Diego, CA 92123 (858) 654-1861 phone (619) 699-5027 facsimile <a href="mailto:esalustro@semprautilities.com">esalustro@semprautilities.com</a></p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Dated: June 6, 2016

**Attachment A**

## MEET AND CONFER REPORT FOR 2015 NDCTP AND RELATED DOCKETS

*May 26, 2016*

The May 10, 2016 Administrative Law Judge's Rulings Setting a Prehearing Conference and Directing Parties to Meet and Confer and File Prehearing Conference Statements directed the parties to meet and confer regarding the procedural schedule and scope of the proceedings and to set forth any agreed-upon proposals in their prehearing conference statements.

On May 26, 2016, the parties to the 2015 NDCTP and related dockets met and conferred telephonically regarding the proposed phasing, procedural schedule and issues scope for the 2015 NDCTP. The meet and confer participants included representatives from Southern California Edison Company ("SCE"), San Diego Gas & Electric Company ("SDG&E"), Pacific Gas and Electric Company ("PG&E"), the Office of Ratepayer Advocates ("ORA"), The Utility Reform Network ("TURN"), Alliance for Nuclear Responsibility ("A4NR"), Utility Consumers' Action Network ("UCAN") and Citizens Oversight, Inc. (COPS) (collectively, "Parties"), and Commission Energy Division. Prior to the Meet and Confer, SCE, SDG&E and PG&E (collectively, "Utilities") distributed a proposed scope and schedule to the Parties for discussion purposes.

The following Meet and Confer Report describes the agreement amongst the Parties on issues concerning consolidation, scope and schedule. It also identifies disagreements amongst the parties on those issues as discussed at the Meet and Confer. The Parties anticipate that these disagreements will be discussed by the Parties in their respective June 6, 2016 prehearing conference statements and/or at the June 13, 2016 Prehearing Conference.

### **PROPOSED CONSOLIDATION PHASING, PROCEDURAL SCHEDULE AND ISSUES SCOPE**

#### **I. Consolidation**

All Parties agreed that all four proceedings [A.16-03-006 (PG&E's NDCTP Application), A.15-01-014/ A.15-02-006 (SCE's and SDG&E's already consolidated SONGS 2014 Cost Applications) and A.16-03-004 (SCE and SDG&E's Joint NDCTP Application)] be consolidated into A.16-03-004.

#### **II. Three Phased Approach**

All Parties agreed that the consolidated proceeding should occur in three phases. The three phases would generally consist of the following:

- Phase 1: PG&E issues<sup>1</sup>
- Phase 2: Reasonableness Review of SONGS costs

---

<sup>1</sup> As explained in Section III, the Parties do not agree whether the reasonableness of completed projects at Humboldt Bay should be considered in Phase 1. TURN and UCAN support consideration of all decommissioning costs, in Phase 2 (except as otherwise stated). TURN and UCAN also support using the milestones approach in Phase 2 for reviewing decommissioning costs. PG&E, SCE, and SDG&E oppose.

- Phase 3: Review of Decommissioning Cost Estimates for SONGS and Palo Verde

Disagreements over specific issues are discussed below.

**III. Proposed Schedule and Scope**

The proceeding should be conducted in phases, as follows:

**A. Initial Joint Phase:**

Applications Filed	March 1, 2016
ALJ Ruling Setting a Prehearing Conference	May 10, 2016
Meet and Confer	May 26, 2016
Prehearing Conference Statements	June 6, 2016
Prehearing Conference	June 13, 2016

**B. Phase 1 - Issues specific to PG&E - A.16-03-006**

Phase 1 Scoping Issues Agreed to by the Parties:

1. Whether the Commission should find that PG&E’s estimated updated cost to decommission Diablo Canyon Power Plant Units 1 and 2 (“Diablo Canyon”) of \$3,779.2 million (2014 \$) is reasonable.
2. Whether the Commission should find that PG&E’s estimated remaining cost to decommission Humboldt Bay Power Plant Unit 3 (“HBPP”) of \$531.3 million (2014 \$) (total estimated cost of \$1,054.8 million) is reasonable.
3. Whether the Commission should find that PG&E’s estimated forecast of \$3.4 million of O&M expenses (SAFSTOR) for HBPP for 2017, \$3.3 million for 2018 and \$2.7 million for 2019 is reasonable.
4. Whether the Commission should find that the variances in actual versus forecast SAFSTOR expenses for the previous period are reasonable.
5. Whether the Commission should find that PG&E’s estimated rate of return on equity of 7.7% and PG&E’s estimated rate of return on fixed income of 3.6% are reasonable.
6. Whether the Commission should find that PG&E’s trust contribution analyses for Diablo Canyon and HBPP are reasonable and in accordance with Sections 8321 through 8330 of the California Public Utilities Code.
7. Whether the Commission should authorize PG&E to collect in rates its proposed revenue requirements (adjusted as described in its Prepared Testimony).

8. Whether the Commission should find that PG&E has complied with prior Commission directives as described in its Prepared Testimony.
9. Other issues that may arise during discovery.

Phase 1 Scoping Issues Disputed By Parties:

10. The Utilities and ORA believe that “Whether PG&E’s activities and associated costs for completed projects with respect to HBPP decommissioning were reasonable and prudently incurred” should be addressed in Phase 1. TURN and UCAN believe it should be addressed in Phase 2.
11. TURN and A4NR believe that the potential of Nuclear Regulatory Commission (“NRC”) relicensing of Diablo Canyon should be addressed in Phase 1.

Proposed Phase 1 Procedural Schedule as Agreed to by the Parties:

Intervenor Testimony	August 29, 2016
Rebuttal Testimony	September 19, 2016
Discovery Cut-off	September 21, 2016 (ORA objects to discovery cutoff on statutory grounds)
Prehearing Conference prior to Evidentiary Hearings if necessary	TBD
Evidentiary Hearings	Reserve for full week, September 26-30, 2016 (adjust based on cross-examination estimates prior to the evidentiary hearing)
Opening Briefs	October 28, 2016
Reply Briefs	December 5, 2016

**C. Phase 2 –Issues specific to SONGS Reasonableness Reviews<sup>2</sup>**

Phase 2 Scoping Issues Proposed by the Utilities and Agreed to by the Parties:

1. The reasonableness of 2013-2015 SONGS 1 decommissioning expenses on completed projects.
2. Adoption of major projects for review of completed decommissioning activities at SONGS 2 & 3. SDG&E and SCE explained that the Phase 2 Workshop on June 13 is designed to be a preliminary discussion among the Parties on the “major milestones” and timing of milestone completion topic. SDG&E and SCE stated that they envision the

<sup>2</sup> TURN supports consideration of Humboldt Bay completed project costs in Phase 2.

June 13 workshop to be the first of many (perhaps monthly) discussions among the Parties to try to reach agreement on the topic before Phase 2 begins. If the Parties are unable to reach agreement on this topic, then it would be litigated in Phase 2. (Parties do not agree on whether the major milestones should apply to this proceeding, and therefore the application and timing of applications concerning the completion of major milestone is a disputed issue listed below).

3. The reasonableness of certain 2014 and 2015 SONGS 2&3 completed decommissioning activities and expense, including SDG&E-only costs. [As noted below in the disputed issues, the parties do not agree on the scope of costs to be reviewed for reasonableness.]
4. The reasonableness of 2013-2014 SONGS nuclear fuel contract cancellation expenses.

Phase 2 Scoping Issues Disputed By Parties:

1. SCE and SDG&E propose the topic of “The reasonableness of 2009-2012 SONGS 1 decommissioning expenses previously considered in D.14-12-082” to be within the scope of Phase 2. TURN, ORA and UCAN oppose the consideration of this topic.
2. TURN proposes that the reasonableness of Humboldt decommissioning expenses be considered in Phase 2. PG&E opposes.
3. COPS generally objects to after-the-fact reasonableness reviews, and asserts the Commission should review the activities and costs before they are incurred.
4. SCE and SDG&E propose that any major milestones for review of completed decommissioning activities at SONGS 2 & 3 adopted during Phase 2 only apply to future applications, and not to this proceeding. TURN and UCAN oppose this approach and propose that any major milestones adopted be used for the review of completed spending in this proceeding.
5. SCE and SDG&E propose that all 2014 and 2015 SONGS 2&3 completed decommissioning activities and expenses, including SDG&E-only costs, be considered for reasonableness. TURN and UCAN oppose.
6. TURN and UCAN propose that “Only costs included in completed major projects (milestones) should be eligible for review. To the extent that costs incurred in 2014 and 2015 do not relate to completed major projects (milestones), these costs should be considered for reasonableness review only when the major projects (milestones) are complete.” (TURN, Freedman email dated 6/3/16) SCE and SDG&E oppose.

Proposed Phase 2 Procedural Schedule as Agreed to by the Parties:

<p>Phase 2 Workshop/Meet and Confer -- Initial SONGS 2&amp;3 Cost Workshop to identify major projects and anticipated filing timelines.</p> <p>Note this workshop will fulfill the meet and confer requirement of OP 9 of D.16-04-019</p>	<p>June 13, 2016 after the PHC (and approximately monthly thereafter as parties determine)</p> <p>2pm – 4pm in Golden Gate Conference Room</p>
<p>Supplemental Testimony</p>	<p>August 15, 2016</p>

Intervenor Testimony	January 20, 2017
Rebuttal Testimony	February 17, 2017
Discovery Cut-off	February 22, 2017 (ORA objects to discovery cutoff on statutory grounds)
PHC prior to Evidentiary Hearings	TBD
Evidentiary Hearings	Reserve for full week of February 27 - March 1, 2017 (adjust as appropriate prior to the evidentiary hearing)
Opening Briefs	April 3, 2017
Reply Briefs	April 24, 2017

**D. Phase 3 – Review and approval of updated SONGS 1 DCE, SONGS 2&3 DCE, and PVNGS DCE – A.16-03-004**

Phase 3 Scoping Issues Agreed to by the Parties:

1. The reasonableness of updated 2016 SONGS 1 DCE, and SCE’s and SDG&E’s respective financial analyses and calculated customer contribution levels for their respective SONGS 1 NDT.
2. The reasonableness of updated SONGS 2&3 DCE (including SDG&E-only costs), and SCE’s and SDG&E’s respective financial analyses and calculated customer contribution levels for their respective SONGS 2&3 NDT.
3. The reasonableness of SCE’s 2016 PVNGS DCE, and SCE’s financial analyses and calculated customer contribution levels for its PVNGS NDTs.

Phase 3 Scoping Issues Disputed By Parties:

1. UCAN proposes that various issues regarding Decommissioning General Contractor (“DGC”) selection and contract guidelines; decommissioning costs risk-sharing proposal; and related issues not considered in D16-04-019 be considered in Phase 2 or 3 of the 2015 NDCTP. TURN agrees with UCAN. SCE and SDG&E believe that the inclusion of Commission-imposed DGC contracting requirements are out of scope and that the reasonableness review of costs under the DGC are not yet ripe (no DGC contract has been executed). SDG&E explained that the Phase 3 Workshop proposed by SCE and SDG&E is intended to be a forum for the parties to discuss the DGC contract and how the DCE has been updated to reflect the DGC contract.
2. COPS and A4NR propose that spent fuel management issues be addressed in Phase 2 or 3 in the NDCTP. SCE and SDG&E oppose to the extent the issues raised do not concern the Commission’s review of costs for completed projects or are outside of the CPUC’s

jurisdiction (and are instead under the NRC’s jurisdiction). COPS also proposes that the Commission should review the decisions being made regarding the ISFSI. COPS “believes a review of the decisions being made regarding the location and design of the ISFSI should be reviewed by the Commission and any stakeholders as these decisions will continue to haunt us for many decades if not centuries. The construction project of the ISFSI is comparable to any other construction project and should have the same level of review.” (Ray Lutz email, dated 6/2/16)

TURN agrees with UCAN, A4NR and COPS that these types of issues should be considered in this proceeding and that Phase 3 may be the appropriate phase to consider them.

Proposed Phase 3 Procedural Schedule as Agreed to by the Parties:

Supplemental Testimony (including the updated DCE)	May 1, 2017
Phase 3 Workshops (discuss updates to DCEs)	May 15, 2017
Intervenor Testimony	August 1, 2017
Rebuttal Testimony	August 29, 2017
Discovery Cut-off	August 7, 2017  (Based on the proposed hearing dates, this date would have to be revised but the Parties did not discuss at the Meet and Confer)  ORA objects to discovery cutoff on statutory grounds)
PHC prior to Evidentiary Hearings	TBD
Evidentiary Hearings	Reserve for full week of September 25-29, 2017 (adjust as appropriate prior to the evidentiary hearing)
Opening Briefs	October 27, 2017
Reply Briefs due	November 17, 2017