

BEFORE THE PUBLIC UTILITIES COMMISSION OF  
THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric Company  
in its 2015 Nuclear Decommissioning Cost  
Triennial Proceeding (U39E).

Application 16-03-006  
(Filed March 1, 2016)

PREHEARING CONFERENCE STATEMENT OF  
THE UTILITY REFORM NETWORK



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**PREHEARING CONFERENCE STATEMENT OF  
THE UTILITY REFORM NETWORK**

Pursuant to the May 10, 2016 Ruling of Administrative Law Judge Maribeth Bushey, The Utility Reform Network (TURN) hereby submits this Prehearing Conference Statement in A.16-03-006. TURN addresses each of the items enumerated in the Ruling in the following sections.

**I. CONSOLIDATION OF PROCEEDINGS**

TURN strongly supports consolidation of all active proceedings relating to nuclear decommissioning costs in order to ensure consistent and coordinated resolution of common issues of fact and law. Specifically, this application should be consolidated with A.16-03-004 (SCE and SDG&E Nuclear Decommissioning Cost Triennial Proceeding) and the 2014 SONGS reasonableness review applications (A.15-01-014/ A.15-02-006). The consolidation of A.16-03-004 and A.16-03-006 is consistent with past practice and would minimize the need to engage in duplicative litigation over similar legal and factual issues.

The consolidation of A.15-01-014 and A.15-02-006 with this proceeding is reasonable because the 2014 decommissioning costs incurred at SONGS should be considered as part of the project-based milestones that are to be developed in this proceeding. Consideration of the 2014 costs in isolation would frustrate the ability of parties to propose a comprehensive set of milestones that pertain to all costs submitted for a reasonableness review. The project-based milestone approach includes costs incurred over multiple years and is fundamentally incompatible with the annual reasonableness review proposed by SCE and SDG&E in A.15-01-014 and A.15-02-006.

## **II. REPORTING OF THE MEET AND CONFER**

TURN participated in the meet and confer and suggested edits to the report submitted today by SCE. To the extent that the Commission seeks additional comments on any disagreements identified in the report but not addressed in this Prehearing Conference statement, TURN is prepared to discuss any relevant disputes at the June 13<sup>th</sup> Prehearing Conference.

## **III. LIST OF SPECIFIC ISSUES TO BE DECIDED**

TURN generally agrees with the listing of specific issues to be decided as outlined in the meet and confer report. However, there is one issue described as “disputed” that may benefit from additional explanation. The proposed phasing of issues identifies dispute over the consideration of costs for completed projects at the Humboldt Bay Power Plant (HBPP). PG&E prefers that such costs be considered in the first phase while TURN believes that the reasonableness of all costs for completed projects at SONGS and HBPP should be considered in the second phase.

PG&E seeks a finding that \$371 million of “completed decommissioning activities at HBPP” were reasonably incurred.<sup>1</sup> This request constitutes the largest amount of nuclear decommissioning spending ever submitted for reasonableness review to this Commission. Given the lack of experience with requests of this magnitude, and the absence of clarity regarding the standards to be used to determine reasonableness, the Commission should be extremely deliberate and thorough in its review.

It is prudent to review the HBPP decommissioning cost estimate in the first Phase and to consider the reasonableness of incurred costs in a second phase.

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<sup>1</sup> PG&E application, page 6.

This sequencing will ensure that intervenors are able to properly analyze and review the more than 1200 pages of testimony and supporting materials included by PG&E, conduct discovery, and formulate testimony that allows the Commission to fully consider the issues presented.

Moreover, the consideration of all completed projects across multiple decommissioning projects in Phase 2 would promote consistency and minimize the need for parties to engage in duplicative litigation over a variety of threshold legal issues that will likely be associated with the reasonableness reviews for all facilities. Dividing the reviews into two phases is likely to require similar legal disputes to be argued in both phases since the Commission may not have a final decision issued for Phase 1 before briefing is required in Phase 2. It would be preferable for all parties, including the three utilities, to be able to litigate these key legal issues at the same time in Phase 2.

#### **IV. DESCRIPTION OF DOCUMENTS AND INFORMATION TO BE INCLUDED IN THE RECORD**

TURN expects to seek inclusion in the record of its prepared testimony and data responses obtained via discovery.<sup>2</sup> While TURN will make every effort to include all relevant materials in its prepared testimony, it may be necessary to use data responses and other appropriate materials as hearing exhibits for the purpose of cross-examination. To the extent that utilities raise new issues in rebuttal testimony, and leave TURN with no opportunity to respond through additional testimony, TURN may seek to have additional materials admitted into evidence before or during hearings.

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<sup>2</sup> It is not possible to know with certainty which specific documents TURN may rely upon in the preparation of its testimony.

## **V. NEED FOR EVIDENTIARY HEARINGS**

TURN expects that there will be disagreements regarding a variety of material factual issues in this proceeding. While TURN cannot identify with specificity these disagreements given the early stage of this proceeding (and in the absence of a scoping ruling), the following topics may require hearings:

- Reasonableness of \$371 million in decommissioning expenses on completed projects at HBPP.
- Reasonableness of updated Decommissioning Cost Estimate for Diablo Canyon (an increase of \$1.3 billion) and HBPP (an increase of \$77 million).<sup>3</sup>
- Reasonableness of rate of return assumptions related to the trust funds.
- Reasonableness of proposed revenue requirement calculations for Diablo Canyon and HBPP.

Based on discovery and review of the applications, TURN intends to address these topics in prepared testimony. The responses by PG&E in rebuttal testimony will assist with identifying issues that should be explored during evidentiary hearings.

## **VI. ROLE FOR ALTERNATIVE DISPUTE RESOLUTION**

TURN does not believe that Alternative Dispute Resolution (ADR) processes would be useful in this proceeding. However, TURN would not oppose the use of ADR processes by other parties to address issues raised in their testimony and

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<sup>3</sup> PG&E testimony, page 2-11 PG&E testimony, page 4-Atch A-11.

briefs.

## VII. PROPOSED SCHEDULE

The meet and confer report contains a proposed schedule that would divide the proceeding into three separate phases. This approach is sensible and should be adopted by the Commission for issues relating to PG&E.

Respectfully submitted,

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