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PRESS RELEASE

Docket #: I.12-10-013

CPUC IDENTIFIES CHANGES NEEDED TO PROPOSED SAN ONOFRE SETTLEMENT BEFORE FURTHER CONSIDERATION CAN BE GIVEN

SAN FRANCISCO, September 5, 2014 - The California Public Utilities Commission (CPUC) today identified changes that must be made to a proposed settlement regarding the failed steam generator tubes at the San Onofre Nuclear Generating Station before the settlement can be considered by the CPUC's Commissioners.

In a Ruling issued today, the Commissioner assigned to the case, Mike Florio, and the Administrative Law Judges for the case said that the proposed settlement disfavors consumers and that certain changes must be made before they can give the settlement further consideration. The settlement was proposed earlier this year by the following settling parties: Coalition of California Utility Employees, Friends of the Earth, Office of Ratepayer Advocates, San Diego Gas & Electric (SDG&E), Southern California Edison (SCE), and The Utility Reform Network (TURN).

The proposed settlement currently sets formulas for how recoveries from Mitsubishi and Nuclear Energy Insurance Limited would be shared between the utilities and consumers. The proposed formula favors utilities until they are made whole for the refunds to consumers of steam generator replacement-related costs. Today's Ruling says that this formula unfairly favors shareholders over consumers and requests a modification so that all recoveries from Mitsubishi will be shared equally between consumers and the utilities. Additionally, for the "Outage Policy" that covers replacement power, the Ruling says that the percentage is too low because under the proposed settlement consumers bear 100 percent of the costs of replacement power in addition to having paid for the insurance. The Ruling requests that the proposed settlement be modified so that recoveries from the "Outage Policy" would be awarded 95 percent to ratepayers.

The Alliance for Nuclear Responsibility (A4NR) criticized the proposed settlement for failing to recognize what it calls one of largest negative consequences arising from the San Onofre shutdown: increased electricity prices and carbon dioxide emissions. Because most of the lost production from San Onofre was replaced by natural gas generation, A4NR argues it is against the public interest to ignore consequential harmful emissions that impose social and economic cost on consumers. A4NR relies on a public report, published through the University of California, which states that the San Onofre closure increased carbon dioxide emissions by 9 million metric tons during the first 12 months. As such, today’s Ruling finds it in the public interest to direct shareholder funds to offset this significant consequence to San Onofre ratepayers. The Ruling requests that SCE and SDG&E commit to working with the University of California Energy Institute (or other appropriate existing UC entity engaged in energy technology development) and local and regional governments to create a research, development, and demonstration program that results in innovation and deployment of new technologies, methodologies, and/or design modifications to reduce greenhouse gas emissions, particularly at current and future generating plants. The program would operate for up to five years and would be funded by up to \$5 million annually from shareholder funds. At a minimum, the utilities would file an annual report to the CPUC regarding the program’s progress towards beta testing of developed technologies, methodologies, and/or design changes.

The current proposed settlement limits the CPUC’s oversight for some aspects necessary for implementation of the proposed settlement. Today’s Ruling states that the CPUC must, at a minimum, receive clear documentation supporting components of the proposed rate changes, and review the documentation of all utility recoveries from third parties (e.g., insurance, Mitsubishi), in order to ensure the integrity of the refund calculations.

Lastly, today’s Ruling requests that savings from any re-financing of the regulatory assets by the utilities be shared equally between shareholders and consumers, and the consumer portion be credited to consumers either through a lower rate of return, or other direct credit.

Said Commissioner Mike Florio, “With the changes identified in our Ruling today, I feel confident that the proposed settlement would better benefit the overall public interest and would potentially

offer a constructive resolution to the challenges posed by the closure of San Onofre.”

The settling parties must file comments on the modifications proposed in today’s Ruling within 14 days. Other parties may file comments on the proposed modifications within 10 days.

The Ruling is available at

<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=105501499>.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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