

Decision 06-11-026 November 30, 2006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of San Diego Gas and Electric Company's Application for Authorization to (1) Participate in the Steam Generator Replacement Project as a Co-Owner of San Onofre Nuclear Generating Station Unit Nos. 2 & 3 (SONGS 2 & 3); (2) Establish Ratemaking for Cost Recovery; and (3) Address Other Related Steam Generator Replacement Issues. (U 902 E)

Application 06-04-018
(Filed April 14, 2006)

**OPINION APPROVING AN UNOPPOSED SETTLEMENT OF THE
RATEMAKING TREATMENT OF SAN DIEGO GAS AND ELECTRIC
COMPANY'S SHARE OF COSTS RELATED TO STEAM GENERATOR
REPLACEMENT AT SAN ONOFRE NUCLEAR GENERATING
STATION UNITS 2 AND 3**

I. Summary

By this order, we present our findings as to the participation of San Diego Gas and Electric Company (SDG&E) in the steam generator replacement program (SGRP) for San Onofre Nuclear Generating Station Units 2 & 3 (collectively SONGS, separately Unit 2 or Unit 3), and related matters.¹ We find that SDG&E's participation in the SGRP is reasonable and approve the attached unopposed settlement agreement (settlement). The settlement provides for ratemaking treatment of SDG&E's share of SGRP costs in a manner consistent

¹ San Onofre Nuclear Generating Station Unit 1 is shut down and undergoing decommissioning.

with the ratemaking treatment we authorized for Southern California Edison Company's (SCE) share of SGRP costs in Decision (D.) 05-12-040. The settlement also authorizes SDG&E to recover through a two-way balancing account the difference between authorized and actual SONGS operations and maintenance (O&M) expenses billed by SCE.

II. Background

SONGS is currently in operation with a capacity of approximately 2,150 megawatts. It is located on the California coast 62 miles southeast of Los Angeles, in San Diego County, near the City of San Clemente. The site is located within the boundaries of the Camp Pendleton Marine Corps Base. Each of the two units has two steam generators in which the heat from water circulated through the reactor is used to turn another stream of water into steam to power turbines that turn electric generators.

SONGS is currently licensed by the Nuclear Regulatory Commission (NRC) to operate until 2022. By D.05-12-040 in Application (A.) 04-02-026, we approved SCE's application to undertake the SGRP.

A.04-02-026 was filed by SCE alone. At that time, SDG&E indicated its intent not to participate in the SGRP. Pursuant to the SONGS ownership agreement, this would result in the transfer of a portion of SDG&E's ownership share to SCE. To implement the transfer, SDG&E would have to file a Pub. Util. Code § 851 application.² In D.05-12-040, we determined that the reasonableness of the transfer would be addressed in SDG&E's § 851 application, which we required SDG&E to file within 120 days of adoption of D.05-12-040. SDG&E

² All section references are to the Public Utilities Code unless otherwise specified.

subsequently decided to participate in the SGRP, and filed this application instead of a § 851 application.

III. SDG&E's Request

In this application, SDG&E requests the Commission's approval of its participation in the SGRP. Specifically, it requests that the Commission:

- Find it reasonable for SDG&E to participate in the SGRP assuming its ownership share of SONGS remains at 20%.
- Find reasonable SDG&E's estimate of its share of the SGRP costs of \$142 million (2004\$) consisting of \$117 million for replacement steam generator installation and \$25 million for removal and disposal of the original steam generators, including allocated overheads and excluding allowance for funds used during construction (AFUDC).
- Find SDG&E's ratemaking proposal reasonable.
- Find that no review pursuant to the California Environmental Quality Act (CEQA) is required, beyond that performed in connection with SCE's application for approval of the SGRP.

SDG&E proposes the following ratemaking treatment:

- An increase in the depreciation expense recorded to its Non-Fuel Generation Balancing Account (NGBA), and recovered in commodity rates, to recover 20% of its ownership share of the removal and disposal costs of the original steam generators from 2007 through 2011.
- Recovery of the revenue requirement associated with its ownership share of SGRP costs not to exceed its ownership share of the maximum amount allowed in D.05-12-040 , \$163 million (2004\$), as adjusted for allocated overheads, inflation and cost of capital, and excluding AFUDC.
- Authorization of a SONGS Major Additions Adjustment Clause (SONGS MAAC) to record the revenue requirement associated with its share of the replacement steam generator installation costs for each unit as of the date of operation of each unit, and the remaining balance of its

share of the removal and disposal costs of the original steam generators for each unit, excluding the amount recovered through depreciation from 2007 through 2011 as discussed above, as of the date removal and disposal is completed for each unit.

- Authorization to transfer the balance in its SONGS MAAC associated with installation of the replacement steam generators for each unit to the NGBA for interim cost recovery on January 1 of the year following commercial operation of the unit through an advice letter filing.
- Authorization to transfer the balance in its SONGS MAAC associated with removal and disposal of the original steam generators for each unit to the NGBA for interim cost recovery on January 1 of the year following completion of removal and disposal through an advice letter filing.
- Authorization to file an application for inclusion of the SGRP costs permanently in rates after completion of the SGRP.
- Establish a two-way balancing account for SONGS O&M costs, including refueling outage O&M costs, and SCE contractual overheads, billed to SDG&E under the SONGS Operating Agreement after January 1, 2007.
- Authorize a return on equity (ROE) applicable only to SONGS investment of 11.6% effective January 1, 2007.

IV. Cost-Effectiveness Evaluation

In order to determine whether SDG&E should participate in the SGRP, we analyze whether it is cost-effective to do so.

In its cost-effectiveness evaluation, SDG&E calculated the present value of the revenue requirement associated with the total net benefits and costs resulting from the SGRP from October 2009 through October 2022 (NPV). SDG&E utilized three scenarios: the Low Cost Scenario, the Most Likely Cost Scenario, and the High Cost Scenario. The Most Likely Cost Scenario represents SDG&E's estimate of the cost effectiveness of its participation in the SGRP. The other scenarios

represent the range of possible outcomes. SDG&E's principal modeling inputs are as follows.

A. Alternative to SONGS

SDG&E assumed that a gas-fired combined cycle combustion turbine (CCCT) power plant would be built as an alternative to SONGS if SDG&E was not to retain its ownership share of SONGS as a result of not participating in the SGRP. The CCCT was assumed to be in operation by January 1, 2012, with power being obtained through a short-term power purchase agreement, at the same price as the CCCT, until it is completed.

B. Discount Rate

SDG&E used a discount rate equal to its most recent 2005 weighted average cost of capital of 8.23%.

C. Escalation Rates

For SONGS and CCCT O&M costs, SDG&E used a 2.75% escalation rate based on the Global Insight Third Quarter 2005 Regional Forecast that used an average of the 2009-2022 Consumer Price Index, Urban Los Angeles.

For SONGS capital additions, SDG&E used the Handy-Whitman Index for Nuclear Capital Costs in the Pacific Region. The escalation rate therein is 2.82% based on the Global Insight 4th Quarter Power Planner.

For CCCT capital additions, SDG&E used the Handy-Whitman Index for Steam Generation Capital Costs in the Pacific Region. The escalation rate therein is 2.45% based on the Global Insight 4th Quarter Power Planner.

D. SGRP Costs

In D.05-12-040, we determined that the reasonable cost of the SGRP is \$680 million in 2004 dollars (\$569 million for replacement steam generator installation, and \$111 million for removal and disposal of the original steam generators) excluding AFUDC. SDG&E's share of this amount is \$136 million.

For SGRP costs SDG&E used its estimate of its share of the estimate adopted in D.05-12-040 in its Low Cost and Most Likely Cost Scenarios. This estimate is \$142 million in 2004 dollars (\$117 million for replacement steam generator installation, and \$25 million for removal and disposal of the original steam generators), excluding AFUDC. The difference between its estimate and \$136 million is caused by its use of current SCE contractual overhead rates and inclusion of SDG&E's own Administrative and General overheads. SDG&E increased this value by 15% for its High Cost Scenario (\$163 million).

E. O&M Costs and Routine Capital Additions

SDG&E used the O&M costs and routine capital additions in D.05-12-040 for its Low Cost and Most Likely Cost Scenarios. For the High Cost Scenario, SDG&E increased the O&M and routine capital additions costs by 10.6% and 18% respectively. The increases were based on the differences between SCE's four and five year ahead budgeted amounts and recorded expenditures for 1992-2004.

F. Capacity Factor

SDG&E used the 88% capacity factor adopted in D.05-12-040 for its Low Cost Scenario. It used 85.5% for its Most Likely Cost Scenario based on the average recorded capacity factor for 1994-2004. For its High Cost Scenario, SDG&E used 83% based on recorded capacity factors for 1992-1995 and 2004.

G. Supplemental Power Cost

For its Most Likely Cost and High Cost Scenarios, SDG&E added supplemental power purchased to obtain the amount of energy that would be generated at an 88% capacity factor. This was done so that all three scenarios yielded the same amount of power and were thus comparable. The

supplemental power was assumed to be provided by a CCCT identical to that used as the alternative to SONGS.

H. Greenhouse Gas and Nuclear Adders

SDG&E assumed that the green house gas adder (in dollars per kilowatt-hour), that reflects the environmental cost of fossil-fired generation, would be the same as a nuclear adder that reflects the security, safety, public health and environmental risks of nuclear generation. This means that the green house gas adder and the nuclear adder canceled each other out in the cost-effectiveness evaluation.

I. Nuclear Decommissioning Trust Contributions

SDG&E estimated its Nuclear Decommissioning Trust contributions at \$12 million per year for 2009-2022.

J. Gas Price Forecast

SDG&E prepared its Most Likely Scenario gas price forecast in a manner consistent with the Market Price Referent gas price forecast methodology adopted in D.05-12-042. The 2006-2011 prices are based on NYMEX Henry Hub and Clearport forecasts. The 2015-2022 prices are based on an average of forecasts from the California Energy Commission's (CEC) Energy Information Administration and private consultants. The prices for 2012-2014 are a blend of the other two forecasts. The Low Cost and High Cost Scenario prices were prepared according to the CEC's "90-10" methodology.³

³ California Energy Commission "Forms and Instructions for the Electricity Resources and Bulk Transmission Data Submittal" prepared in support of the 2005 Integrated Energy Policy Report, p. 56.

K. Transmission

SDG&E estimated that if it did not participate in the SGRP, it would need additional transmission capacity along with the CCCT. This would be obtained by accelerating the reconductoring of two transmission lines at a cost of \$9.9 million (\$2006).

V. Cost-Effectiveness Conclusion

The following table shows the NPV, in 2005 dollars, of the Low, Most Likely and High Cost Scenarios for continued SONGS ownership including participation in the SGRP and replacement of its SONGS share with a CCCT.⁴

Assumptions	Table of Results (\$ Millions)		
	Scenario		
	Low	Most Likely	High
SONGS	1,356	1,390	1,602
CCCT	1,076	1,411	1,948
Net Benefit of SONGS Participation	(280)	21	346

No party objected to SDG&E's cost-effectiveness analysis. SDG&E provided a detailed explanation of its analysis. Thus, it made a prima facie case in support of its contention that the SGRP is cost-effective. In addition, DRA performed a cost-effectiveness analysis and agrees that the SGRP is cost-effective for SDG&E. We have reviewed SDG&E's modeling methodology and inputs and find they are generally consistent with the analysis performed in D.05-12-040. We also find that, to the extent that inputs are different from those used in D.0512-040, they represent changes due to more recent information and the fact

⁴ The NPV is the net present value of the revenue requirement resulting from the total net costs and benefits.

that the analysis was performed from SDG&E's ratepayers' point of view rather than SCE's ratepayers, or are conservative in that they tend to reduce the cost-effectiveness of the SGRP. For the above reasons, we find SDG&E's cost-effectiveness analysis reasonable.

The above table shows that the costs incurred will be somewhere between one and two billion dollars regardless of whether SDG&E participates in the SGRP. Under the Most Likely Cost Scenario, the net present value of the revenue requirement associated with participation in the SGRP is \$21 million, or about 1.5% of the costs to be incurred regardless of whether SDG&E participates in the SGRP. Thus, the SGRP is cost-effective. Because the cost-effectiveness analysis involves forecasts of costs and benefits through 2022, they may not be accurate to within 1.5%. However, because the cost-effectiveness analysis showed a positive result, we find SDG&E's decision to participate in the SGRP a reasonable business decision.

VI. CEQA Review

The environmental impacts of the SGRP were addressed in D.05-12-040. In this application, SDG&E is seeking our approval of its participation in the SGRP and ratemaking treatment of the resulting costs. This application does not involve any direct or reasonably foreseeable indirect physical change to the environment. Thus, this application is not a project under CEQA.

VII. Proposed Settlement

On August 2, 2006, SDG&E, SCE and DRA filed a motion to adopt a settlement agreement (settlement). The settlement, included as Attachment A to this decision, provides that SDG&E will defer its request for an increased ROE on its investment in SONGS to the next Cost of Capital Proceeding. In addition, the settlement proposes that:

- SDG&E be authorized to participate in the SGRP at its current ownership level.
- SDG&E be authorized a two-way balancing account applicable to all SONGS O&M costs, including refueling outage O&M and SCE's contractual overheads, billed to SDG&E under the SONGS operating agreement so that SDG&E will recover in rates no more and no less than the actual amount billed by SCE.
- The two-way balancing account will remain in effect until SDG&E's next rate case cycle that will commence on January 1, 2008. SDG&E will be allowed to file an application to continue the two-way balancing account after January 1, 2008.
- The remainder of SDG&E's requests in the application be authorized.

Rule 51.1(e) of the Commission's Rules of Practice and Procedure provides that the Commission will not approve a settlement unless it is reasonable in light of the whole record, consistent with law and in the public interest. The settlement is a compromise between SDG&E, SCE and DRA, nothing in the record indicates that it should not be adopted, and no party opposes the settlement. In addition, our cost-effectiveness evaluation, including our review of the calculation methodology and individual inputs to the calculation, supports the reasonableness of the settlement. Therefore, it is reasonable in light of the whole record. Nothing in the settlement contravenes any statute or Commission decision. Therefore, it is consistent with law. The settlement provides only for recovery of reasonably incurred SGRP costs. It also provides for recovery of incurred SONGS O&M costs, but prohibits recovery in excess of that amount. Thus, the settlement helps ensure that SDG&E will be able to provide adequate reliable power to its customers at a reasonable cost and is in the public interest.

DRA represents the interests of ratepayers, and SDG&E and SCE represent their interests. Therefore, the affected parties are fairly represented. The settlement provides sufficient information to enable the Commission to implement it and understand the consequences of implementation, thus enabling the Commission to discharge its future regulatory obligations with respect to the parties and their interests. For all of the above reasons, we approve the settlement. This decision should be effective immediately so that the ratemaking treatment authorized herein can be implemented as soon as possible.

VIII. Consistency with D.05-12-040

Footnotes in the settlement indicate that the terms of the settlement are consistent with Ordering Paragraphs 3, and 6 through 13 of D.05-12-040. We assume such consistency in our analysis and approval of the settlement.

Ordering Paragraphs 5 and 16 of D.05-12-040 provide as follows:

5. "If the SGRP cost exceeds \$680 million, or the Commission later finds that it has reason to believe the costs may be unreasonable regardless of the amount, the entire SGRP cost shall be subject to a reasonableness review."
16. "If SCE cancels the SGRP for any reason at any time, and requests recovery of any of the incurred costs from ratepayers, the Commission retains the discretion to conduct a reasonableness review of the costs incurred, including cancellation costs, and to determine the appropriate ratemaking treatment, if any."

In Ordering Paragraph 5, the \$680 million figure corresponds to \$142 million (2004\$) for SDG&E as discussed previously.

We understand that the settlement is intended to be consistent with D.05-12-040. However, the possibility of a reasonableness review or SGRP cancellation is not specifically addressed in the settlement. Although SCE is the operating agent for SONGS, SDG&E is responsible for the reasonableness of its

share of the SGRP costs. Consistent with D.05-12-040, SDG&E will be subject to any reasonableness review of SGRP costs that is conducted, and the Commission's determination of ratemaking treatment in the event of cancellation. For this reason, and to avoid any misunderstanding regarding our approval of the settlement, we include ordering paragraphs consistent with the above in this decision.

Since the SGRP is not separable into a portion performed by SCE, and a portion performed by SDG&E, we do not intend to perform separate reasonableness reviews for SCE and SDG&E. Therefore, if a reasonableness review is performed, it will be conducted in connection with SCE's application to include SGRP costs permanently in rates. SDG&E can file its application to include SGRP costs permanently in rates jointly with SCE, separately subject to the reasonableness determination adopted in SCE's application, or in some other manner that would avoid a separate reasonableness review for SDG&E.

IX. Concern Regarding the Two-Way Balancing Account for O&M

The settlement provides for a two-way balancing account for SONGS O&M for a limited period of time. SDG&E will have to apply for continuation after that time. The balancing account provides for full recovery of billed costs in excess of the authorized amount. While it is reasonable to provide an opportunity for full recovery, the balancing account guarantees it. We recognize that SDG&E owns only 20% of SONGS and is not the operating agent. Therefore, its ability to influence expenditures is limited. However, SDG&E participates in the decision-making process for SONGS costs, and has some ability to influence those decisions. We are concerned that 100% balancing account recovery effectively insulates SDG&E from being affected by those decisions, thus raising the question of whether SDG&E would have an incentive to minimize such costs.

Therefore, if SDG&E subsequently applies for continuation of the balancing account, we require it to provide an exhibit addressing this concern.

Pursuant to the settlement, the two-way balancing account would remain in effect through SDG&E's next rate case cycle that will commence on January 1, 2008 and, after January 1, 2008, SDG&E would be allowed to file an application to continue the two-way balancing account. SDG&E's last general rate case covered a test year (2004) and three attrition years. Therefore, we interpret this to mean that the settlement would authorize the two-way balancing account from January 1, 2007 through December 31, 2011. Our approval of the settlement, as it pertains to the two-way balancing account, is conditioned on this assumption.

**X. Motion to File Under Seal
and for a Protective Order**

Concurrent with this application, SDG&E filed a motion to keep the unredacted version of Exhibit SDG&E-5 (identified as Exhibit SDG&E-5C in the record) under seal. The unredacted version of Exhibit SDG&E-5 contains SDG&E's forecast energy portfolio for 2006-2016. The release of this forecast could put SDG&E at a competitive disadvantage regarding future energy transactions. This, in turn could lead to higher energy costs to ratepayers. Therefore, we grant the motion as it relates to filing under seal.

The motion also requested a protective order regarding confidential information, including workpapers and models, provided during discovery. The motion for a protective order is moot because it would not apply to DRA, SCE has not indicated a need for access to the information that would be the subject of the protective order, and Riverside is not an active party. The assigned Administrative Law Judge (ALJ) denied the motion on this basis, at the

June 8, 2006 prehearing conference, as it pertains to a protective order. We affirm the ALJ's ruling.

XI. Categorization and Need for Hearings

The June 13, 2006 Assigned Commissioner's Ruling and Scoping Memo confirmed the Commission's preliminary finding in Resolution ALJ 176-3171 dated April 27, 2006 that the category for this proceeding is ratesetting and that hearings are necessary. The settlement is unopposed, and no party has requested hearings. Therefore, we revise our earlier determination and find that hearings are not necessary.

XII. Comments on Proposed Decision

The proposed decision (PD) was mailed to the parties in accordance with Pub. Util. Code § 311 and Rule 14.2(a) of the Rules of Practice and Procedure. Comments were filed by SDG&E in support of the PD.

XIII. Assignment of Proceeding

Geoffrey F. Brown is the assigned Commissioner and Jeffrey P. O'Donnell is the assigned ALJ in this proceeding.

Findings of Fact

1. SDG&E's participation in the SGRP is reasonable.
2. The environmental impacts of the SGRP were addressed in D.05-12-040.
3. This application does not involve any direct or reasonably foreseeable indirect physical change to the environment.
4. The settlement is a reasonable compromise between SDG&E, SCE and DRA, and nothing in the record indicates that it should not be adopted.
5. Our cost-effectiveness evaluation, including our review of the calculation methodology and individual inputs to the calculation, supports the reasonableness of the settlement.
6. Nothing in the settlement contravenes any statute or Commission decision.

7. The settlement helps ensure that SDG&E will be able to provide adequate reliable power to its customers at a reasonable cost.

8. No party opposes the settlement.

9. Since DRA represents the interests of ratepayers and SDG&E and SCE represent their interests, the affected parties are fairly represented.

10. The settlement provides sufficient information to enable the Commission to implement it and understand the consequences of implementation, thus enabling the Commission to discharge its future regulatory obligations with respect to the parties and their interests.

11. The settlement includes a two-way balancing account for SONGS O&M through December 31, 2011, which provides for full recovery of billed costs in excess of the authorized amount.

12. The settlement is intended to be consistent with D.05-12-040.

13. The possibility of a reasonableness review or SGRP cancellation is not specifically addressed in the settlement.

14. Although SCE is the operating agent for SONGS, SDG&E is responsible for the reasonableness of its share of the SGRP costs.

15. The SGRP is not separable into a portion performed by SCE, and a portion performed by SDG&E.

16. SDG&E participates in the decision-making process for SONGS costs, and has some ability to influence those decisions.

17. 100% balancing account recovery of SONGS O&M costs effectively insulates SDG&E from being affected by decisions regarding them, thus raising the question of whether SDG&E would have an incentive to minimize them.

18. The unredacted version of Exhibit SDG&E-5 contains SDG&E's energy portfolio forecast for 2006-2016. The release of this forecast could put SDG&E at

a competitive disadvantage regarding future energy transactions and lead to higher energy costs to ratepayers.

19. The motion for a protective order is moot because it would not apply to DRA, SCE has not indicated a need for access to the information that would be the subject of the protective order, and Riverside is not an active party.

20. At the June 8, 2006 prehearing conference the ALJ denied SDG&E's motion for a protective order.

Conclusions of Law

1. This application is not a project under CEQA.
2. The settlement should be approved because it is reasonable in light of the whole record, consistent with law and in the public interest.
3. This decision should be effective immediately so that the ratemaking treatment authorized herein can be implemented as soon as possible.
4. If the SGRP is cancelled for any reason at any time, and SDG&E requests recovery of any of the incurred costs from ratepayers, the Commission should retain the discretion to conduct a reasonableness review of the costs incurred, including cancellation costs, and to determine the appropriate ratemaking treatment, if any.
5. If a reasonableness review of SGRP costs is performed pursuant to Ordering Paragraph 5 of D.05-12-040, SDG&E should be subject to that reasonableness review. Such review should be conducted in connection with SCE's application to include SGRP costs permanently in rates. SDG&E should file its application to include SGRP costs permanently in rates jointly with SCE, separately subject to the reasonableness determination adopted in SCE's application, or in some other manner that would avoid a separate reasonableness review for SDG&E.

6. If SDG&E subsequently applies for continuation of the two-way balancing account for SONGS O&M costs authorized herein, it should be required to include in its filing an exhibit that addresses whether 100% recovery provides it with any incentive to minimize such costs.

7. DG&E's motion to keep the unredacted version of Exhibit SDG&E-5 under seal should be granted.

8. The ALJ's June 8, 2006 ruling denying the motion for a protective order should be affirmed.

9. This decision should be effective immediately so that SDG&E can implement the ratemaking treatment authorized herein without delay.

10. Hearings are not necessary.

O R D E R

IT IS ORDERED that:

1. The settlement filed by San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE) and the Commission's Division of Ratepayer Advocates, included as Attachment A to this decision, is approved subject to the following conditions.

2. If the San Onofre Nuclear Generating Station Units 2 & 3 (SONGS) Steam Generator Replacement Program (SGRP) is cancelled for any reason at any time, and SDG&E requests recovery of any of the incurred costs from ratepayers, the Commission retains the discretion to conduct a reasonableness review of the costs incurred, including cancellation costs, and to determine the appropriate ratemaking treatment, if any.

3. If a reasonableness review of SGRP costs is performed pursuant to Ordering Paragraph 5 of Decision (D.) 05-12-040, SDG&E shall be subject to that

reasonableness review. Such review shall be conducted in connection with SCE's application to include SGRP costs permanently in rates. SDG&E shall file its application to include SGRP costs permanently in rates jointly with SCE, separately subject to the reasonableness determination adopted in SCE's application, or in some other manner that would avoid a separate reasonableness review for SDG&E.

4. If SDG&E subsequently applies for continuation of the two-way balancing account for SONGS operations and maintenance costs authorized herein, it shall include in its filing an exhibit that addresses whether 100% recovery provides it with any incentive to minimize such costs.

5. SDG&E's motion, filed concurrently with this application, to keep the unredacted version of Exhibit SDG&E-5 (Identified in the record as Exhibit SDG&E-5C) under seal is granted for a period of four years from the effective date of this decision.

6. If SDG&E believes that further protection of the information kept under seal is needed, it may file a motion stating the justification for further withholding of the information from public inspection, or for such other relief as the Commission's rules may then provide. This motion shall be filed no later than 30 days before the expiration date.

7. The assigned Administrative Law Judge's June 8, 2006 ruling denying the motion for a protective order is affirmed.

8. Hearings are not necessary in this proceeding.

9. Application 06-04-018 is closed.

This order is effective today.

Dated November 30, 2006, at San Francisco, California.

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
Commissioners

