

From: lyneece.james.johnson/sce/eix;nsf;lynneece.james.johnson@sce.com;smtp
Sent: Wed Mar 27 2013 14:53:00 PDT
To: jim.scilacci/sce/eix@sce;robert.adler/sce/eix@sce;stephen.e.pickett/sce/eix@sce;ted.craver/sce/eix@sce
CC:
Subject: CFEE Download (Craver, Litzinger, Adler, Scilacci, Pickett)
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

StartTime: Mon Apr 01 02:00:00 Pacific Daylight Time 2013

EndTime: Mon Apr 01 02:30:00 Pacific Daylight Time 2013

Location: Ted Craver's Office

Invitees: Jim Scilacci/SCE/EIX@SCE;Robert Adler/SCE/EIX@SCE;Stephen E Pickett/SCE/EIX@SCE;Ted Craver/SCE/EIX@SCE

Recurring: No

ShowReminder: No

From: stephen e pickett/sce/eix;nsf;stephen.pickett@sce.com;smtp
Sent: Mon Apr 01 2013 11:32:28 PDT
To: ted craver/sce/eix@sce;robert adler/sce/eix@sce;jim.scilacci@edisonintl.com;ronald litzinger/sce/eix@sce
CC:
Subject: My notes
Attachments: SEP notes.docx

Importance: Low
Priority: Normal
Sensitivity: None

Here is a typed-up version of my notes from our conversation this morning.

Redacted - AC

Elements of a SONGS Deal

1. Recover pre-RSG investment on a “SONGS 1” basis through 2022 (i.e., with a debt level return).
2. Disallow RSG investment entirely (“out of rate base retroactively”).

Note: not clear whether the post-leak investment that is not directly related to the RSG’s is included (e.g., the new heads, HP turbine, etc.)

3. Customers responsible for all replacement power costs (no disallowance).
4. Any NEIL proceeds go to customers.
5. MHI recovery: to SCE to the extent of any disallowance, then to customers, with some as yet undefined incentive mechanism to encourage SCE to go after MHI to the maximum extent possible for as long as it takes (thinking about the energy crisis settlement as a model).
6. O&M:
 - a. Already approved GRC amounts to shutdown plus some reasonable period beyond (+/- 6 months)
 - b. Ramp down to shutdown level of O&M thereafter.
 - c. Use a subsequent phase of the OII or a separate proceeding to determine the level of ongoing shutdown O&M.
 - d. Shutdown O&M to include “reasonable but generous” severance for affected SONGS employees.
7. Environmental offset: SCE to pay \$5-10 million per year for the remaining life of SONGS (i.e. through 2022) to an agreed upon GHG, climate, or environmental research fund or academic institution. Structured as a charitable donation.
8. Decommissioning to continue to be collected in rates as before through 2022, with reviews as before in triennial CPUC proceedings.

9. Process:

- a. Settlement agreement approved in OII.
- b. Balance of OII closed (except possibly a subsequent phase to determine level of ongoing shutdown O&M).

10. Other notes:

- a. Players in deal: Geesman (A4NR), FOE, TURN.
- b. Protecting labor brings TURN along (Carl Wood chair of TURN board).
- c. Privately stated complaints of SDG&E.
- d. Ron Olson involvement per energy crisis.

From: stephen e pickett/sce/eix;nsf;stephen.pickett@sce.com;smtp
Sent: Thu Apr 04 2013 11:48:12 PDT
To: megan scott-kakures/sce/eix@sce;russell worden/sce/eix@sce
CC:
Subject: Next steps
Attachments: SCE vs. Lynch Settlement Agmt.pdf

Importance: Low
Priority: Normal
Sensitivity: None

In addition to coming up with the financial analysis of the settlement framework we discussed yesterday, I think we need to develop two documents that will help us guide the process along.

First, we should take my notes and turn it into a simple term sheet we could use to help guide the negotiations. Second, we should take the SONGS 1 settlement agreement and the energy crisis settlement agreement as models and produce the shell of a settlement agreement we can use for this purpose. The energy crisis settlement is attached below. Do either of you have a copy of the SONGS 1 settlement agreement? If so, would you please send me a copy.

After thinking about it overnight, it seems to me that the obvious place for us to start is to include the non-RSG CWIP in the "SONGS 1 treatment" portion of the investment (although our financial analysis should identify it separately so we can have an appreciation for the the risks around it. Similarly, we should include the fuel in the "SONGS 1" portion also, amortizing it in the same way we did for in the SONGS 1 agreement (but, again, separately identifying it in the financial analysis for risk assessment purposes). It seems to me that the fewer things we call out for separate treatment the better off we'll be. On the MHI recovery, let's start by using the energy crisis settlement model, and structure it so that we get 100% of the MHI recovery to the point that we have recovered the disallowance, and then split the remaining recovery 90% customer, 10% shareholder. I know that won't fly, but it seems like a reasonable place to start.

I haven't got my head completely around what we do if we get U2 restarted, but Russ' idea yesterday of doing it on some sort of incremental basis was intriguing. Can we somehow flesh that out and put some parameters around how we might deal with that?

On timing, I'm in San Francisco tomorrow for a meeting with Peevey on L.A. Basin reliability. Ron is going to want to pull a subset of the INMG together sometime next week to discuss this, so if we could have something on paper by Tuesday or so it would be great.

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("*Agreement*") is entered into by and among the undersigned Parties hereto on this 2nd day of October 2001, with reference
5 to the following:

RECITALS OF THE PARTIES

A. The Parties hereto are currently engaged in litigation in the case styled
10 as Southern California Edison Company, Plaintiff, vs. Loretta M. Lynch et. al., presently pending in the United States District Court for the Central District of California, Case No. 00-12056-RSWL(Mcx) (the "*Litigation*").

B. In the Litigation, SCE has contended, inter alia, that Defendants have
15 not permitted SCE to recover in retail rates the full amount of SCE's costs, including its wholesale electric procurement costs, as required by federal law. In the absence of this Agreement, SCE would have sought to recover these costs over a shorter time period than provided for in this Agreement. Such a recovery could have resulted in substantial and immediate retail rate increases materially in excess of electric retail rates
20 currently in effect. Defendants have denied that they have acted unlawfully, and have denied that the Court in which the Litigation is pending has jurisdiction over the dispute or to grant the relief sought by SCE. The Court has overruled Defendants' Mo-

tion to Dismiss on jurisdictional grounds and then stayed the Litigation at the parties' request.

5 C. SCE and the CPUC agree that certain wholesale electric procurement costs reflect wholesale prices that may be unlawful. SCE and the CPUC, along with agencies of the State of California, are seeking recovery and refunds of such unlawful costs through proceedings before the Federal Energy Regulatory Commission ("*FERC*") and may seek recovery and refunds through the courts (the "*Refunds*").

10 D. As a result of SCE's past inability to recover its wholesale electricity procurement costs, SCE's ability to procure all of the electricity needed to serve its customers has been threatened, the State of California and its taxpayers have assumed SCE's traditional function of procuring electric power for SCE's retail customers, and SCE is in the midst of a severe liquidity crisis, having incurred procurement related
15 liabilities and indebtedness totaling approximately \$6.355 billion. SCE cannot access credit in financial markets. Continued uncertainty and instability threaten the reliability of SCE's electric service and create a likelihood that the temporary role of state government in electricity procurement will be extended indefinitely. Before the Litigation and the Refunds could be resolved through trial and appeal, SCE would likely
20 be forced into bankruptcy.

E. As a result of decisions of the CPUC adding a surcharge to retail rates, reductions in natural gas prices, the imposition of wholesale price mitigation measures by FERC, and the current stability of California's wholesale electricity markets resulting from the procurement activity of the State of California and conservation by California consumers, SCE has been recently collecting, and may continue to collect, retail revenues in excess of current costs. The continuation of current retail rates that produce revenues in excess of SCE's current costs creates an opportunity for resolution of the Litigation and recovery of SCE's financial capability and ability to procure all of the electricity needed by its customers without further retail rate increases. The Parties wish to use this opportunity to settle the Litigation for the benefit of ratepayers, the State of California and SCE and to enable SCE to procure all of the electricity needed by its customers.

F. The purposes of this Agreement are to (i) avoid instability and uncertainty for ratepayers, the State of California and SCE, (ii) protect consumers from the potential impact of further volatility in electricity prices, (iii) avoid further costly and wasteful litigation, and (iv) restore the investment grade creditworthiness of SCE as rapidly as reasonably practical so that it will be able to provide reliable electric service as a state regulated entity as it has in the past.

20

G. In the exercise of its police and regulatory power, the CPUC is entering into this Agreement and shall adopt such decisions and orders as it deems necessary to implement and carry out the provisions of this Agreement.

5 H. The CPUC and SCE acknowledge that a reasonable and predictable regulatory framework for procurement activities of, and recovery of procurement costs by, SCE is important to SCE's procuring all of the electricity needed to serve its customers and the payment of its Procurement Related Liabilities.

10 I. This Agreement is a compromise believed by the Parties to be in the best interests of ratepayers, the State of California and SCE. Nothing in this Agreement shall be construed or deemed to be an admission of any liability or any material facts by any of the Parties hereto, it being agreed that any and all obligations of the Parties related to the Litigation shall be solely as set forth in this Agreement and the
15 Stipulated Judgment. This Agreement is intended to be non-precedential in all particulars, and the enforceability of this Agreement and the Stipulated Judgment herein will be of such limited duration as is necessary to accomplish their purposes.

NOW, THEREFORE, in consideration of the foregoing, the agreements set
20 forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

[Execution Copy]

ARTICLE 1 DEFINITIONS

Section 1.1 Certain Defined Terms. When used in this Agreement, the following terms shall have the following meanings:

(a) "*AB 1890*" means California Assembly Bill 1890 enacted into law in 1996, Chapter 854, as thereafter amended.

(b) "*Agreement*" shall have the meaning given to such term in the introductory paragraph hereof.

(c) "*CDWR*" means the California Department of Water Resources.

(d) "*CDWR Charges*" means retail charges for electricity that CDWR sells and has sold to retail customers in SCE's service territory, including financing costs in connection therewith.

(e) "*CPUC*" means the California Public Utilities Commission and the Commissioners thereof in their official capacities and their respective successors.

(f) "*FERC*" has the meaning set forth in the Recitals to this Agreement.

(g) "*Litigation*" shall have the meaning given to such term in the Recitals to this Agreement.

(h) "*Net Short Procurement Costs*" means all costs, including imbalance energy costs, incurred by SCE for energy, capacity and ancillary services and all
5 other costs reasonably related thereto that are determined to be reasonable, or otherwise meet standards of reasonableness as established, by the CPUC, *excluding* SCE's costs of energy, capacity and ancillary services provided by (i) generating facilities that are owned by SCE as of the date of this Agreement and (ii) bilateral and QF contracts to which SCE is a party as of the date of this Agreement. For the sake of clarity,
10 ity, the Parties agree that CDWR Charges are not part of SCE's Net Short Procurement Costs. Nothing in this Agreement is intended to prevent SCE from incurring Net Short Procurement Costs.

(i) "*Parties*" means the CPUC and SCE.

(j) "*Person*" means an individual, partnership, joint venture, corporation,
15 ration, limited liability company, trust, association or unincorporated organization, any governmental authority, or any other entity.

(k) "*Procurement Related Liabilities*" shall mean the procurement related liabilities and indebtedness listed on *Schedule 1.1* attached hereto, totaling approximately \$6.354 billion.

(l) "*Procurement Related Obligations*" shall mean the costs recorded in the Procurement Related Obligations Account together with interest thereon as calculated in *Section 2.1(c)*.

(m) "*Procurement Related Obligations Account*" or "*PROACT*" means the Account for Recovery of Procurement Related Obligations established pursuant to *Section 2.1(a)* of this Agreement.

10 (n) "*PX Billing Claim*" means any claim, liability, demand, cause of action, chose in action, levy, attachment, lien, encumbrance, or right of setoff, reimbursement, relief, injunction, contribution, indemnity or similar right, whether in law or in equity or otherwise, that any Person has against SCE for SCE's failure, or alleged failure, to pay timely any amounts due or claimed to be due to the California
15 Power Exchange Corporation, a not-for-profit public benefit corporation, or the California Independent System Operator Corporation, a California not-for-profit public benefit corporation, to the extent such amounts due or claimed to be due are reflected in the opening balance of the PROACT.

(o) "*QF*" means a "qualifying facility" as defined in the Public Utility Regulatory Policy Act of 1978.

(p) "*Rate Repayment Period*" means the period commencing September 1, 2001 and ending on the earlier of the date that SCE recovers all Procurement Related Obligations recorded in the PROACT or December 31, 2003.

(q) "*Recovery Period*" means the period commencing September 1, 2001 and ending on the earlier of the date that SCE recovers all Procurement Related Obligations recorded in the PROACT or December 31, 2005. The Recovery Period includes the Rate Repayment Period.

10 (r) "*Recoverable Costs*" means the amounts SCE is authorized by the CPUC to recover in retail electric rates, but not including Procurement Related Obligations.

(s) "*Refunds*" has the meaning set forth in the Recitals to this Agreement.

15 (t) "*SCE*" means Southern California Edison Company, a California corporation, and its successors.

(u) "*Securitization*" or "*Securitize*" means a financing or to engage in a financing, as the case may be, like the Rate Reduction Bonds issued pursuant to AB 1890, which may be authorized by the California legislature.

(v) "*Seller Claims*" means any claim, cause of action, right of setoff, 5 right of refund or similar right under state or federal law in favor of SCE that is related to or arises from the charging, either directly or indirectly, of prices for electric energy, capacity or ancillary services or for natural gas that are reflected in the opening balance of the PROACT, or conduct related thereto.

(w) "*Settlement Rates*" means gross electric retail rates (including 10 surcharges) in effect on the date of this Agreement as the same shall be hereafter increased or decreased to reflect (i) the combined effect on Surplus, if any, of both SCE's Net Short Procurement Costs and CDWR Charges, as the same may exist from time to time during the Rate Repayment Period, when compared to the impact on Surplus of Stabilized CDWR Charges, (ii) Recoverable Costs directed to be incurred 15 by the CPUC that are in excess of the Recoverable Costs referred to in *Section 2.1(d)*, and (iii) uninsured costs, if any, of recognized force majeure events, such as earthquake, calamity, war and the like.

(x) "*Shareholder Distribution*" shall mean a distribution by SCE to its shareholders, as defined in Section 166 of the California Corporations Code, with

respect to their holdings of Common Stock in SCE, that is subject to the provisions of Section 500 et. seq. of the California Corporations Code. For example payments from SCE to Edison International or its affiliates in consideration of goods, services or contractual obligations are not "Shareholder Distributions."

5 (y) "*Stabilized CDWR Charges*" means CDWR Charges for electrical power sold to retail customers in the service territory of SCE that are first implemented by the CPUC after the date hereof.

 (z) "*Stipulated Judgment*" means the Stipulated Judgment referred to in *Section 4.1*.

10 (aa) "*Surplus*" means the difference, positive or negative, if any, of SCE's revenues from retail electric rates (including surcharges) during the Recovery Period over SCE's Recoverable Costs for the same period.

 (bb) "*TCBA*" means that balancing account of SCE commonly referred to as the "transition cost balancing account" established by the CPUC.

15 (cc) "*Utility Retained Generation*" means generating plants owned by SCE as of the date of this Agreement, including but not limited to all hydroelectric generation facilities, and SCE's ownership shares of the Mohave Generating Station,

the Four Corners Powerplant, the Palo Verde Nuclear Generating Station, and the San Onofre Nuclear Generating Station.

Section 1.2 Certain Interpretive Matters. In this Agreement, unless the context otherwise requires, the singular shall include the plural and vice versa. The terms "includes" or "including" shall mean "including without limitation"; the terms "hereunder," "hereof," "hereto" and words of similar import are references to this Agreement as a whole. References to a Section, Article, Exhibit or Schedule shall mean a Section, Article, Exhibit or Schedule of this Agreement, and reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented and restated through the date as of which such reference is made.

ARTICLE 2 RATE STABILIZATION AND COST RECOVERY

Section 2.1 Procurement Related Obligations Account (PROACT).

(a) The CPUC will establish the Procurement Related Obligations Account (PROACT) by order. The opening balance thereof will be the excess of SCE's Procurement Related Liabilities as of August 31, 2001 over SCE's cash and cash equivalents on hand as of such date, less the sum of \$300 million. Such opening balance shall be subject to equitable adjustment in the event that pending proceedings

related to SCE's Utility Retained Generation result in amortization periods of less than ten (10) years (from January 1, 2001) for the regulatory assets that represent SCE's ownership in nuclear power plants. The CPUC shall verify the recorded balance as of August 31, 2001 of the Procurement Related Liabilities listed in *Schedule 1.1* and the amount of cash and cash equivalents that SCE had on hand on such date within thirty (30) days from the date of this Agreement. The Parties estimate that the balance of the PROACT as of the date hereof is approximately \$3.3 billion.

(b) SCE will apply all accrued Surplus to the PROACT on a monthly basis or such other periodic basis as may be established by the CPUC, except as provided in *Section 2.1(d)*. SCE may also apply the proceeds of any Securitization related to the receipt of Surplus to the PROACT as provided by *Section 2.2(c)*.

(c) Unrecovered Procurement Related Obligations in the PROACT shall accrue interest equal to the interest from September 1, 2001 on SCE's outstanding Procurement Related Liabilities and any refinancings thereof net of interest earned on SCE's cash position.

(d) During the Recovery Period from and after September 1, 2001, all Surplus shall be applied to the PROACT, except that during each calendar year of the Rate Repayment Period commencing calendar year 2002, the CPUC, without adjusting Settlement Rates under *Section 1.1(w)*, shall have discretion to direct that up to

\$150 million of Surplus be applied to recover Recoverable Costs for any utility purpose, including investments in infrastructure or increases in energy efficiency program funding. It is the intent of the foregoing to provide flexibility needed by the CPUC to direct the utilization of utility revenues in the interest of ratepayers and, at the same time, to limit the amounts that would otherwise be Surplus that are made available for other utility purposes unless Settlement Rates are adjusted as contemplated by *Section 1.1(w)*. It is understood that the utilization of Surplus provided by this paragraph shall only affect the timing of SCE's recovery of Procurement Related Obligations, the Parties agreeing that SCE shall recover the full amount of its Procurement Related Obligations during the Recovery Period, as provided in *Section 2.2*.

Section 2.2 Recovery of Procurement Related Obligations. The Parties hereby agree that during the Recovery Period SCE shall recover in retail electric rates its Procurement Related Obligations recorded in the PROACT. The Parties acknowledge that they each currently project that the maintenance of Settlement Rates will likely result in sufficient Surplus for SCE to recover substantially all of its unrecovered Procurement Related Obligations prior to the end of 2003. SCE's recovery of its Procurement Related Obligations shall occur as follows:

(a) The CPUC hereby agrees to maintain retail electric rates for retail customers in SCE's service territory at no less than Settlement Rates during the Rate Repayment Period.

(b) In the event that any Procurement Related Obligations remain unrecovered in the PROACT at the conclusion of the Rate Repayment Period, then such amount will be amortized in retail rates ratably during all or a portion of the remainder of the Recovery Period.

5 (c) If the CPUC concludes that it is desirable to Securitize any portion of unrecovered Procurement Related Obligations at any time during the Recovery Period (together with the financing and transaction costs of Securitization) in order to reduce the retail rate impact of their recovery, then the Parties will work cooperatively together to achieve such Securitization, including obtaining appropriate legislation
10 therefore. In the event that such Securitization results in amortization of SCE's remaining Procurement Related Obligations, if any, beyond the Recovery Period, then SCE's rates after the Recovery Period will reflect continuation of the pertinent amortization schedule. Any such Securitization shall modify the recovery that is otherwise provided for in this *Section 2.2* of the Procurement Related Obligations that are in-
15 cluded in such Securitization only from and after the date that SCE actually receives the proceeds of such Securitization, and such proceeds shall be credited to the PROACT only when they are actually received.

Section 2.3 Capital Structure. During the Recovery Period, no penalty shall be imposed upon SCE for its noncompliance, if any, with CPUC mandated capital

structure requirements, and changes in authorized capital structure, if any, shall be implemented in a manner so as not to affect the extent of SCE's receipt of Surplus.

Section 2.4 Hedging. In order to facilitate SCE's restoration to investment grade creditworthiness by making the rate at which Procurement Related Obligations are recovered more predictable, SCE intends to apply to the CPUC for its approval of SCE incurring up to \$250 million in Recoverable Costs during the Rate Repayment Period to acquire financial instruments and engage in other transactions intended to hedge fuel cost risks associated with SCE's Utility Retained Generation and QF and interutility contracts. The CPUC has indicated that it will reasonably promptly schedule proceedings and consider such request on an expedited basis. Pending such determination by the CPUC, SCE shall record such costs in a tracking account.

Section 2.5 Dividend Suspension. In order to expedite payment of its creditors, SCE will not declare or pay a Shareholder Distribution on its Common Stock prior to (a) the end of the Rate Repayment Period, or (b) if SCE does not recover all of its Procurement Related Obligations as of or prior to the end of the Rate Repayment Period, prior to the earlier of January 1, 2005 or the end of the Recovery Period. It is the intent of the foregoing that cash generated from Surplus be used to reduce Procurement Related Liabilities. SCE and the CPUC recognize that resumption of Common Stock dividend payments will improve the ability of SCE to attract capital on reasonable terms for investment in safe and reliable utility service. Accordingly,

in the event the dividend restriction in this Section continues after the end of the Rate Repayment Period, SCE may apply to the CPUC for consent to a resumption of its Common Stock dividend after the Rate Repayment Period, and the CPUC's consent will not be unreasonably withheld.

5 Section 2.6 Capital Additions. In order to assure the ability of SCE to continue to provide adequate service prior to the effectiveness of new retail rates established by SCE's next General Rate Case, SCE shall be entitled to make capital expenditures above the level contained in current rates. To the extent such expenditures do not exceed \$900 million in a calendar year, then the revenue requirement until the ef-
10 fectiveness of retail rates established by SCE's next General Rate Case that is associated with capital expenditures above the level contained in current rates shall be Recoverable Costs.

Section 2.7 Representation and Warranty Regarding Financial Condition of Edison International and SCE Affiliates. SCE represents and warrants that, to the best
15 of its knowledge and belief, the consolidated financial statements of Edison International and Edison Mission Energy for the quarterly period ended June 30, 2001 do not contain misrepresentations of material facts and do not omit material facts necessary to make the statements made in such financial statements, under the circumstances in which they were made, not misleading. SCE further represents and warrants that Edi-
20 son International and its affiliates Edison Capital and Mission Energy Holding Com-

pany do not have investment grade ratings for their senior unsecured debt, and that its affiliate Edison Mission Energy has an investment grade rating below BBB for its senior unsecured debt.

Section 2.8 Disposition of TCBA. Balances in SCE's TCBA as of August
5 31, 2001 shall have no further impact on SCE's retail electric rates, Surplus or Recoverable Costs, except to the extent the CPUC authorizes the recovery after such date of costs previously recorded in the TCBA (e.g., accelerated amortization of SCE's investment in nuclear plants). Recoverable Costs incurred after August 31, 2001, which would otherwise have been recorded in the TCBA, shall be recovered in rates in ac-
10 cordance with further orders of the CPUC, whether or not the CPUC chooses to continue to have such costs recorded in the TCBA.

Section 2.9 Intended Effects. The CPUC shall adopt such decisions or orders as it deems necessary to implement and carry out the provisions of this Agreement, it being understood that this Agreement and the Stipulated Judgment contemplated
15 hereby shall be binding and irrevocable upon the Parties, notwithstanding such future decisions and orders of the CPUC. It is the intent of the Parties that SCE actually recover Procurement Related Obligations recorded in the PROACT, without offset, as rapidly as possible during the Rate Repayment Period consistent with the terms hereof, and in any event during the Recovery Period.

ARTICLE 3
COMPROMISE OF PROCUREMENT RELATED OBLIGATIONS AND RE-
LATED ADJUSTMENTS

Section 3.1 Pursuit of Seller Claims and Defense of PX Billing Claims. Sub-
5 ject to its not being required to waive any applicable privileges, SCE will cooperate in
good faith with the CPUC and the California Attorney General in order to coordinate
the pursuit and resolution of SCE's Seller Claims and its defenses against PX Billing
Claims along with claims involving the same adverse parties that the State of Califor-
nia or its agencies may have or assert directly or in their representative capacity or in
10 coordination with third parties and that arise from power purchases. In this regard,
SCE will:

(a) Regularly consult with the General Counsel of the CPUC and the
California Attorney General regarding the coordination of litigation strategies and
consider in good faith their views with respect to litigation and potential litigation in
15 respect of Seller Claims and PX Billing Claims;

(b) Execute reasonable and customary joint defense, common inter-
est or similar agreements to facilitate the coordination of claims and defenses without
waiver of privileges; and

(c) Seek and consider in good faith the General Counsel of the
20 CPUC's and the Attorney General's input, advice and proposed modifications with

respect to any material brief, memorandum, pleading and argument prior to the filing or making thereof.

Section 3.2 Resolution of Claims; Compromises.

(a) Subject to the further provisions of this *Section 3.2*, nothing
5 herein or otherwise shall prevent or limit SCE's right to litigate any Seller Claim, PX
Billing Claim or Procurement Related Liability or to appeal any order, judgment or
other disposition thereof.

(b) Subject to *Section 3.2(c)* below, nothing herein or otherwise shall
prevent or limit SCE's right to pay, restructure, settle, compromise, waive, resolve,
10 dismiss or otherwise dispose of any Seller Claim, PX Billing Claim or Procurement
Related Liability in any manner and whenever SCE determines, in the exercise of its
business judgment. SCE shall promptly notify the CPUC of any such payment, set-
tlement, compromise, waiver, resolution, dismissal or other disposition in a manner
that preserves the confidentiality thereof insofar as is reasonably necessary to further
15 SCE's flexibility to pay, settle, compromise, waive, resolve, dismiss or otherwise dis-
pose of any other SCE Seller Claim, PX Billing Claim or Procurement Related Liabil-
ity.

(c) Notwithstanding *Section 3.2(b)*, in the event that SCE wishes to compromise, waive or settle any Seller Claim or PX Billing Claim on or after March 1, 2002 (subject to extension by mutual agreement), it shall first obtain the CPUC's permission to do so. In the event the CPUC grants such permission, then SCE may effect such compromise, waiver or settlement. In the event the CPUC does not grant such permission, then SCE shall continue to pursue the claim or defense in question, and any compromise, waiver or settlement thereof shall continue to be subject to CPUC review.

Section 3.3 Credits To PROACT.

(a) One hundred percent (100%) of the liquidated value of any and all Refunds actually realized by SCE during the Recovery Period in respect of Procurement Related Liabilities, including PX Billing claims and SCE's Seller Claims, shall be applied to the PROACT. Ninety percent (90%) of the liquidated value of any and all net Refunds actually realized by SCE after the Recovery Period in respect of Procurement Related Liabilities, including PX Billing Claims and Seller Claims, shall be refunded to ratepayers as directed by the CPUC.

(b) All such Refunds shall be calculated net of (i) any and all refunds, recoveries or payments that SCE is required to make or provide in connection with its sales of power through, or its participation in, the California Power Exchange

Corporation, a not-for-profit public benefit corporation, and (ii) associated costs of recovery, including any related litigation, professional and other similar costs. Any portion of Refunds not applied to the PROACT or refunded to ratepayers, as the case may be, pursuant to the foregoing provisions may be retained by SCE without offset.

5

ARTICLE 4 LITIGATION

Section 4.1 Stipulated Judgment. As soon as reasonably possible after the execution of this Agreement, and in no event later than four (4) business days following such execution, the Parties shall submit to the Court a proposed Stipulated Judgment in the Litigation (substantially in the form attached as *Exhibit A* hereto) that shall incorporate this Agreement by reference and order the terms of this Agreement to be entered as the Judgment of the Court. The Parties shall undertake their best efforts to seek entry by the Court of the Stipulated Judgment within thirty (30) days after the date hereof. If such Stipulated Judgment is not entered by the Court within such period, then either Party may terminate this Agreement upon written notice to the other given any time prior to entry of a Stipulated Judgment.

Section 4.2 Enforcement of Stipulated Judgment. The Parties agree that the Court shall retain jurisdiction over the Litigation for the purpose of enforcing the Stipulated Judgment and ensuring that the Parties carry out the terms of this Agreement.

Section 4.3 Validity and Binding Effect. The Parties and their respective successors and assigns agree not to contest the validity and enforceability of this Agreement or the Stipulated Judgment as agreed to by the Parties and entered by the Court. This Agreement and the Stipulated Judgment are intended to be enforceable
5 under federal law, notwithstanding any contrary state law.

Section 4.4 Releases of Specified Claims. Promptly upon entry of the Stipulated Judgment, SCE shall deliver to the CPUC executed releases substantially in the form of *Exhibit B* hereto specifically releasing any and all claims and causes of action that SCE has or may have against the State of California and the CPUC that arise
10 from:

(a) The facts alleged by SCE in the Litigation, including without limitation claims and causes of action based upon the filed rate doctrine, takings, due process and commerce clause violations, except for claims and causes of action based upon this Agreement or as provided in the Stipulated Judgment;

15 (b) The CPUC's implementation prior to the date of this Agreement of Assembly Bill 1 of the 2001-02 First Extraordinary Session (Ch. 4, Stats. 2001-02 1st Ex. Sess.) and Assembly Bill 6 of the 2001-02 First Extraordinary Session (Ch. 2, Stats. 2001-02 1st Ex. Sess.), including CPUC Decision Nos. 01-03-081 and 01-04-005; and

(c) CPUC Decision No. 01-03-082 (the TURN Accounting Decision).

Section 4.5 Termination. This Agreement and the Stipulated Judgment shall terminate at the end of the Recovery Period but in no event later than December 31, 2005, *provided that* all rights of the Parties under this Agreement and the Stipulated Judgment that vest on or prior to such termination, including any rights arising from default under this Agreement or the terms of the Stipulated Judgment, shall survive any such termination for the purpose of enforcing such vested rights.

ARTICLE 5 GENERAL PROVISIONS

Section 5.1 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 5.2 Captions and Paragraph Headings. Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing it.

Section 5.3 Entire Agreement. This Agreement contains the entire understanding of the Parties concerning the subject matter of this Agreement and, except as expressly provided for herein, supersedes all prior understandings and agreements,

[Execution Copy]

whether oral or written, among them with respect to the subject matter hereof and thereof. There are no representations, warranties, agreements, arrangements or understandings, oral or written, between the Parties hereto relating to the subject matter of this Agreement and such other documents and instruments which are not fully expressed herein or therein. This Agreement may be amended or modified only by an agreement in writing signed by each of the Parties hereto which is filed with the Court in which the Stipulated Judgment is filed.

Section 5.4 Time Of Essence. Time is hereby expressly made of the essence with respect to each and every term and provision of this Agreement. The Parties acknowledge that each will be relying upon the timely performance by the other of its obligations hereunder as a material inducement to each Party's execution of this Agreement.

Section 5.5 No Third Party Beneficiaries. Except as may be specifically set forth in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Persons other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third Persons to any Party, nor give any third Persons any right of subrogation or action against any Party.

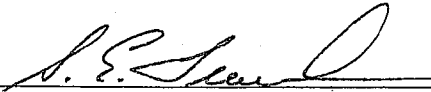
Section 5.6 Authority; Enforceability. Each Party represents and warrants to the other that this Agreement and the Stipulated Judgment have been duly authorized by all action required of such Party to be bound thereby, and that this Agreement and the Stipulated Judgment are valid, binding and enforceable obligations of such Party.

5 Section 5.7 Waiver of Compliance. To the extent permitted by applicable law, any failure of any of the Parties to comply with any obligation, covenant, agreement or condition set forth herein may be waived by the Party entitled to the benefit thereof only by a written instrument signed by such Party, but any such waiver shall not operate as a waiver of, or estoppel with respect to, any prior or subsequent failure
10 to comply therewith. The failure of a Party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the
date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY

5

By: 

Title: Chairman, President & CEO

CALIFORNIA PUBLIC UTILITIES COMMISSION

By: _____

Title: _____

10

COMMISSIONERS IN THEIR OFFICIAL CAPACITY

Loretta M. Lynch

15

Richard A. Bilas

20

Henry M. Duque

25

Carl W. Wood

Geoffrey F. Brown

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the
date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY

5

By: _____

Title: _____

CALIFORNIA PUBLIC UTILITIES COMMISSION

By:

Wesley M. Franklin

Title:

Executive Director

10

COMMISSIONERS IN THEIR OFFICIAL CAPACITY

Loretta M. Lynch
Loretta M. Lynch

15

Richard A. Bilas
Richard A. Bilas

20

Henry M. Duque
Henry M. Duque

25

Carl W. Wood
Carl W. WoodGeoffrey F. Brown
Geoffrey F. Brown

[Execution Copy]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the
date first above written.

SOUTHERN CALIFORNIA EDISON COMPANY

By: _____

Title: _____

CALIFORNIA PUBLIC UTILITIES COMMISSION

By: _____

Title: _____

COMMISSIONERS IN THEIR OFFICIAL CAPACITY

Loretta M. Lynch

Richard A. Bilas

Henry M. Duque

Carl W. Wood

Geoffrey F. Brown

Schedule 1.1

Procurement Related Liabilities

Amount	Description	Date Due
\$1.179	QFs ⁽¹⁾	Now
\$0.920	PX/ISO	Now
\$0.243	ESPs	Now
\$0.347	CDWR Imbalance Energy	Now
\$0.030	Other –	Now
\$2.720	Total Past Due Bills	
\$0.208	Bank Loan -- 364-Day Line	10/19/2001
\$0.415	Bank Loan -- Bilateral Lines	10/19/2001
\$1.090	Bank Loan -- 5-Year Line	10/19/2001
\$0.010	Extendable Commercial Notes (ECN)	10/22/2001
\$0.313	Floating Rate Notes	05/01/2002
\$1.047	Variable Rate Notes	11/03/2003
\$3.083	Total Non-defaulted Indebtedness	
\$0.552	Defaulted Commercial Paper	Now
\$6.355	Total	

⁽¹⁾ Net of offsets of \$44.5 million due SCE from QFs.

Exhibit A

Form of Stipulated Judgment

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

SOUTHERN CALIFORNIA EDISON
COMPANY,

Plaintiff,

vs.

LORETTA M. LYNCH, HENRY M.
DUQUE, RICHARD A. BILAS,
CARL W. WOOD, and GEOFFREY
F. BROWN, in their official capacities
as Commissioners of the California
Public Utilities Commission,

Defendants.

CASE NO. 00-12056-RSWL(Mcx)

STIPULATED JUDGMENT

I. GENERAL PROVISIONS

A. Basis for resolution

1. Plaintiff, Southern California Edison Company ("SCE"), and Defendants, the Commissioners of the California Public Utilities Commission ("Commission", referred to collectively with the Defendants as "CPUC"), agree to the terms of this stipulated judgment to resolve this action. This stipulated judgment reflects a compromise of disputed issues in pending litigation, and is not to be taken as an admission of liability or material facts beyond the terms of the judgment. The purpose of this stipulated judgment is to stabilize the costs and enhance the reliability of producing and distributing electricity for the benefit of SCE's ratepayers and the State of California within the context of a Settlement Agreement ("Agreement"). The terms of the Agreement are set forth in Exhibit A hereto.

2. SCE and the CPUC share a common interest in implementing the provisions of this judgment, to enable SCE to recover its past costs as defined in the Agreement, to restore SCE to creditworthiness, to protect consumers from the potential impact of further volatility in electricity prices and unreliable service, and to avoid the risks and costs of further litigation. Implementation of the Agreement is intended to enable SCE to fulfill its historic obligation to provide reliable electric service at just and reasonable rates to its retail customers, and is therefore in the public interest.

B. Jurisdiction of the Court

1. SCE's Complaint alleges that defendants' past decisions are unlawful because they prevent SCE from recovering fully its costs, in particular, its costs of procuring electricity and its costs of interstate transmission. SCE's Complaint states causes of action based upon (a) preemption, including preemption under the filed rate doctrine, (b) facial takings, (c) due process, (d) as-applied takings, and (e) commerce clause.

2. The Court has previously determined that it has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1337 and 1343. Venue is proper in the Central District of California pursuant to 28 U.S.C. § 1391. Defendants agree not to take any appeal from the Court's determination that it has jurisdiction and to waive any defense they may have to the Court's jurisdiction based upon the Eleventh Amendment for purposes of this case only.

3. As a Party to the Agreement, the Commission (as distinct from the individual Defendants) joins in and agrees to be bound by all of the terms of this stipulated judgment. The CPUC agrees to waive any defense it may have to the Court's jurisdiction based upon the Eleventh Amendment, or other defense, for purposes of this case only.

C. Issues Previously Determined By The Court

1. The Court has denied defendants' motion to dismiss.

2. SCE alleges that federal law preempts California from preventing SCE from fully recovering in retail rates its wholesale procurement costs, which are subject to the exclusive jurisdiction of the Federal Energy Regulatory Commission ("FERC").

3. SCE has paid wholesale procurement costs established pursuant to tariffs filed by the Independent System Operator and the Power Exchange with FERC, and has been charged additional amounts pursuant to such tariffs that it has not yet paid. SCE has made the following assertions: The filed rate doctrine "holds that interstate power rates filed with FERC or fixed by FERC must be given binding effect by state utility commissions determining intrastate rates." Nantahala Power & Light Co. v. Thornburg, 476 U.S. 953, 962, 106 S. Ct. 2349, 90 L. Ed. 2d 943 (1986). Accordingly, "a State may not conclude in setting retail rates that the FERC-approved wholesale rates are unreasonable. A State must rather give effect to Congress' desire to give FERC plenary authority over interstate wholesale rates, and to ensure that the States do not interfere with this authority." Id. at 966. "When FERC sets a rate between a seller of power and a wholesaler-as-buyer, a State may not exercise its undoubted jurisdiction over retail sales to prevent the wholesaler-as-seller from recovering the costs of paying the FERC-approved rate." Id. at 970. As the Supreme Court stated in a subsequent case, States "may not bar regulated utilities from passing through to retail consumers FERC-mandated wholesale rates." Mississippi Power & Light Co. v. Mississippi ex rel. Moore, 487 U.S. 354, 372, 108 S. Ct. 2428, 101 L. Ed. 2d 322 (1988).

4. The Court has rejected defendants' claim that SCE is equitably estopped from invoking the filed rate doctrine. The Court has ruled that SCE may challenge defendants' implementation of state law, even though SCE lobbied for the passage of Assembly Bill 1890.

D. Issues Not Resolved

1. A number of issues are unresolved in this case and remain in dispute. This stipulated judgment reflects a compromise of those issues.

2. The Court has stated that the filed rate doctrine is subject to an exception under Pike County Light & Power Co. v. Pennsylvania Pub. Util. Comm'n, 465 A.2d 735 (Pa. Commw. Ct. 1983), if the state regulatory commission finds that the utility acted imprudently in failing to purchase power at wholesale from available, less costly sources. SCE contends that the Pike County exception does not apply to SCE, because the CPUC deemed all of SCE's purchases from the Power Exchange and Independent System Operator per se prudent. The CPUC has disputed SCE's contention.

3. The CPUC argues that SCE has recovered all of its wholesale procurement costs, because under AB 1890 it was required to recover those costs ahead of any so-called stranded costs. The CPUC argues, therefore, that there is no preemption claim in this case, and that therefore the Johnson Act does bar this case. On March 27, 2001, the CPUC issued Decision No. 01-03-082, which modified certain CPUC accounting rules. The CPUC contends that, as a result of this change, the CPUC has provided for the recovery of wholesale procurement costs. SCE disputes the CPUC's contention, and claims that the accounting change does not provide an adequate and independent state ground for avoidance of the application of the federal filed rate doctrine.

4. SCE contends that the CPUC's actions constitute a taking of property without just compensation and a violation of due process, insofar as the net effect of the State's regulatory program has been and continues to be to impair SCE's financial integrity and to prevent SCE from attracting capital and paying a return to investors. The CPUC has disputed SCE's contention, and claims that SCE has been provided with a reasonable opportunity to recover its stranded costs, and its inability to do so was caused by economic circumstances not within the control of the CPUC.

5. SCE contends that the CPUC's actions violate the Commerce Clause. The CPUC has disputed SCE's contention.

6. SCE and the CPUC recognize that SCE has presented substantial federal claims and that the ultimate judicial resolution of these issues is uncertain. SCE and the CPUC agree that the resolution of the case in accordance with this stipulated judgment is desirable to eliminate this uncertainty and to provide an outcome that is in the public interest.

E. Future Effect

1. The Agreement that is incorporated herein provides for SCE to recover certain costs in retail rates over time. An essential element of this stipulated judgment is to provide certainty that SCE will be able to recover such costs in accordance with the Agreement. SCE and the CPUC contemplate that third parties will rely on such certainty in extending credit to SCE. Accordingly, enforcement of this stipulated judgment and the Agreement are essential in order to restore SCE's creditworthiness, which is in the interests both of SCE and of the CPUC.

2. The parties and their respective successors and assigns agree to be bound by the terms of this stipulated judgment and agree not to contest its validity in any subsequent proceeding. Defendants recognize that market prices may fluctuate, that state or federal law may be modified, and that other circumstances may change, and nevertheless intend that this stipulated judgment be binding and enforceable in the future in accordance with its terms.

3. The Court enters this stipulated judgment and Agreement as its judgment, and retains jurisdiction to enforce the judgment in the future, as may be necessary.

Exhibit B

Form of Release

Release

This Release is being delivered as of October 2, 2001 by Southern California Edison Company ("SCE") to the California Public Utilities Commission ("CPUC"), pursuant to section 4.4 of the Settlement Agreement by and among SCE, the CPUC and the Commissioners of the CPUC, dated October 2, 2001 ("Agreement") and is subject to the provisions thereof. All capitalized terms not otherwise defined herein have the same meaning as is given to them in the Agreement.

A. Except as provided in the Agreement and in the Stipulated Judgment, SCE hereby does forever release and discharge the CPUC, the State of California, and their respective agencies, departments, successors, officials, agents, representatives, and employees, and each of them from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs, expenses (including but not limited to attorneys' fees), damages, actions, causes of action and claims for relief of whatever kind or nature, under any theory, whether legal, equitable or other, under the law, either common, constitutional, statutory, regulatory, or other, of any jurisdiction, foreign or domestic ("Claims"), that arise from:

1. The facts pled, or that could have been pled, in Southern California Edison Company; Plaintiff, vs. Loretta M. Lynch et. al., presently pending in the United States District Court for the Central District of California, Case No. 00-12056-RSWL(Mcx), including without limitation claims and causes of action based upon the filed rate doctrine, takings, due process and commerce clause violations;

2. The CPUC's implementation, prior to the date of the Agreement, of Assembly Bill 1 of the 2001-02 First Extraordinary Session (Ch. 4, Stats. 2001-02 1st Ex. Sess.) and Assembly Bill 6 of the 2001-02 First Extraordinary Session (Ch. 2, Stats. 2001-02 1st Ex. Sess.), including CPUC Decision Nos. 01-03-081 and 01-04-005; and

3. CPUC Decision No. 01-03-082 (the TURN Accounting Decision).

B. With respect to the Claims that are the subject of release hereunder, SCE specifically waives all rights and benefits afforded by California Civil Code Section 1542 and does so understanding and acknowledging the significance of such specific waiver of such statutory protection, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

C. Except as may be specifically set forth in this Release, nothing in this Release, whether express or implied, is intended to confer any rights or remedies under or by reason of this release on any Persons other than the Parties and their respective permitted successors and assigns, nor is anything in this Release intended to relieve or discharge the obligation or liability of any third Persons to any Party, nor give any third Persons any right of subrogation or action against any Party.

IN WITNESS WHEREOF, SCE has executed and delivered this Release as of the day and year first above written.



STEPHEN E. PILKETT
VICE PRESIDENT & GENERAL COUNSEL

From: russell.worden@sce/eix;nsf;russell.worden@sce.com;smtp
Sent: Thu Apr 04 2013 12:26:17 PDT
To: stephen.e.pickett@sce/eix@sce
CC: megan.scott-kakures@sce/eix@sce
Subject: Re: Next steps
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

I'm on it. I have the SONGS 1 Settlement and will get it to you.

CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED AND/OR ATTORNEY WORK PRODUCT
PROTECTED

From: Stephen E Pickett/SCE/EIX
To: Megan Scott-Kakures/SCE/EIX@SCE, Russell Worden/SCE/EIX@SCE,
Date: 04/04/2013 11:48 AM
Subject: Next steps

FOR INTERNAL USE ONLY

In addition to coming up with the financial analysis of the settlement framework we discussed yesterday, I think we need to develop two documents that will help us guide the process along.

First, we should take my notes and turn it into a simple term sheet we could use to help guide the negotiations. Second, we should take the SONGS 1 settlement agreement and the energy crisis settlement agreement as models and produce the shell of a settlement agreement we can use for this purpose. The energy crisis settlement is attached below. Do either of you have a copy of the SONGS 1 settlement agreement? If so, would you please send me a copy.

After thinking about it overnight, it seems to me that the obvious place for us to start is to include the non-RSG CWIP in the "SONGS 1 treatment" portion of the investment (although our financial analysis should identify it separately so we can have an appreciation for the risks around it. Similarly, we should include the fuel in the "SONGS 1" portion also, amortizing it in the same way we did for in the SONGS 1 agreement (but, again, separately identifying it in the financial analysis for risk assessment purposes). It seems to me that the fewer things we call out for separate treatment the better off we'll be. On the MHI recovery, let's start by using the energy crisis settlement model, and structure it so that we get 100% of the MHI recovery to the point that we have recovered the disallowance, and then split the remaining recovery 90% customer, 10% shareholder. I know that won't fly, but it seems like a reasonable place to start.

I haven't got my head completely around what we do if we get U2 restarted, but Russ' idea yesterday of doing it on some sort of incremental basis was intriguing. Can we somehow flesh that out and put some parameters around how we might deal with that?

On timing, I'm in San Francisco tomorrow for a meeting with Peevey on L.A. Basin reliability. Ron is going to want to pull a subset of the INMG together sometime next week to discuss this, so if we could have something on paper by Tuesday or so it would be great.

[attachment "SCE vs. Lynch Settlement Agmt.pdf" deleted by Russell Worden/SCE/EIX]

From: russell worden/sce/eix;nsf;russell.worden@sce.com;smtp
Sent: Thu Apr 04 2013 12:54:50 PDT
To: stephen e pickett/sce/eix@sce
CC: megan scott-kakures/sce/eix@sce
Subject: Re: Next steps
Attachments: SONGS_1_Settlement Agreement.pdf

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

SONGS 1 Settlement attached.

CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED AND/OR ATTORNEY WORK PRODUCT
PROTECTED

From: Stephen E Pickett/SCE/EIX
To: Megan Scott-Kakures/SCE/EIX@SCE, Russell Worden/SCE/EIX@SCE,
Date: 04/04/2013 11:48 AM
Subject: Next steps

FOR INTERNAL USE ONLY

In addition to coming up with the financial analysis of the settlement framework we discussed yesterday, I think we need to develop two documents that will help us guide the process along.

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On timing, I'm in San Francisco tomorrow for a meeting with Peevey on L.A. Basin reliability. Ron is going to want to pull a subset of the INMG together sometime next week to discuss this, so if we could have something on paper by Tuesday or so it would be great.

[attachment "SCE vs. Lynch Settlement Agmt.pdf" deleted by Russell Worden/SCE/EIX]

Song Settlement

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation
on the Commission's Own Motion to
Implement the Biennial Resource
Plan Update Following the
California Energy Commission's
Seventh Electricity Report.

I.89-07-004
(Filed July 6, 1989)

And Related Matters.

A.91-02-092,
A.91-07-004, and
A.91-08-028

In the Matter of the Application
of SOUTHERN CALIFORNIA EDISON
COMPANY (U 338-E) for Authority
To Increase Its Authorized Level
of Base Rate Revenue Under the
Electric Revenue Adjustment
Mechanism For Service Rendered
Beginning January 1, 1992 And to
Reflect This Increase In Rates.

Application No. 90-12-018
(Filed December 7, 1990)

And Related Matters.

I.89-12-025
I.91-02-079

RECEIVED
PUBLIC UTILITIES COMM.
STATE OF CALIFORNIA
1992 FEB - 7 PM 3:34
DOCKET OFFICE

**JOINT MOTION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), SAN DIEGO GAS
& ELECTRIC COMPANY (U 902-E), AND THE DIVISION OF RATEPAYER ADVOCATES**

STEPHEN E. PICKETT
FRANK J. COOLEY
CAROL A. SCHMID-FRAZEE

WILLIAM L. REED
WAYNE P. SAKARIAS

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

Attorneys for
SAN DIEGO GAS & ELECTRIC CO.

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (818) 302-1337

P. O. Box 1831
San Diego, CA 92112
Telephone: (619) 696-4053

PATRICK S. BERDGE

Attorney for
DIVISION OF RATEPAYER ADVOCATES

505 Van Ness Avenue, Room 5044
San Francisco, California 94102
Telephone: (415) 703-1519

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation
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JOINT MOTION OF SOUTHERN CALIFORNIA EDISON COMPANY
(U 338-E), SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E),
AND THE DIVISION OF RATEPAYER ADVOCATES

I.

INTRODUCTION

On February 7, 1992, Southern California Edison Company ("Edison"), San Diego Gas & Electric Company ("SDG&E"), and the California Public Utilities Commission's ("Commission") Division of Ratepayer Advocates ("DRA") (collectively referred to as "Settling Parties") entered into a Settlement Agreement with respect to issues related to San Onofre Nuclear Generating Station Unit No. 1 ("SONGS 1"). The Settling Parties propose to settle issues considered in the hearings in the Biennial Resource

Plan Update^{1/} ("Update") which ended October 30, 1991 and SONGS 1 rate base issues considered in Edison's Test Year 1992 General Rate Case ("1992 GRC") decision.^{2/} By this Joint Motion, the Settling Parties hereby request the Commission: (1) to adopt the Settlement Agreement pursuant to Rule 51.3 of the Commission's Rules of Practice and Procedure ("Rule 51.3"); and (2) to waive the timing requirements in Rule 51.2 of the Commission's Rules of Practice and Procedure ("Rule 51.2").

II.

REQUEST FOR ADOPTION OF SETTLEMENT AGREEMENT

Pursuant to Rule 51.3, the Settling Parties jointly request that the Commission find the Settlement Agreement to be reasonable, in the public interest, and that Edison's and SDG&E's entering into the Settlement Agreement is reasonable and prudent. The Settling Parties also jointly request that the Commission authorize Edison and SDG&E to recover costs incurred in accordance with the terms of the Settlement Agreement. The Settlement Agreement is attached hereto as Appendix A.

The Settlement Agreement resolves heavily-litigated issues related to the cost-effectiveness of continued SONGS 1 operation considered in the Update hearings which ended October 30, 1991.

1/ I.89-07-004.

2/ D.91-12-076.

During those hearings, Edison and SDG&E contended that SONGS 1 could be cost-effectively operated through the end of its currently-anticipated Nuclear Regulatory Commission ("NRC") license period in March 2007. DRA contended that: (1) SONGS 1 could not operate efficiently in the future and should be shut down prior to its next fuel cycle; and (2) Edison's and SDG&E's investment in SONGS 1 should be amortized over a four year period with no rate of return. The Settlement Agreement also resolves the SONGS 1 rate base issues litigated in Edison's 1992 GRC for which Edison and SDG&E filed Applications for Rehearing on January 23, 1992.^{3/} The Settlement Agreement is a result of lengthy and vigorous negotiations between the Settling Parties.

The key terms of the Settlement Agreement are:

- Edison and SDG&E will cease operation of SONGS 1 no later than the end of the current fuel cycle (Fuel Cycle 11/11B);^{4/}

^{3/} With respect to the SONGS 1 rate base issues in Edison's 1992 GRC, Edison and SDG&E requested that consideration of the SONGS 1 issues raised in the Applications for Rehearing, dated January 23, 1992, be held in abeyance pending a Commission decision adopting this Settlement Agreement.

^{4/} The current Fuel Cycle 11 could be extended in Fuel Cycle 11B by repositioning and/or re-insertion of existing SONGS 1 fuel assemblies. Operation in Fuel Cycle 11B is contingent upon NRC approval.

- Edison and SDG&E will be able to recover in rates their remaining net investment in SONGS 1 (approximately \$350 million for Edison and approximately \$110 million for SDG&E) over a four year (48-month) amortization period and earn a rate of return on that investment;
- The 48-month amortization period for Edison's and SDG&E's SONGS 1 investment will start upon CPUC approval of the Settlement Agreement and Edison and SDG&E will each receive their Commission-authorized rates of return on the unamortized balance until shutdown of SONGS 1;
- After shutdown of SONGS 1, Edison and SDG&E will earn a lower rate of return on the remaining unamortized SONGS 1 investment which, after taxes, is fixed at their currently authorized embedded cost of debt (8.98% for Edison and 9.09% for SDG&E) over the remainder of the amortization period;
- Decision No. 91-12-076 in Edison's 1992 general rate case ("GRC") ordered Edison to remove \$32.96 million of SONGS 1 investment from rate base pending further Commission review. A corresponding adjustment removing \$7.5 million from SDG&E's rate base was adopted in

D.91-12-074.^{5/} Edison and DRA agree that \$23 million of the \$32.96 million shall be restored to Edison's rate base. Similarly SDG&E and DRA agree that \$5.75 million be returned to SDG&E's rate base. There shall be no other adjustments in Edison's rate base for the disallowances ordered in D.91-12-076.

After all parties to the Update, Edison's 1992 GRC, and SDG&E's 1992 Modified Attrition^{6/} were notified, a settlement conference was held on this Settlement Agreement on January 24, 1992. At the January 24, 1992 settlement conference, the Settling Parties disclosed the contents of the Settlement Agreement and gave parties an opportunity to be heard and to participate in the Settlement Agreement. Also, at the January 24, 1992 settlement conference, oral notice was given of an additional settlement conference to be held on January 30, 1992. This settlement conference was postponed to February 7, 1992 through telephone notice to all parties attending the January 24, 1992 settlement conference. After the February 7, 1992 settlement conference, the Settling Parties and any other

^{5/} Decision 91-12-074 concerned SDG&E's 1992 Modified Attrition Application 91-03-001. Although Decision 91-12-074 reflects adjustments to SDG&E's rate base regarding SONGS 1, all issues were litigated solely in Edison's 1992 GRC.

^{6/} A.91-03-001.

parties so inclined signed the Settlement Agreement and filed it with the Commission.

The Settling Parties have each compromised strongly held views, and the Settlement Agreement balances the various interests affected in both the Update and the 1992 GRC. Consequently, the Settling Parties request that the Commission adopt the Settlement Agreement as reasonable and in the public interest.

III.

REQUEST FOR WAIVER OF RULE 51.2

Rule 51.2 states that:

"Parties to a Commission proceeding may propose a stipulation or settlement for adoption by the Commission (1) anytime after the first prehearing conference and (2) within 30 days after the last day of hearing."^{1/}

Rule 77.1 of the Commission's Rules of Practice and Procedure ("Rule 77.1") requires Administrative Law Judges ("ALJs") to prepare proposed decisions not later than 90 days after

submission of a proceeding. The purpose of Rule 51.2 is to allow the Commission's ALJs sufficient time to consider stipulations and settlements prior to issuance of their proposed decisions.

^{1/} 20 C.C.R. Section 51.2 (1992).

Since the Update was reopened in the Chief Administrative Law Judge's Ruling of January 17, 1992, the Commission would not be prejudiced by waiver of Rule 51.2 because the Commission's ALJ would no longer be required to issue a proposed decision within the time limits established in Rule 77.1. In addition, no other party to the Update would be prejudiced by waiver of Rule 51.2 because the Settling Parties will comply fully with the Commission's Rules on Settlements and Stipulations. These Rules assure that all parties will be served with a copy of the Settlement Agreement and will have an opportunity to submit comments to the Commission within 30 days of the service of the Agreement.

The Settling Parties have negotiated continuously regarding the SONGS 1 issues for several months. Settlement negotiations have been vigorous with all Settling Parties expressing strongly held views. Only after these lengthy negotiations have the Settling Parties been able to identify the common ground memorialized in the attached Settlement Agreement. Earlier settlement was not possible. Consequently, the Settling Parties request the Commission to waive the timing requirement in Rule 51.2.

IV.

CONCLUSION

WHEREFORE, Edison, SDG&E, and DRA respectfully request that the Commission:

1. Adopt the Settlement Agreement in Appendix A as reasonable and in the public interest;
2. Find that Edison's and SDG&E's entering into the Settlement Agreement is reasonable and prudent;
3. Authorize Edison and SDG&E to recover costs incurred in accordance with the terms of the Settlement Agreement;
4. Waive application of the timing requirements in Rule 51.2 to consider the Settlement Agreement; and

5. Grant such other and further relief as the Commission finds just and reasonable.

Respectfully submitted,

/s/ Carol A. Schmid-Frazee

Attorney for
SOUTHERN CALIFORNIA EDISON COMPANY

/s/ William L. Reed

Attorney for
SAN DIEGO GAS & ELECTRIC COMPANY

/s/ Patrick S. Berdge

Attorney for
DIVISION OF RATEPAYER ADVOCATES

Dated: February 7, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation
on the Commission's Own Motion to
Implement the Biennial Resource
Plan Update Following the
California Energy Commission's
Seventh Electricity Report.

I.89-07-004
(Filed July 6, 1989)

And Related Matters.

Application No. 91-02-092
Application No. 91-07-004
Application No. 91-08-028

In the Matter of the Application
of SOUTHERN CALIFORNIA EDISON
COMPANY (U 338-E) for Authority
To Increase Its Authorized Level
of Base Rate Revenue Under the
Electric Revenue Adjustment
Mechanism For Service Rendered
Beginning January 1, 1992 And To
Reflect This Increase In Rates.

Application No. 90-12-018
(Filed December 7, 1990)

And Related Matters.

I.89-12-025
(Filed December 18, 1989)

I.91-02-079
(Filed February 21, 1991)

**SETTLEMENT AGREEMENT REGARDING AMORTIZATION OF SAN ONOFE NUCLEAR
GENERATING STATION UNIT NO. 1**

1/22/92
Dated: February 7, 1992

LW 920370059 -
LW 920200047 -
LW 920190006 -
LW 920190007 -

ALL D. 92-08-036 8/11/92

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APPENDICES

A	EDISON'S SONGS 1 FUEL CYCLE 11B PERFORMANCE PROCEDURE AND ASSOCIATED TARIFF SHEETS
B	EDISON'S SONGS 1 RATEMAKING PROCEDURE AND ASSOCIATED TARIFF SHEETS
C	SDG&E'S SONGS 1 FUEL CYCLE 11B PERFORMANCE PROCEDURE AND ASSOCIATED TARIFF SHEETS
D	SDG&E'S SONGS 1 RATEMAKING PROCEDURE AND ASSOCIATED TARIFF SHEETS

**SETTLEMENT AGREEMENT REGARDING AMORTIZATION OF SAN ONOFRE NUCLEAR
GENERATING STATION UNIT NO. 1**

1. PARTIES

The parties to this Settlement Agreement ("Agreement") are Southern California Edison Company ("Edison"), San Diego Gas & Electric Company ("SDG&E") and the California Public Utilities Commission's ("Commission") Division of Ratepayer Advocates ("DRA") (referred to hereinafter collectively as "Parties" or individually as "Party").

2. RECITALS

2.1 San Onofre Nuclear Generating Station Unit No. 1 ("SONGS 1") is a Pressurized Water Reactor ("PWR") nuclear generating station with a gross maximum capacity of 410 Megawatt electric ("MWe") which has been in commercial operation since 1968. SONGS 1 is located at a site in southern California that is common to the SONGS 2 and 3 nuclear generating stations.

2.2 Edison is an investor-owned public utility in the State of California and is subject to the jurisdiction of the Commission with respect to providing electric service to its retail customers.

2.3 Edison filed Application No. 91-07-004 on July 1, 1991 requesting Commission authorization to make capital expenditures on SONGS 1 for Fuel Cycle 12 together with a cost-effectiveness analysis showing SONGS 1 continued operation to be cost-effective between Fuel Cycle 12 and the currently anticipated end of the NRC license period in March 2007. The Commission consolidated this application with its Biennial Resource Plan Update proceeding ("Update") (Investigation No. 89-07-004). Hearings on the consolidated proceedings were completed on October 30, 1991.

2.4 SDG&E is an investor owned public utility in the State of California and is subject to the jurisdiction of the Commission with respect to providing electric service to its retail customers.

2.5 SDG&E filed Application No. 91-02-092 on February 25, 1991 requesting Commission authorization to make capital expenditures on SONGS 1 for Fuel Cycles 12 and 13. A.91-02-092 was amended August 28, 1991 to request, among other things, authorization to make capital expenditures for Fuel Cycle 12 only. The Commission consolidated this application with its Update proceeding (Investigation No. 89-07-004). Hearings on these consolidated proceedings were completed on October 30, 1991.

- 2.6 Edison owns an 80% share of SONGS 1 and SDG&E owns a 20% share.
- 2.7 DRA is the division of the Commission responsible for advocating on behalf of the interests of utility ratepayers.
- 2.8 DRA filed testimony in consolidated proceedings I. 89-07-004, A. 91-02-092, and A. 91-07-004 opposing the approval of capital expenditures requested by Edison and SDG&E as not being cost effective or in the best interests of ratepayers.
- 2.9 The Parties intend to settle certain issues related to SONGS 1 by agreeing to the amortization of Edison's and SDG&E's unamortized investment over a four-year period beginning on the effective date of the tariffs made effective by a Commission decision approving this Agreement. Prior to the time SONGS 1 is shutdown, Edison and SDG&E will earn their respective Commission-authorized rates of return on rate base on the unamortized investment. After the SONGS 1 Shutdown Date, Edison and SDG&E will each earn a Carrying Cost Rate (after taxes) on each Company's unamortized investment of 8.98% and 9.09%, respectively. Each Company will also amortize any remaining amounts of SONGS 1 nuclear fuel inventory as discussed in Sections 8.2.3 and 8.4 below. Furthermore, the Parties intend

that, subsequent to the Shutdown Date, issues related to the ultimate decommissioning of SONGS 1 shall be determined in accordance with the terms of this Agreement and in conformance with applicable NRC regulations, which may change in the future.

3. AGREEMENT

In consideration of the mutual obligations, promises, covenants and conditions contained herein, the Parties agree to support approval by the Commission of this Agreement, as further described herein, and to support this Agreement in its entirety before any regulatory agency or court of law where this Agreement, its meaning or effect is an issue, and no Party shall take or advocate, either directly, or indirectly through another entity, any action inconsistent with the terms of this Agreement.

4. DEFINITIONS

4.1 A&G: Administrative and General.

4.2 A&G Expense: Those A&G expenses as defined in the Rate Schedules in Appendices B and D.

4.3 Agreement: This document and its appendices.

4.4 Amortization Period: The Amortization Period shall be the period commencing on the Effective

Date and ending on the last day of the 48th month thereafter.

4.5 Carrying Cost Rates For SONGS 1: For the period commencing with the Effective Date through the Shutdown Date, the Carrying Cost Rates for SONGS 1 shall be each Company's most recently adopted rate of return on rate base. For the period commencing on the day after the Shutdown Date through the end of the Amortization Period, the Carrying Cost Rates for SONGS 1 shall be 8.98% and 9.09%, after tax, for Edison and SDG&E respectively.

4.6 Commission: The California Public Utilities Commission.

4.7 Commission Approval: The approval and acceptance defined in Section 6 of this Agreement.

4.8 Common O&M: These costs include labor, material, contract and other miscellaneous costs which are not readily identifiable to a specific San Onofre Nuclear Generating Station unit.

4.9 CWIP: Construction Work In Progress.

4.10 DRA: The Commission's Division of Ratepayer Advocates or its successor division.

4.11 ECAC: Energy Cost Adjustment Clause.

4.12 Edison: Southern California Edison Company.

4.13 Effective Date: The Effective Date shall be the first day of the month following the acceptance of the Commission's decision adopting the ratemaking treatment for SONGS 1 pursuant to Section 6.2 of the Agreement.

4.14 ERAM: Electric Revenue Adjustment Mechanism.

4.15 Fuel Cycle: The period of time as defined in the Rate Schedules in Appendices B and D.

4.16 NDBD: Nuclear Design Basis Documentation.

4.17 NRC: Nuclear Regulatory Commission.

4.18 O&M: Operation and Maintenance.

4.19 O&M Expense: Those SONGS 1 operating expenses defined in the Rate Schedules in Appendices B and D.

4.20 Parties: Edison, SDG&E and DRA.

4.21 Party: Edison, SDG&E or DRA.

4.22 Possession Only License or POL: An NRC license for a nuclear generating facility which restricts the licensee to possessing, but not operating the facility.

4.23 Rate Schedule: May be one or more tariff sheets setting forth the charges and conditions for a particular class or type of service in a given area or location. A Rate Schedule, as referred to herein, shall include all the wording on the applicable tariff sheet or sheets, such as, but not limited to the following: Schedule Number, Class of Service, Character or Applicability, Territory, Rates, Conditions and references to tariff rules.

4.24 Revenue Requirement: The total amount of revenue required by the utility to recover its cost of providing service.

4.25 SDG&E: San Diego Gas & Electric Company.

4.26 Shutdown Date: The SONGS 1 Shutdown Date shall be the day the main generator output circuit breakers are open and the Company declares that SONGS 1 is permanently unavailable for the generation of electricity.

4.27 Signature Date: The date upon which all parties have signed this Agreement.

4.28 SONGS 1: San Onofre Nuclear Generating Station Unit No. 1.

4.29 SONGS 1 Ratemaking Procedure: The ratemaking procedure for Edison's and/or SDG&E's recovery of certain SONGS 1 costs as authorized by the Commission and contained in the Appendices to this Agreement.

4.30 SONGS 2 and 3: San Onofre Nuclear Generating Station Units No. 2 and 3.

4.31 Unamortized Investment: That portion of Edison's or SDG&E's plant investment in SONGS 1 which has not yet been recovered through rates.

4.32 Update: The Biennial Resource Plan Update Proceeding, Investigation No. 89-07-004, instituted July 6, 1989.

5. SIGNATURE DATE AND TERM OF AGREEMENT

This Agreement shall become binding on the Signature Date and, subject to the provisions of Section 6 below, shall remain in effect until SONGS 1 is completely decommissioned.

6. REGULATORY APPROVAL

6.1 The Parties shall use their best efforts to obtain Commission Approval of the Agreement. The Parties shall jointly request that the Commission: (1) approve the Agreement in its entirety without change; (2) find the Agreement to be reasonable

and in the public interest; and (3) find that Edison's and SDG&E's entering into this Agreement is reasonable and prudent. The Parties shall also jointly request that the Commission issue an order authorizing Edison and SDG&E to recover their costs incurred in accordance with the terms of this Agreement and any other actions taken pursuant to this Agreement.

6.2 Each Party shall review any Commission orders regarding this Agreement to determine if the Commission has changed or modified this Agreement, deleted a term, imposed a new term in this Agreement, or denied or deferred the finding requested in Section 6.1. If a Party is unwilling to accept such change, modification, deletion or addition of a new term, that Party shall so notify the other Parties within 15 days of issuance of the order by the Commission. The Parties shall thereafter promptly discuss each change, modification, deletion or new term to this Agreement found unacceptable and negotiate in good faith to achieve a resolution acceptable to all Parties and promptly seek Commission approval of the resolution so achieved. Failure to resolve such change, modification, deletion or new term to this Agreement to the satisfaction of all Parties

within 15 days of notification, or to obtain Commission approval of such resolution promptly thereafter, shall terminate this Agreement. The Parties shall also have the right to terminate this Agreement if the Commission denies or defers making the findings set forth in Section 6.1.

7. SONGS 1 AMORTIZATION

7.1 End Of Operation

Edison shall discontinue operation of SONGS 1 in accordance with Sections 7.1.1, 7.1.2, 7.1.3, 7.1.4, and 7.1.5.

7.1.1 At the completion of Fuel Cycle 11 or any time thereafter but not later than the completion of Fuel Cycle 11B.

7.1.2 Rate recovery of ECAC-related costs during Fuel Cycle 11B^{1/} shall, in part, be based on SONGS 1 operating at an average 55% gross capacity factor or better and shall occur in accordance with the Rate Schedules in

^{1/} Fuel Cycle 11B is an extension of the scheduled SONGS 1 Fuel Cycle 11. If undertaken, it would involve repositioning ("reshuffling") and/or re-insertion of existing SONGS 1 fuel assemblies. Operation in Fuel Cycle 11B is contingent on

Continued on the next page

Appendices A, B, C and D. As more fully described in those Appendices, if the plant operates at an average gross capacity factor below 55% for Fuel Cycle 11B, Edison and SDG&E shall not be allowed rate recovery of the replacement energy expense. Replacement purchased capacity expenses, if any, and an environmental adjustment, as set forth in Appendix A for Edison and Appendix C for SDG&E, associated with any replacement energy shall be deducted from Edison's and SDG&E's revenue recovery for Fuel Cycle 11B.

- 7.1.3 If SONGS 1 operates in Fuel Cycle 11B and meets certain operational criteria described in the Appendices, Edison and SDG&E shall recover in rates no more than the revenue requirement associated with \$5,600,000 and \$1,500,000, respectively, in incremental plant expenditures specific to operation in Fuel Cycle 11B.

Continued from the previous page

NRC approval, as well as incremental plant investment and O&M and A&G expenditures.

7.1.4 Operation in Fuel Cycle 11B under the conditions identified in Sections 7.1.2 and 7.1.3, above, is contingent on approval by the NRC.

7.1.5 Under the terms of this Agreement the discontinuance of operation of SONGS 1 constitutes a total and permanent abandonment of the facility. Edison and SDG&E shall not be permitted to restart the plant after the Shutdown Date.

7.2 Edison's Total Amortization Amounts At The Beginning Of The Amortization Period

The bases for the amounts to be amortized by Edison pursuant to this Agreement are set forth below. Edison shall provide to the Commission Staff, including the DRA, a full record of the accounting and ratemaking transactions necessary to implement this Agreement within 60 days after this Agreement becomes effective in accordance with Section 6.2 and the accounting treatment for the recorded plant-in-service, nuclear fuel investment, deferred taxes, depreciation, CWIP and NDBD shall be subject to compliance audit.

7.2.1 Edison's recorded plant-in-service, NDBD and committed CWIP investment as of December 31, 1991 are \$601,839,430, \$9,828,000, and \$20,126,000, respectively. Edison's share of SONGS 1 materials and supply inventory recovered through the Agreement will be \$6,500,000.

7.2.2 The intent of Edison and DRA is to settle all SONGS 1 issues in this Agreement, excluding ECAC reasonableness review. D.91-12-076 ordered Edison to remove \$32.96 million of SONGS 1 investment from rate base pending further Commission review. DRA and Edison agree that \$23 million of that amount shall be restored to Edison's rate base and there shall be no other adjustments in rate base for the disallowances ordered in D. 91-12-076. This \$23 million adjustment is reflected in the recorded plant-in-service identified in Section 7.2.1 above.

7.2.3 Estimated maximum level of SONGS 1 plant investment to be recorded for ratemaking purposes by Edison as of the date SONGS 1 ends operation, including NDBD and committed CWIP is identified in Sections

7.2.3.1 and 7.2.3.2, and depends on whether SONGS 1 is shutdown after Fuel Cycle 11 or 11B:^{2/}

7.2.3.1 The maximum level of SONGS 1 plant investment to be recorded by Edison for ratemaking purposes shall be \$643,093,430 if SONGS 1 is shutdown at the end of Fuel Cycle 11.

7.2.3.2 The maximum level of SONGS 1 plant investment to be recorded by Edison for ratemaking purposes subject to certain operating conditions shall be \$648,693,430 if SONGS 1 is shutdown at the end of Fuel Cycle 11B.

7.2.4 Edison's unamortized nuclear fuel inventory recorded as of December 31, 1991, is \$68,641,000.

7.2.5 Edison's accumulated depreciation as of December 31, 1991 is \$212,866,000. The

^{2/} If Edison elects to shutdown SONGS 1 during Fuel Cycle 11B, the actual incremental capital expended shall not exceed \$5,600,000 (Edison's share), for Fuel Cycle 11B.

accumulated depreciation as of the Effective Date shall be established based on the level as of December 31, 1991 and application of Commission-authorized depreciation rates for SONGS 1 from December 31, 1991 to the Effective Date.

7.2.6 In addition, Edison's share of plant expenditures associated with SONGS 1 shutdown shall not exceed \$4,800,000, and is contained in Sections 7.2.3.1 and 7.2.3.2 above.

7.2.7 Edison's unamortized tax basis for SONGS 1 plant shall be deducted for federal and state income tax purposes on the Shutdown Date. Edison's tax basis plant, including CWIP, as of December 31, 1991 is \$115,506,000. The net tax basis as of the Shutdown Date shall be the basis as of December 31, 1991 increased by any expenditures made after that date and less depreciation expense from December 31, 1991 to the Shutdown Date. The income tax effect related to SONGS 1 permanently ceasing operation shall, for all CPUC

ratemaking purposes, be deferred and
normalized over the Amortization Period.

**7.3 SDG&E's Total Amortization Amounts At The
Beginning Of The Amortization Period**

The bases for the amounts to be amortized by SDG&E pursuant to this Agreement are set forth below. SDG&E shall provide to the Commission Staff, including the DRA, a full record of the accounting and ratemaking transactions necessary to implement this Agreement within 60 days after the Agreement becomes effective in accordance with Section 6.2 and the accounting treatment for the recorded plant-in-service, nuclear fuel investment, deferred taxes, depreciation, CWIP, and NDBD shall be subject to compliance audit.

7.3.1 SDG&E's estimated plant-in-service, NDBD and committed CWIP investment as of December 31, 1991 are \$160,457,000, \$2,825,000, and \$4,478,000, respectively. SDG&E's share of SONGS 1 materials and supply inventory recovered through this Agreement will be \$1,625,000.

7.3.2 The intent of SDG&E and DRA is to settle all SONGS 1 issues excluding ECAC

reasonableness review in this Agreement.

The Commission's Decision 91-12-076 in Edison's Test Year 1992 General Rate Case required an adjustment of \$7.5 million in SDG&E's rate base, subject to further Commission review. DRA and SDG&E agree that \$5.75 million of that amount shall be restored to SDG&E's rate base, and there shall be no other adjustments to SDG&E's rate base for the disallowances ordered in D.91-12-076. This \$5.75 million adjustment is reflected in the recorded plant-in-service identified in Section 7.3.1 above.

7.3.3 Estimated maximum level of SONGS 1 plant investment to be recorded for ratemaking purposes by SDG&E as of the date SONGS 1 ends operation, including NDBD and committed CWIP, is identified in Sections 7.3.3.1 and 7.3.3.2, and depends on whether

SONGS 1 is shutdown after Fuel Cycle 11 or 11B.^{1/}

7.3.3.1 The maximum level of SONGS 1, plant investment to be recorded by SDG&E for ratemaking purposes shall be \$170,635,000 if SONGS 1 is shutdown at the end of Fuel Cycle 11.

7.3.3.2 The maximum level of SONGS 1 plant investment to be recorded by SDG&E for ratemaking purposes shall be \$172,135,000 if SONGS 1 is shutdown at the end of Fuel Cycle 11B.

7.3.4 SDG&E's unamortized nuclear fuel investment recorded as of December 31, 1991 is \$15,200,000.

7.3.5 SDG&E's accumulated depreciation as of December 31, 1991 is \$60,222,000. The accumulated depreciation as of the Effective Date shall be established based on the level as of December 31, 1991 and

^{1/} If SONGS 1 is shutdown during Fuel Cycle 11B, the actual incremental capital expended shall not exceed \$1,500,000 (SDG&E's share) for Fuel Cycle 11B.

application of Commission-authorized depreciation rates for SONGS 1 from December 31, 1991 to the Effective Date.

7.3.6 In addition, SDG&E's share of plant expenditures associated with SONGS 1 shutdown shall not exceed \$1,250,000 and is contained in the amounts in Sections 7.3.3.1 and 7.3.3.2, above.

7.3.7 SDG&E's unamortized tax basis for SONGS 1 plant shall be deducted for federal and state income tax purposes on the Shutdown Date. SDG&E's estimated tax basis plant, including CWIP as of December 31, 1991 is \$46,291,000. The net tax basis as of the Shutdown Date shall be the basis as of December 31, 1991 increased by any expenditures made after that date and less depreciation expense from December 31, 1991 to the Shutdown Date. The income tax effect related to SONGS 1 permanently ceasing operation shall, for all CPUC ratemaking purposes, be deferred and normalized over the Amortization Period.

7.4 Federal, State, And Local Tax Effects

Any and all federal, state and local tax expenses or benefits, including, but not limited to, current income tax, deferred income tax or property taxes related to either operating or shutting down SONGS 1, from the Signature Date through the close of the Amortization Period shall be included in determining Edison's and SDG&E's rates. Any existing deferred tax benefits or expenses as of the Signature Date shall also be amortized and included in determining rates during the Amortization Period.

It is the intent of the Parties that at the close of the Amortization Period, Edison and SDG&E shall have been reimbursed for all tax expenses incurred in either operating SONGS 1 or shutting down the Unit, and that any resulting tax benefits, including deferred Investment Tax Credits or other deferred taxes shall have been passed on to the ratepayers.

7.5 Ongoing Taxes

After the Amortization Period, Edison and SDG&E shall continue to recover in general rate case proceedings any ongoing taxes, such as property

taxes, that may be assessed to them because of SONGS 1 ownership.

8. SONGS 1 AMORTIZATION RATEMAKING

8.1 Conflicts Between This Document And Its Appendices

The Parties have included in the Appendices the SONGS 1 Fuel Cycle 11B Incentive Procedure and the SONGS 1 Ratemaking Procedure. In the event of a conflict between the terms of this document and the terms of the Rate Schedules in the Appendices, the Rate Schedules in the Appendices shall govern.

8.2 Basic Ratemaking Procedures

8.2.1 SONGS 1 plant investment (as determined in Sections 7.1, 7.2 and 7.3 above) which has not been recovered as of the Effective Date shall be recovered in accordance with this Agreement. The rate recovery mechanisms set forth in Appendices to this Agreement shall apply to total SONGS 1 plant investment, including investment not yet considered for rate recovery by the Commission. This includes all SONGS 1 plant investment incurred by Edison and SDG&E described in Sections 7.1, 7.2 and 7.3.

8.2.2 The SONGS 1 plant investment shall be amortized over a 48-month period, beginning on the Effective Date.

8.2.3 After the Shutdown Date, the value of the remaining unamortized fuel shall be amortized over the remaining balance of the 48-month Amortization Period at a carrying charge equal to the nuclear fuel inventory interest rate and a provision for financing issuance costs as set forth in Edison's or SDG&E's ECAC procedure.

8.3 SONGS 1 Investment-Related Revenue Requirements

After the Effective Date, Edison's and SDG&E's revenue requirements associated with the amortization of each Company's SONGS 1 plant investment over the Amortization Period shall be established in accordance with Appendix B for Edison and Appendix D for SDG&E.

8.4 SONGS 1 Nuclear Fuel Inventory Revenue Requirements

After the SONGS 1 Shutdown Date, Edison's and SDG&E's revenue requirements associated with the amortization of each Company's SONGS 1 unamortized nuclear fuel inventory shall be established in

accordance with Appendix B for Edison and Appendix D for SDG&E.

9. SONGS 1 EXPENSES

9.1 ERAM Adjustment

9.1.1 Prior to shutdown, rate recovery for SONGS 1 O&M, including an allowance for Common O&M, shall be at the levels authorized in Edison's Test Year 1992 General Rate Case decision, D.91-12-076, in A.90-12-018 and SDG&E's 1992 Modified Attrition decision, D.91-12-074, in A.91-03-001. For the purposes of this Agreement, the "subject-to-refund" provision contained in D.91-12-076, Section 5.4.3.3, pp. 28-29, is reflected in the Appendices.

9.1.2 When SONGS 1 ends operation, Edison and SDG&E shall each establish a memorandum account to identify any reduction in O&M expenses associated with the SONGS 1 shutdown in accordance with the Rate Schedules in Appendix B for Edison and Appendix D for SDG&E.

9.1.3 Edison and SDG&E shall develop accounting procedures to track SONGS 1 O&M Expenses (SONGS 1 direct O&M and a portion of Common O&M allocated to SONGS 1) incurred after the Shutdown Date until the effective date of rates made effective by a Commission decision in Edison's next general rate case.

9.1.4 Any reductions below Edison's and/or SDG&E's authorized operating non-investment related revenue requirement after the Shutdown Date shall be reflected in the memorandum accounts and returned to ratepayers in the form of an appropriate adjustment to Edison's and SDG&E's respective ERAM balancing accounts.

9.2 SONGS 1 Fuel-Related Expenses

9.2.1 Rate recovery of SONGS 1 fuel-related expenses shall continue as authorized in Edison's and SDG&E's ECAC proceedings while the unit operates in Fuel Cycles 11 and/or 11B.

9.2.2 After the Shutdown Date, any government fees or other nuclear fuel-related expenses

normally recovered through ECAC, such as but not limited to U.S. Department of Energy Nuclear Waste Disposal Fees and certain spent-fuel storage expenses, shall continue to be recovered through the ECAC proceeding.

9.3 Future Ratemaking

9.3.1 Rate recovery of SONGS 1 O&M and A&G

Expenses shall be adopted in Edison's next general rate case and succeeding Edison general rate cases until SONGS 1 is decommissioned. These adopted levels will be used to identify the amounts to be adopted for SDG&E, as in prior Edison general rate cases.

9.3.2 For ratemaking purposes, after the SONGS 1 Shutdown Date, any possible reallocation to SONGS 2 and 3 of Common O&M shall be considered in Edison's next general rate case.

9.3.3 Edison shall have the burden of proof in future general rate cases to demonstrate the reasonable level of O&M and A&G Expenses for SONGS 1 in the shutdown mode.

9.3.4 The findings in Edison's future general rate cases regarding SONGS 1 O&M and A&G Expenses shall continue to apply to SDG&E's SONGS 1 O&M and A&G expenses.

10. SONGS 1 DECOMMISSIONING COSTS

This Agreement shall not affect the continued recovery in rates by Edison and SDG&E of reasonable decommissioning costs for SONGS 1 in future general rate cases or other appropriate proceedings pursuant to the Nuclear Facilities Decommissioning Act of 1985, Public Utilities Code §§ 8321 et seq. After the net investment in SONGS 1 has been fully amortized, 80% and 20% respectively of the net proceeds from the sale or other disposition of any portion of the SONGS 1 facility which is salvaged shall be applied to Edison's and SDG&E's depreciation reserves.

11. EFFECT ON CURRENT PHASE OF THE UPDATE

11.1 This Agreement is not intended by the Parties to have any effect on the determination of the need for new resource additions for either Edison or SDG&E in the phase of the Update which completed hearings on October 30, 1991.

11.2 This Agreement shall not be used by the Parties or any other party as a basis to reopen the current

phase of the Update, which completed hearings on
October 30, 1991.

12. NON-PRECEDENT

This Agreement is not intended by the Parties to be binding precedent in any future proceeding or litigation not involving the matters covered by this Agreement. The Parties have assented to this Agreement in order to arrive at the settlement embodied in this Agreement. The Parties, and each of them, expressly reserve the right to advocate in current and future proceedings, positions and methodologies which may be different than those underlying this Agreement, and, other than the matters covered by this Agreement, the Parties expressly declare that this Agreement should not be construed as a precedent for or against them in such advocacy.

13. PREVIOUS COMMUNICATIONS

~~The Agreement contains the entire Agreement and~~
understanding between the Parties as to the subject matter of this Agreement, and supersedes all prior agreements, commitments, representations and discussions between the Parties.

14. NONSEVERABILITY

The Parties understand and agree that this agreement is subject to each condition set forth, including acceptance of this Agreement in its entirety and without change or condition unsatisfactory to any Party by the Commission except as provided in Section 6.2, and that each term of this Agreement is in consideration and support of every other term.

15. NONWAIVER

None of the provisions of this Agreement shall be considered waived by any Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of their rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

16. EFFECT OF SUBJECT HEADINGS

Subject headings in this Agreement are inserted for convenience only, and shall not be construed as interpretations of the text.

17. GOVERNING LAW

This Agreement shall be interpreted, governed and construed under the laws of the State of California as if executed and to be performed wholly within the State of California.

18. NUMBER OF ORIGINALS

This Agreement is executed in three counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Parties execute this Agreement as of the 7th day of February, 1992.

SOUTHERN CALIFORNIA EDISON COMPANY

By /s/Ronald Daniels
Ronald Daniels
Vice President

SAN DIEGO GAS & ELECTRIC COMPANY

By /s/Stephen L. Baum
Stephen L. Baum
Senior Vice President
And General Counsel

DIVISION OF RATEPAYER ADVOCATES

By /s/James D. Pretti
James D. Pretti
Deputy Director
Division of Ratepayer Advocates

APPENDIX A

**EDISON'S SONGS 1 FUEL CYCLE 11B PERFORMANCE PROCEDURE
AND ASSOCIATED TARIFF SHEETS**

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

11. Nuclear Unit Incentive Procedure.

- a. Purpose. The purpose of the Nuclear Unit Incentive Procedure is to provide a performance standard applicable to the Company's share of ownership of the San Onofre Nuclear Generating Station Units 1, 2, and 3 (SONGS 1, 2, and 3) and to the Company's share of ownership of the Palo Verde Nuclear Generating Station Units 1, 2, and 3 (PVNGS 1, 2, and 3). The Nuclear Unit Incentive Procedure is applied by use of a formula that converts an Incentive Period Average Gross Capacity Factor to dollars of reward or penalty. The amount of reward or penalty is based upon: (1) the difference in cost between producing energy from nuclear-fueled generation and the energy expense associated with replacement energy resources, and (2) the deviation in Unit performance outside the Gross Capacity Factor Range.
- b. Applicability. The Nuclear Unit Incentive Procedure applies to the operation of the Company's 80.00 percent ownership share of SONGS 1 through the end of Fuel Cycle 11, to the Company's 75.05 percent ownership share of SONGS 2 and 3 and to the Company's 15.8 percent ownership share of PVNGS 1, 2, and 3. This Nuclear Unit Incentive Procedure is established in accordance with Decision Nos. 83-09-007, 84-12-060, 85-12-024, 86-10-023, 87-08-023, 88-07-021, 91-05-054 and (c)
- c. Definitions.

(1) Nuclear Fuel Expense:

The Nuclear Fuel Expense for each nuclear Unit shall be the nuclear energy cost associated with the change in production between the Gross Capacity Factor Limit and the Average Gross Capacity Factor for each SONGS and PVNGS Unit specified herein, expressed in cents per kilowatthour, recovered through ECAC for that Unit during the Incentive Period.

(Continued)

(To be inserted by utility)
Advice -E
Decision
Phil.06 (15)

Issued by
Ronald Daniels
Vice President

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Effective
Resolution

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

11. Nuclear Unit Incentive Procedure. (Continued)

c. Definitions. (Continued)

(4) Gross Capacity Factor Range:

The Gross Capacity Factor Range for the Company's share of ownership of each SONGS Unit and each PVNGS Unit specified herein shall be as set forth below and shall remain in effect until any revised Range is made effective:

<u>Unit</u>	<u>Gross Capacity Factor Range</u>	
	<u>Lower Limit</u>	<u>Upper Limit</u>
SONGS 1	55.0%	75.0%
SONGS 2	55.0%	80.0%
SONGS 3	55.0%	80.0%
PVNGS 1	55.0%	80.0%
PVNGS 2	55.0%	80.0%
PVNGS 3	55.0%	80.0%

(5) Incentive Period:

(a) The Incentive Period for each Unit shall be defined as follows:

<u>Unit</u>	<u>Fuel Cycle</u>	<u>Incentive Period</u>
SONGS 1	9	Fuel Cycle 9
	10	Fuel Cycle 10
	11	Fuel Cycle 11

(D)

(Continued)

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PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

11. Nuclear Unit Incentive Procedure. (Continued)

c. Definitions (Continued)

- (b) The fuel cycle is defined (excluding SONGS 1 Fuel Cycle 11) as a period of time which begins immediately after the refueling of the reactor and (a) the reactor vessel head closure bolts are fully tensioned and (b) the average reactor coolant temperature is raised above 140°F; and ends simultaneously with the beginning of the subsequent fuel cycle.
- (c) The fuel cycle for SONGS 1 Fuel Cycle 11 is defined as a period of time which begins immediately after the refueling of the reactor and (a) the reactor vessel head closure bolts are fully tensioned and (b) the average reactor coolant temperature is raised above 140°F; and ends simultaneously with the beginning of Fuel Cycle 11B, or ends on the SONGS 1 Shutdown Date as defined in Part I of the Preliminary Statement, which ever is earlier.

(6) Economic Modifiers:

Economic Modifiers shall be adjustments made to the Incentive Period Gross Capacity Factor to compensate for the effect of certain conditions that affect the performance of the Unit; such conditions cause reductions in Unit performance for the purpose of minimizing the overall cost to the ratepayer, consistent with maintaining the integrity of the electrical system. The application of Economic Modifiers may remove or reduce a Nuclear Unit Incentive Procedure penalty, or cause or increase a Nuclear Unit Incentive Procedure reward, and shall be subject to Commission review on a case by case basis during the appropriate ECAC proceedings.

In accordance with Decision Nos. 84-12-060, 86-10-023, 87-08-023, 88-07-021, and 91-05-054 the following four Economic Modifiers are authorized:

- (a) An Economic Modifier which permits the Company to reduce output from any SONGS Unit or PVNGS Unit or combination of units during those intervals when to do so produces an energy supply to meet system demands which is less costly to ratepayers. This Economic Modifier will accommodate additional economic power purchases.

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Phil.06 (19)

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G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

12. San Onofre Nuclear Generating Station Unit 1 (SONGS 1)
Fuel Cycle 11B Performance Procedure.

- a. Purpose. The purpose of the SONGS 1 Fuel Cycle 11B Performance Procedure is to provide a mechanism to implement the performance standard adopted in Decision No. _____ for Fuel Cycle 11B. The SONGS 1 Fuel Cycle 11B Performance Procedure is applied by use of a formula that determines the ratemaking treatment associated with SONGS 1 performance below a 55 percent Gross Capacity Factor Limit for Fuel Cycle 11B. This procedure was developed pursuant to a settlement agreement and therefore shall not be used as a precedent for any ratemaking purpose.
- b. Applicability. The SONGS 1 Fuel Cycle 11B Performance Procedure applies to the operation of the Company's 80 percent share of SONGS 1, for Fuel Cycle 11B only. The SONGS 1 Fuel Cycle 11B Performance Procedure is enacted only if the Average Gross Capacity Factor for Fuel Cycle 11B is below

February 6, 1992

the Gross Capacity Factor Limit. The SONGS 1 Fuel Cycle 11B Performance Procedure is established in accordance with Decision No. _____.

c. Definitions.

(1) Nuclear Fuel Expense:

The Nuclear Fuel Expense for SONGS 1 shall be the nuclear energy cost associated with the change in production between the Gross Capacity Factor Limit and the Average Gross Capacity Factor for the Unit, expressed in cents per kilowatthour, recovered through ECAC for Fuel Cycle 11B.

(2) Replacement Energy Expense:

The Replacement Energy Expense shall be the energy expense associated with the change in production between the Gross Capacity Factor Limit and the Average Gross Capacity Factor, expressed in cents per kilowatthour, excluding certain costs, recovered through ECAC during

Fuel Cycle 11B. Such excluded costs shall include but not be limited to facility charges, underlift payments, operation and maintenance expenses, fuel administration charges, fuel analysis expenses, Catalina fuel expenses, and Mono Power Company EEDA termination charges.

(3) Replacement Purchased Capacity Expense:

The Replacement Purchased Capacity Expense shall be the purchased capacity expense associated with the change in production between the Gross Capacity Factor Limit and the Average Gross Capacity Factor, expressed in cents per kilowatthour.

(4) Environmental Adjustment:

The Environmental Adjustment shall be an adjustment based on the SCAQMD/Nevada values presented by the Company in the Biennial Resource Plan Update (BRPU) hearings which ended October 30, 1991, equal to 2.16 cents per kilowatthour.

(5) Average Gross Capacity Factor:

The Average Gross Capacity Factor for the Company's share of ownership of SONGS 1 shall be based on the Company's share (328.0 MW) of the Unit's maximum gross capacity (410 MW), computed from the Fuel Cycle 11B recorded data adjusted: (a) to provide for Economic Modifiers; and (b) to reflect the performance of the Unit found to be reasonable as determined by the Commission in the Annual Review of Reasonableness.

(6) Gross Capacity Factor Limit:

The Gross Capacity Factor Limit for the Company's share of ownership of SONGS 1 shall be 55 percent.

(7) Fuel Cycle 11B:

Fuel Cycle 11B for SONGS 1 shall be defined as the period of time which begins immediately

after the refueling of the reactor and:

1. The reactor vessel head closure bolts are fully tensioned; and
2. The average reactor coolant temperature is raised above 140 degrees F.;

and ends on the SONGS 1 Shut-Down Date as defined in Part I of the Preliminary Statement.

(8) Economic Modifiers:

Economic Modifiers shall be adjustments made to the Fuel Cycle 11B Average Gross Capacity Factor to compensate for the effect of certain conditions that affect the performance of the Unit; such conditions cause reductions in Unit performance for the purpose of minimizing the overall cost to the ratepayers, consistent with maintaining the integrity of the electrical system. The application of Economic Modifiers may reduce the SONGS 1 Performance Amount resulting from SONGS 1 performance below the

Gross Capacity Factor Limit, and shall be subject to Commission review during the appropriate ECAC proceeding.

The following three Economic Modifiers are authorized:

- (a) An Economic Modifier which permits the Company to reduce output from SONGS 1 during those intervals when to do so produces an energy supply to meet system demands which is less costly to ratepayers. This Economic Modifier will accommodate additional economic power purchases.
- (b) An Economic Modifier which permits the Company to change the operation of the Unit: (1) when in the best interest of ratepayers; or (2) to meet the system reliability needs of the other owner of SONGS 1.
- (c) An Economic Modifier which permits the

February 6, 1992

Company to reduce output from SONGS 1 when the Nuclear Regulatory Commission (NRC) requires such a reduction or outage.

- d. Report on the SONGS 1 Fuel Cycle 11B Performance Procedure. In conjunction with the Annual Review of Reasonableness the Company shall report on the operation of SONGS 1 during Fuel Cycle 11B within the Record Period in which the SONGS 1 Shut-Down Date occurs. Such report shall set forth the Average Gross Capacity Factor for the Company's share of ownership of the Unit for Fuel Cycle 11B. Should the Average Gross Capacity Factor fall below the Gross Capacity Factor Limit the Company shall calculate the SONGS 1 Performance Amount according to the formula set forth in Part G.12.e. of the Preliminary Statement. Such adjustment shall be made to the Energy Cost Adjustment Account pursuant to Commission order.

- e. SONGS 1 Performance Amount for SONGS 1 Fuel Cycle 11B shall be calculated according to the following:

- (1) The SONGS 1 Performance Amount shall be

February 6, 1992

calculated as follows:

$$\begin{aligned} \text{SUPA} = & [(\text{GCFL} - \text{AGCF}) \times (\text{RE} + \text{PC} - \text{NE}) \times \text{PH} \times \text{GMC} \times \text{SHR} \\ & \times \text{CO} \times (1 - \text{AERP})] + [(\text{GCFL} - \text{AGCF}) \times \text{EA} \times \text{PH} \\ & \times \text{GMC} \times \text{SHR} \times \text{CO}] \end{aligned}$$

where:

SUPA	=	SONGS 1 Performance Amount
GCFL	=	Gross Capacity Factor Limit for SONGS 1 Fuel Cycle 11B.
AGCF	=	Average Gross Capacity Factor of the Company's ownership share of SONGS 1 for Fuel Cycle 11B.
RE	=	Replacement Energy Expense
EA	=	Environmental Adjustment
PC	=	Replacement Purchased Capacity Expense
AERP	=	Annual Energy Rate Percentage in effect during Fuel Cycle 11B.
NE	=	Nuclear Fuel Expense
PH	=	Period Hours for Fuel Cycle 11B.
GMC	=	Gross Maximum Capacity for SONGS 1 (410 MW).
SHR	=	The Company's share of ownership

February 6, 1992

of SONGS 1 (80.0%).

CO = Conversion factor of 10 to
convert megawatts to kilowatts
and cents to dollars.

- (2) When the Average Gross Capacity Factor is greater than or equal to the Gross Capacity Factor Limit, the SONGS 1 Performance Amount shall be zero.
 - (3) The SONGS 1 Performance Amount determined by the application of the formula in "(1)" shall be applicable for inclusion in the SONGS 1 Fuel Cycle 11B Performance Procedure. This amount shall be reduced by the allocation to resale sales in direct proportion to the ratio of generation for such sales to total system sales during Fuel Cycle 11B.
 - (4) The amount determined above shall be credited to the Energy Cost Adjustment Account.
-

February 6, 1992

APPENDIX B

**EDISON'S SONGS 1 RATEMAKING PROCEDURE
AND ASSOCIATED TARIFF SHEETS**

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

3. Definitions. (Continued)

The sum of "(1)" through "(6)" shall be Fuel and Purchased Power Expense.

k. Other Energy-Related Costs: Other Energy-Related costs shall include:

- (1) Fuel Oil Contract Facility Charges.
- (2) Fuel Oil Contract Underlift Payments.
- (3) Carrying Costs associated with coal, fuel oil, gas, and nuclear fuel inventories.
- (4) Gains and losses on the sale of coal, fuel oil, gas, and nuclear fuel inventories; excluding any gains or losses on the sales of SONGS 1 nuclear fuel inventory recorded on and after the first day of the month following the SONGS 1 Shutdown Date. Any such amounts shall be recorded in the SONGS 1 Unamortized Nuclear Fuel Memorandum Account as set forth in Section I.6 of the Preliminary Statement.
- (5) Costs (proceeds) associated with the termination of Mono Power Company Energy Exploration and Development Adjustment ("EEDA") projects.
- (6) Termination, settlement, or other payments made to fuel or energy suppliers as a result of the changed status of fuel contracts.
- (7) Other costs as directed by the Commission.

4. Calculation of the Average Energy Cost Adjustment Rate.

The Average Energy Cost Adjustment Rate used to calculate the ECABF shall be the sum of the Average Fuel and Purchased Power Rate and the Average Balancing Rate, as set forth below.

a. The Average Fuel and Purchased Power Rate.

The Average Fuel and Purchased Power Rate shall be determined from the following calculations:

- (1) Fuel and Purchased Power Expense estimated for the Forecast Period;
- (2) Less: The Gas Expense estimated during the Forecast Period associated with the Southern California Gas Company Natural Gas Pilot Program;
- (3) Less: The amount of revenue estimated to be billed during the Forecast Period for the fuel and purchased power energy component of off-system sales;

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(To be inserted by utility)
 Advice -E
 Decision
 Phil.06 (4)

Issued by
Ronald Daniels
 Vice President

(To be inserted by Cal. PUC)
 Date Filed _____
 Effective _____
 Resolution _____

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

6. Energy Cost Adjustment Account.

The Company shall maintain an Energy Cost Adjustment Account (Balancing Account). Entries to be made to this account at the end of each month will be determined from the following calculations:

- a. Fuel and purchased power expense, including variable wheeling charges, all as recorded during the month;
- b. Less: The Gas Expense recorded during the month associated with the Southern California Gas Company Natural Gas Pilot Program;
- c. Less: the amount of revenue billed during the month for the fuel and purchased power energy component of off-system sales;
- d. Plus: the fuel oil contract facility charges recorded during the month;
- e. Plus: the fuel oil contract underlift payments recorded during the month;
- f. Plus: Fuel oil inventory carrying costs recorded during the month, calculated as follows:

The average recorded fuel oil inventory value for the month shall be multiplied by the recorded Short-Term Debt Interest Rate, plus Financing Issuance Costs associated with Fuel Oil Inventory recorded during the month;

- g. Plus: Coal inventory carrying costs recorded during the month, calculated as follows:

The average recorded coal inventory value for the month shall be multiplied by the recorded Short-term Debt Interest Rate, plus Financing Issuance Costs associated with coal inventory recorded during the month.

- h. Plus: In-core nuclear fuel inventory carrying costs recorded during the month, calculated as follows:

The total unamortized recorded value of in-core nuclear fuel at the beginning of the month shall be multiplied by the recorded Nuclear Fuel Inventory Financing Interest Rate, plus Financing Issuance Costs associated with in-core nuclear fuel inventory recorded during the month.

The recording in ECAC of SONGS 1 in-core nuclear fuel carrying costs shall cease on and after the first day of the month following the SONGS 1 Shutdown Date. Any such amounts shall be recorded in the SONGS 1 Unamortized Nuclear Fuel Memorandum Accounts as set forth in Section 1.6 of the Preliminary Statement. (N)

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(To be inserted by utility)
Advice -E
Decision
Phil.06 (8)

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Ronald Daniels
Vice President

(To be inserted by Cal. PUC)
Date Filed _____
Effective _____
Resolution _____

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

6. Energy Cost Adjustment Account. (Continued)

- i. Plus: Gas inventory carrying costs recorded during the month, (L)
calculated as follows:
The average recorded gas inventory value for the month shall be multiplied by the recorded Short-Term Debt Interest Rate, plus Financing Issuance Costs associated with gas inventory recorded during the month. (L)
- j. Plus: Gains and losses on sales of fuel oil, gas, coal, and nuclear fuel inventories recorded during the month; excluding any gains or losses on the sales of SONGS 1 nuclear fuel inventory recorded on and after the first day of the month following the SONGS 1 Shutdown Date. Any such amounts shall be recorded in the SONGS 1 Unamortized Nuclear Fuel Memorandum Account as set forth in Section 1.6 of the Preliminary Statement. (N)
- k. Less: the allocation of the net of "a" through "j" to resale sales in direct proportion to the ratio of generation for resale sales to total system sales;
- l. Less: the appropriate percentage of the result of "k" in order to reflect the impact of the Annual Energy Rate pursuant to applicable Commission Decisions.
- m. Plus: the CPUC jurisdictional portion of termination, settlement, or other payments made to fuel or energy suppliers as a result of the changed status of contracts between Edison and its fuel or energy suppliers;
- n. Plus: the CPUC jurisdictional portion of costs (proceeds) associated with the termination of Mono Power Company's EEDA projects recorded during the month;
- o. Plus: the CPUC jurisdictional portion of Gas Expenses associated with the Southern California Gas Company Natural Gas Pilot Program recorded during the month;
- p. Less: the CPUC jurisdictional portion of refunds received by the Company from any of its fuel and purchased power suppliers;
- q. Less: the amount of revenue billed during the month under the ECABF, reduced to provide for Franchise Fees and Uncollectible Accounts.

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Advice -E
Decision
Phil.06 (9)

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PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

6. Energy Cost Adjustment Account. (Continued)

- r. Less: During periods of AER suspension, the amount of revenue billed during the month under the AER, reduced to provide for Franchise Fees and Uncollectible Accounts.

If the above calculation produces a positive amount (undercollection), such amount will be debited to the Balancing Account. If the calculation produces a negative amount (overcollection), such amount will be credited to the Balancing Account. Interest will accrue monthly to the Balancing Account by applying the Interest Rate to the average of the beginning and ending balance.

The balance in this account will be subject to adjustments to reflect the operation of the Coal Plant Incentive Provision, the Earnings Limitation Provision, the Nuclear Unit Incentive Provision, and any other adjustments which the Commission may authorize.

7. Fuel Oil Inventory Related-Cost Memorandum Accounts. The Company shall maintain Fuel Oil Inventory Related-Cost Memorandum Accounts for its coal, fuel oil, and nuclear fuel inventories. An entry shall be made in the applicable account each month to reflect accrued interest to the Fuel Inventory Related-Cost Memorandum Accounts by applying the Interest Rate to the average of the beginning and ending balances. Amounts in these accounts shall be transferred to the Energy Cost Adjustment Account when found reasonable by the Commission in the Annual Review of Reasonableness.

8. Annual Energy Rate (AER).

The Company shall calculate the AER as follows:

- a. Fuel and purchased power expense, including variable wheeling charges, estimated for the Forecast Period;
- b. Less: The gas expense estimated during the Forecast Period associated with the Southern California Gas Company Natural Gas Pilot Program;
- c. Less: The amount of revenue estimated to be billed during the Forecast Period for the fuel and purchased power energy component of off-system sales;
- d. Plus: The fuel oil contract facility charges estimated for the Forecast Period;
- e. Plus: The fuel oil contract underlift payments estimated for the Forecast Period;

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Decision
Phil.06 (10)

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Vice President

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Resolution _____

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued).

8. Annual Energy Rate (AER). (Continued)

- f. Plus: Carrying costs associated with fuel oil, gas, coal, and nuclear fuel inventories estimated for the Forecast Period;
- g. Plus: Gains and losses on the sale of fuel oil, gas, coal and nuclear fuel inventories estimated for the Forecast Period;
- h. The net of "a" through "g" shall be the fuel and purchased power costs and other energy-related costs applicable for inclusion in the AER. This amount shall be allocated to the sales subject to the ECAC estimated to be sold during the Forecast Period in direct proportion to the ratio of generation for such sales to total system sales;
- i. Less: The appropriate percentage of the result of "h" in order to reflect the impact of the Average Energy Cost Adjustment Rate pursuant to applicable Commission Decisions.
- j. The net of "h" and "i", increased to provide for Franchise Fees and Uncollectible Accounts, shall be divided by the sales subject to the ECAC estimated to be sold during the Forecast Period. The result shall be the Annual Energy Rate, expressed in cents per kilowatthour. At such times that the Commission authorizes or adopts any adjustments which affect the costs applicable for inclusion in the AER, the AER shall be appropriately revised, if the Commission authorizes the revision.
- k. Should the Forecast Period upon which the AER was calculated end, the AER shall be automatically suspended until such time the Commission adopts a new Forecast Period AER. Effective for service rendered on and after August 8, 1990, the AER is suspended. AER revenues and expenses shall receive 100% ECAC balancing account treatment during periods when the AER is suspended.

The AER listed below have been, or are, in effect for the periods indicated:

<u>Effective Date</u>	<u>Annual Energy Rate Per kWh</u>
12/01/87	\$.00279
01/20/88	\$.00276
06/01/88	\$.00000
02/01/90	\$.00381
09/19/90	\$.00000

9. Annual Review of Reasonableness. In conjunction with the January 1 Revision Date filing, the Company shall file with the Commission a report on the reasonableness of recorded fuel and energy costs and other energy-related costs includable in the ECAC Balancing Account during the Record Period.

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(To be inserted by utility)

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Phil.06 (11)

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Vice President

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PRELIMINARY STATEMENT

(Continued)

J. ELECTRIC REVENUE ADJUSTMENT MECHANISM (ERAM) (Continued)

4. Electric Revenue Adjustment Account. (Continued)

- a. The applicable Authorized Level of Base Rate Revenue, from Table A below, shall be multiplied by the applicable Monthly Distribution Percentage from Table B below:

Table A

Authorized Level of Base Rate Revenue for Rate Change Effective:

<u>10/18/91</u>	<u>12/31/91</u>	<u>01/01/92</u>	<u>01/20/92</u>	<u>07/01/92</u> (M)
\$3,958,605,892 1/	\$3,983,825,000 2/	\$4,038,029,000 3/	\$4,058,230,000 4/	\$_____ (N)

Pursuant to:

- 1/ Decision No. 91-07-006
- 2/ Resolution E-3249
- 3/ Decision No. 91-12-076
- 4/ Decision No. 86-10-023

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(To be inserted by utility)
Advice -E
Decision:
Phil.09 (3)

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PRELIMINARY STATEMENT

(Continued)

J. ELECTRIC REVENUE ADJUSTMENT MECHANISM (ERAM) (Continued)

4. Electric Revenue Adjustment Account. (Continued)

Table 8

Monthly Distribution Percentage
Factors For Rate Change Effective:

Month	Effective 10/18/91	Effective 12/31/91	Effective 01/01/92	Effective 01/20/92	Effective 07/01/92
January, 1992	4.59	0.15	2.21	1.40	
February	0.13	0.01	2.73	1.53	
March			0.09	7.88	
April				7.60	
May				7.71	
June				7.92	
July				8.65	
August				9.57	
September				9.21	
October				8.91	
November				8.06	
December				7.95	
January, 1993				6.95	
February				2.87	
March				0.09	

- b. Plus: Any amount above the Authorized Level of Base Rate Revenue described in 4.a. above for the Monthly Recovered Deferred Debit Revenue Requirement Amount including interest determined pursuant to Part L of the Preliminary Statement, increased to provide for Franchise Fees and Uncollectible Accounts;

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Phil.09 (4)

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Ronald Daniels
Vice President

(To be inserted by Cal. PUC)
Date Filed _____
Effective _____
Resolution _____

Preliminary Statement

I. San Onofre Nuclear Generating Station Unit 1 (SONGS 1) Rate-making Procedure

1. Purpose. The purpose of the SONGS 1 Rate-making Procedure is to provide a procedure for the rate recovery, by the end of a 48 month period, of the investment-related costs and certain non-investment related expenses associated with the Company's ownership share of SONGS 1. This procedure was developed pursuant to a settlement agreement and therefore shall not be used as a precedent for any rate-making purpose.
2. Applicability. The SONGS 1 Rate-making Procedure applies to certain rate schedules and certain special contracts subject to the jurisdiction of the Commission.
3. Definitions
 - a. Effective Date:

The Effective Date shall be the first day of the month following the acceptance of the Commission's decision adopting the rate-making treatment for SONGS

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1 pursuant to the "Settlement Agreement Regarding Amortization of San Onofre Nuclear Generating Station Unit No. 1".

b. Revision Date:

(1) The Revision Date shall initially be the Effective Date and thereafter the Revision Date shall occur annually on the anniversary of the Effective Date through the fourth anniversary.

(2) Rate revisions (excluding rate level changes) after the Effective Date, shall be filed by Advice Letter at least 60 days prior to each Revision Date, and shall be made effective for service rendered on and after the Revision Date.

c. Amortization Period:

The Amortization Period shall be the period commencing on the Effective Date and ending on the last day of the 48th month thereafter.

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d. SONGS 1 Plant Investment:

The SONGS 1 Plant Investment shall be the Company's share of SONGS 1 investment to be recovered in rates by the end of the Amortization Period. The amount of SONGS 1 Plant Investment is dependent on whether SONGS 1 shuts down after the end of Fuel Cycle 11 or after the end of Fuel Cycle 11B. The maximum SONGS 1 Plant Investment to be recovered by the Company under each of the two shut-down scenarios is set forth below:

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SONGS 1 Plant Investment

<u>(Edison's Share)</u>	<u>Amount (\$000)</u>
Plant In Service:	\$601,839
Nuclear Design Basis Documentation:	\$9,828
Construction Work In Progress:	\$20,126
Material and Supply Inventory:	<u>\$6,500</u>
Recorded SONGS 1 Plant Investment	
as of December 31, 1991:	\$638,293
Maximum Plant Expenditures For	
SONGS 1 Shutdown	<u>\$4,800</u>
Maximum SONGS 1 Plant Investment If	
Shutdown At End of Fuel Cycle 11:	\$643,093
Maximum Plant Expenditures Required	
For Fuel Cycle 11B 1/:	<u>\$5,600</u>
Maximum SONGS 1 Plant Investment If	
Shutdown At End of Fuel Cycle 11B:	\$648,693

1/ In order for the Company to recover this amount of SONGS 1 Plant Investment, SONGS 1 must operate for 100 continuous hours at or above 55 percent of SONGS 1 Maximum Gross Capacity of 410 MW.

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e. Amortization Amount:

The Amortization Amount shall be the monthly amount necessary to fully recover the Company's SONGS 1 Plant Investment by the end of the Amortization Period. The Amortization Amount shall be determined monthly from the following calculation:

- (1) SONGS 1 Plant Investment as recorded during the month;
- (2) Less: SONGS 1 Accumulated Amortization as recorded at the beginning of the month;
- (3) The result of (1) and (2) shall be divided by the number of months remaining in the Amortization Period as of the beginning of the month.

f. SONGS 1 Accumulated Depreciation:

SONGS 1 Accumulated Depreciation associated with SONGS 1 Plant Investment as of December 31, 1991 shall be \$212,866,000. This amount shall be increased on a monthly basis to reflect additional depreciation expense associated with the Company's SONGS 1 Plant Investment for the period commencing January 1, 1992 through the Effective Date. Such

depreciation expense shall be based on the most recently adopted depreciation rates for SONGS 1.

g. SONGS 1 Accumulated Amortization:

SONGS 1 Accumulated Amortization shall initially be equal to the SONGS 1 Accumulated Depreciation as of the Effective Date. For the period commencing with the Effective Date through the end of the Amortization Period, SONGS 1 Accumulated Amortization shall be increased on a monthly basis to reflect the monthly Amortization Amount.

h. SONGS 1 Accumulated Deferred Income Taxes:

SONGS 1 Accumulated Deferred Income Taxes as of December 31, 1991 shall be \$46,575,000 for SONGS 1 Plant Investment and (\$2,023,000) for SONGS 1 nuclear fuel inventory. These amounts shall be adjusted on a monthly basis to reflect recorded deferred income taxes associated with the Company's SONGS 1 Plant Investment and SONGS 1 nuclear fuel inventory for the period commencing January 1, 1992 through the end of the Amortization Period.

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i. SONGS 1 Unamortized Nuclear Fuel Inventory:

SONGS 1 Unamortized Nuclear Fuel Inventory shall be the Company's unamortized nuclear fuel inventory of \$68,641,000 as of December 31, 1991. This amount shall be adjusted to reflect: (1) the fuel burn associated with SONGS 1 operation for the period January 1, 1992 through the SONGS 1 Shut-Down Date; and (2) Commission decisions which determine the reasonableness of those nuclear fuel costs which are included in the SONGS 1 Unamortized Nuclear Fuel Inventory.

j. Annual SONGS 1 Investment-Related Revenue Requirement:

The Annual SONGS 1 Investment-Related Revenue Requirement shall be the estimated annual CPUC jurisdictional investment-related revenue requirement (including a provision for Franchise Fees and Uncollectible Accounts Expense) to recover the Company's SONGS 1 Plant Investment over the Amortization Period. The Annual SONGS 1 Investment-Related Revenue Requirements for each Revision Date are set forth below:

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[These amounts may be revised by the Compliance Advice Letter which implements this tariff.]

	Annual SONGS 1 Investment-Related Revenue Requirement
<u>Revision Date:</u>	<u>(\$000)</u>
Effective Date	165,667
First Anniversary	156,145
Second Anniversary	153,739
Third Anniversary	132,986
Fourth Anniversary	0

These amounts shall be subject to adjustment to reflect the Commission's decision in Cost-of-Capital (prior to the SONGS 1 Shut-Down Date) and/or Attrition Proceedings.

The Annual SONGS 1 Investment-Related Revenue Requirement shall be subject to adjustment pursuant to Section I.8. of this SONGS 1 Ratemaking Procedure.

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k. Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement:

The Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement shall be the ultimately adopted CPUC jurisdictional noninvestment-related revenue requirement associated with operating SONGS 1 (including a provision for Franchise Fees and Uncollectible Accounts Expense). The ultimately adopted CPUC jurisdictional noninvestment-related revenue requirement shall include only those SONGS 1 expenses (including the SONGS 1 portion of noninvestment-related expenses common to SONGS 1, 2, and 3) associated with operating and maintenance expenses and administrative and general expenses as recorded in the following Federal Energy Regulatory Commission (FERC) and Company function accounts: 517, 519, 520, 523, 524, 525, 528, 529, 530, 531, 532, 924-Function 0165, 925-Function 0167, and 926.

The most recently adopted Annual SONGS 1 Operating Noninvestment-Related Revenue Requirements are set forth below:

	Annual
	SONGS 1 Operating
	Noninvestment-Related
<u>Date Effective:</u>	<u>Revenue Requirement (\$000)</u>
January 1, 1992	71,963
January 1, 1993	---
January 1, 1994	---

The Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement shall be subject to adjustment to reflect changes adopted by the Commission through Attrition Proceedings.

1. SONGS 1 Shut-Down Noninvestment-Related Expenses

The SONGS 1 Shut-Down Noninvestment-Related Expenses shall only reflect those expenses for SONGS 1 after the SONGS 1 Shut-Down Date for those FERC and Company function accounts listed in Section I.3.k of this SONGS 1 Rate-making Procedure excluding SONGS 1 refueling expenses.

The monthly recorded SONGS 1 portion of noninvestment-related expenses common to SONGS 1,

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2, and 3 shall be calculated as follows:

- (1) Noninvestment-related expenses common to SONGS 1, 2, and 3 recorded during the month;
- (2) Less: the product of \$51,302,000,^{2/} which reflects the SONGS 2 and 3 portion of noninvestment-related expenses common to SONGS 1, 2, and 3 in (1) above multiplied by the Monthly Distribution Percentage for the month;
- (3) If the cumulative amount associated with (1) and (2) over the period commencing with the SONGS 1 Shut-Down Date through December 31, 1994 is less than zero, then such cumulative amount shall be set equal to zero.

^{2/} This amount shall be subject to adjustment to reflect changes adopted by the Commission, through Attrition Proceedings.

m. Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement:

The Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement shall be the estimated annual CPUC jurisdictional revenue requirement (including a provision for Franchise Fees and Uncollectible Accounts Expense) to recover the Company's SONGS 1 Unamortized Nuclear Fuel Inventory by the end of the Amortization Period. The Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement adopted by the Commission is set forth below:

[The September 1, 1993 date and these amounts may be revised by the Compliance Advice Letter which implement this tariff.]

Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement (\$000)	
<u>Date Effective</u>	
September 1, 1993	19,114
1994 Revision Date	19,990
1995 Revision Date	18,128

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The Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement shall be subject to adjustment pursuant to Section I.9. of this SONGS 1 Ratemaking Procedure.

n. SONGS 1 1992 Refueling Revenue Requirement:

The SONGS 1 1992 Refueling Revenue Requirement shall be the CPUC jurisdictional revenue requirement (including a provision for Franchise Fees and Uncollectible Accounts Expense) associated with the Company's share of SONGS 1 refueling expense. The 1992 CPUC jurisdictional revenue requirement associated with SONGS 1 refueling expenses is \$15,771,000 as adopted in Decision No. 91-12-076.

o. Carrying Cost Rate for SONGS 1:

For the period commencing with the Effective Date through the SONGS 1 Shut-Down Date, the Carrying Cost Rate for SONGS 1 shall be the Company's most recently adopted rate of return on rate base. For the period commencing on the day after the SONGS 1 Shut-Down Date through the end of the Amortization

Period, the Carrying Cost Rate for SONGS 1 shall be 8.98%, after tax.

p. Taxes:

Taxes shall include any and all federal, state, and local tax costs, or deferred income tax, related to either operating or shutting down SONGS 1 from the Effective Date through the end of the Amortization Period.

q. Franchise Fees and Uncollectible Accounts Expense:

Franchise Fees and Uncollectible Accounts Expense shall be the rates most recently adopted by the Commission. The most recently adopted rate is 0.9957 percent.

r. SONGS 1 Shut-Down Date:

The SONGS 1 Shut-Down Date shall be the day the main generator output circuit breakers are open and the Company declares that SONGS 1 is permanently unavailable for the generation of electricity. Within five working days after the SONGS 1 Shut-

Down Date, the Company shall file an affidavit with the Commission stating that SONGS 1 is permanently unavailable for the generation of electricity.

s. Monthly Distribution Percentages:

The purpose of the Monthly Distribution Percentages is to allocate on a monthly basis: (1) the Annual SONGS 1 Investment-Related Revenue Requirement, (2) the Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement; and (3) the Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement. The currently effective Monthly Distribution Percentages are set forth below:

For Rate Change Effective:

(To Be Provided)

TO BE PROVIDED IN THE COMPLIANCE
ADVICE LETTER IMPLEMENTING THIS
TARIFF WHICH WILL REFLECT THE THEN-
EFFECTIVE MONTHLY DISTRIBUTION
PERCENTAGES.

t. Interest Rate:

The Interest Rate shall be $1/12$ of the most recent month's interest rate on Commercial Paper (prime, three months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, three months) be discontinued, interest will so accrue at the rate of $1/12$ of the most recent month's interest rate on Commercial Paper which most closely approximates the rate that was discontinued and which is published in the Federal Reserve Statistical Release, G.13, or its successor publication.

u. Nuclear Fuel Inventory Interest Rate:

The Nuclear Fuel Inventory Interest Rate shall be $1/12$ of the most recent month's annualized recorded effective yield on the applicable blend of short- and intermediate-term debt dedicated to nuclear fuel inventory financing. In the absence of the Nuclear Fuel Inventory Interest Rate, the Interest Rate shall be used.

v. **Financing Issuance Costs:**

Financing Issuance Costs shall be the expenses associated with maintaining debt used for financing nuclear fuel inventory.

4. **SONGS 1 Investment-Related Memorandum Account.**

The Company shall maintain a SONGS 1 Investment-Related Memorandum Account. Entries to this account shall be made monthly commencing with the month of the Effective Date and continue through the second month after the end of the Amortization Period. Such entries shall be made independent of changes to the Company's Authorized Level of Base Rate Revenue (ALBRR) under the Electric Revenue Adjustment Mechanism (ERAM). Entries to this account at the end of each month shall be determined from the following calculations:

- a. Amortization Amount as recorded during the month;
- b. Plus: Ad valorem taxes associated with SONGS 1 as recorded during the month;
- c. Plus: Taxes based on income, including appropriate

tax adjustments, all as recorded during the month;

- d. Plus: Carrying Cost, which shall be one-twelfth of the Carrying Cost Rate for SONGS 1, multiplied by the result of the following calculation:
- (1) The average of the beginning and end of month balances for SONGS 1 Plant Investment;
 - (2) Less: The average of the beginning and end of month balances for SONGS 1 Accumulated Amortization;
 - (3) Less: The average of the beginning and end of month balances for Accumulated Deferred Income Taxes;
- e. Plus: A provision for Franchise Fees and Uncollectible Accounts Expense applicable to the result of "a" through "d";
- f. Less: The result of "a" through "e" multiplied by the most recently adopted resale jurisdiction allocation factor;
-
- g. Less: The product of the Annual SONGS 1 Investment-Related Revenue Requirement, multiplied by the Monthly Distribution Percentage for the month.

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If the above calculation produces a positive amount (undercollection), such amount shall be debited to this memorandum account. If the calculation produces a negative amount (overcollection), such amount shall be credited to this memorandum account.

At the end of the Amortization Period, the balance in this memorandum account shall be adjusted by an amount necessary to ensure that all federal tax effects associated with SONGS 1-related California State Income Taxes are reflected in rates.

Interest will accrue monthly to this memorandum account by applying the Interest Rate to the average of the beginning and ending balances. At the end of the second month after the Amortization Period, any remaining balance shall be transferred to the Electric Revenue Adjustment Account (ERAM Balancing Account) or other appropriate balancing account. It is intended that the transferred balance be amortized over a twelve month period commencing on the next regularly scheduled Electric Revenue Adjustment Billing Factor (ERABF) rate level change after the Amortization Period.

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5. SONGS 1 Noninvestment-Related Memorandum Account.

The Company shall maintain a SONGS 1 Noninvestment-Related Memorandum Account. The initial entry to this account shall be made on the first day of the month after the SONGS 1 Shut-Down Date and shall continue to be made through the effective date of base rates which reflect a Commission decision adopting a level of SONGS 1 Shut-Down Noninvestment-Related Revenue Requirement. Entries to the SONGS 1 Noninvestment-Related Memorandum Account at the end of each month shall be determined from the following calculations:

- a. SONGS 1 Shut-Down Noninvestment-Related Expenses recorded during the month;
- b. Plus: A provision for Franchise Fees and Uncollectible Accounts Expense applicable to "a";
- c. Less: The result of "a" and "b" multiplied by the most recently adopted resale jurisdiction allocation factor;
- d. Less: The product of the Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement for SONGS

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1 multiplied by the Monthly Distribution Percentage for the month.

If the above calculation produces a positive amount (undercollection) such amount shall be debited to this memorandum account. If the calculation produces a negative amount (overcollection) such amount shall be credited to this memorandum account.

Interest will accrue monthly to this memorandum account by applying the Interest Rate to the average of the beginning and ending balances. At the end of the second month after the Amortization Period, any accumulated overcollection in the account shall be transferred to the ERAM Balancing Account or other appropriate balancing account. The amount transferred shall be subject to audit by the Commission. It is intended that the transferred balance be amortized over a twelve month period commencing on the next regularly scheduled ERASF rate level change after the Amortization Period. Any accumulated undercollection in the account shall be borne by shareholders and shall not be recoverable from ratepayers.

6. SONGS 1 Unamortized Nuclear Fuel Inventory Memorandum Account.

The Company shall maintain a SONGS 1 Unamortized Nuclear Fuel Inventory Memorandum Account. The initial entry to this account shall be made on the first day of the month after the SONGS 1 Shut-Down Date and shall be equal to the then-recorded CPUC jurisdictional amount of SONGS 1 Unamortized Nuclear Fuel Inventory increased to provide for Franchise Fees and Uncollectible Accounts Expense. The balance in this memorandum account shall be reduced at the end of each month by an amount equal to the product of the Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement multiplied by the Monthly Distribution Percentage for the month. The balance in this memorandum account shall be subject to adjustment to reflect Commission decisions which determine the reasonableness of those nuclear fuel costs which are included in the SONGS 1 Unamortized Nuclear Fuel Inventory. The balance in this memorandum account shall also be subject to adjustment to reflect any gains or losses on the sale of SONGS 1 nuclear fuel inventory recorded on and after the first day of the month following the SONGS 1 Shut-Down Date.

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Carrying costs shall accrue monthly to this account by multiplying the recorded Nuclear Fuel Inventory Interest Rate, plus Financing Issuance Costs, by the result of the following calculation:

- a. Average of the beginning and end of month balances in the SONGS 1 Unamortized Nuclear Fuel Inventory Memorandum Account;
- b. Less: The average of the beginning and end of month SONGS 1 Accumulated Deferred Taxes associated with nuclear fuel inventory.

At the end of the second month after the Amortization Period, any remaining balance in this memorandum account shall be transferred to the ERAM Balancing Account or other appropriate balancing account. It is intended that the transferred balance be amortized over a twelve month period commencing with the next regularly scheduled ERABF rate level change after the Amortization Period.

7. SONGS 1 Refueling Expense Memorandum Account.

The Company shall maintain a SONGS 1 Refueling Expense Memorandum Account. Entries to this account shall be

February 6, 1992

C. Schmid-Frazee/J. Miller/
S. Pickett/F. Cooley/B. Joyce/
T. Taber
SOUTHERN CALIFORNIA EDISON CO.
2214 Walnut Grove Avenue
Rosemead, CA 91770

Wayne P. Sakarias/Nancy W. Doyne
David R. Clark
SAN DIEGO GAS & ELECTRIC COMPANY
P.O. Box 1831, Legal Department
San Diego, CA 92112

P. Ouborg/W. Manheim/M. Hindus/
J. Guardalabene/H. Golub/
B. Benson
PACIFIC GAS & ELECTRIC COMPANY
P.O. Box 7442, Legal Department
San Francisco, CA 94120

Michel Shames, Attorney at Law
TOWARD UTILITY RATE NORMALIZATION
625 Polk Street, Suite 403
San Francisco, CA 94102

Nancy I. Day/Joan M. DeSage
SOUTHERN CALIFORNIA GAS COMPANY
555 W. Fifth Street, ML: 2780
Los Angeles, CA 90013-1011

Barbara R. Barkovich, Consultant
BARKOVICH AND YAP
1918 University Avenue, Suite 3A
Berkeley, CA 94704

William Marcus/Gayatri Schilberg
J B S ENERGY, INC.
311 "D" Street, Suite A
West Sacramento, CA 95605

John D. Chandley, Esq.
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street, MS-14
Sacramento, CA 95814

Karen Griffin
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street, MS-20
Sacramento, CA 95814

Lyn Harris Hicks
GUARD
3908 Calle Ariana
San Clemente, CA 92672

Michael Shapiro
SENATE ENERGY & PUBLIC UTILITIES
COMMISSION
Room 2035, State Capitol
Sacramento, CA 95814

Robert Weatherwax
SIERRA ENERGY & RISK ASSESSMENT
One Sierragate Plaza, Ste. 225A
Roseville, CA 95678-6603

Karl Ory
CAMPAIGN CALIFORNIA
926 J Street, Suite 1650
Oakland, CA 94612

CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

John Yager - DRA - Rm 4208
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Patrick Berdge - Legal - Rm. 5044
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Robert Kinoshian - DRA - Rm. 4102
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

James Pretti - DRA - Rm. 4003
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Gil Infante - DRA - Rm. 4011
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Michael Shames
UCAN
1717 Kettner Blvd., Ste. 105
San Diego, CA 94101

6. SONGS 1 Unamortized Nuclear Fuel Inventory Memorandum Account.

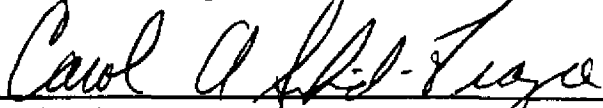
The Company shall maintain a SONGS 1 Unamortized Nuclear Fuel Inventory Memorandum Account. The initial entry to this account shall be made on the first day of the month after the SONGS 1 Shut-Down Date and shall be equal to the then-recorded CPUC jurisdictional amount of SONGS 1 Unamortized Nuclear Fuel Inventory increased to provide for Franchise Fees and Uncollectible Accounts Expense. The balance in this memorandum account shall be reduced at the end of each month by an amount equal to the product of the Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement multiplied by the Monthly Distribution Percentage for the month. The balance in this memorandum account shall be subject to adjustment to reflect Commission decisions which determine the reasonableness of those nuclear fuel costs which are included in the SONGS 1 Unamortized Nuclear Fuel Inventory. The balance in this memorandum account shall also be subject to adjustment to reflect any gains or losses on the sale of SONGS 1 nuclear fuel inventory recorded on and after the first day of the month following the SONGS 1 Shut-Down Date.

February 6, 1992

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **JOINT MOTION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E), AND THE DIVISION OF RATEPAYER ADVOCATES** to be served upon all appearances herein pursuant to the Commission's Rules of Practice and Procedure.

Dated at Rosemead, California, this 7th day of February, 1992.



CAROL A. SCHMID-FRAZEE, Attorney
for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: 818 302-1337

C. Schmid-Frazee/J. Miller/
S. Pickett/P. Cooley/B. Joyce/
C. Taber
SOUTHERN CALIFORNIA EDISON CO.
2214 Walnut Grove Avenue
Rosemead, CA 91770

Wayne P. Sakarias/Nancy W. Doyne
David R. Clark
SAN DIEGO GAS & ELECTRIC COMPANY
P.O. Box 1831, Legal Department
San Diego, CA 92112

P. Ouborg/W. Manheim/M. Hindus/
J. Guardalabene/H. Golub/
B. Benson
PACIFIC GAS & ELECTRIC COMPANY
P.O. Box 7442, Legal Department
San Francisco, CA 94120

Michel Shames, Attorney at Law
TOWARD UTILITY RATE NORMALIZATION
625 Polk Street, Suite 403
San Francisco, CA 94102

Nancy I. Day/Joan M. DeSage
SOUTHERN CALIFORNIA GAS COMPANY
555 W. Fifth Street, ML: 2780
Los Angeles, CA 90013-1011

Barbara R. Barkovich, Consultant
BARKOVICH AND YAP
1918 University Avenue, Suite 3A
Berkeley, CA 94704

William Marcus/Gayatri Schilberg
J B S ENERGY, INC.
311 'D' Street, Suite A
West Sacramento, CA 95605

John D. Chandley, Esq.
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street, MS-14
Sacramento, CA 95814

Karen Griffin
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street, MS-20
Sacramento, CA 95814

Lyn Harris Hicks
GUARD
3908 Calle Ariana
San Clemente, CA 92672

Michael Shapiro
SENATE ENERGY & PUBLIC UTILITIES
COMMISSION
Room 2035, State Capitol
Sacramento, CA 95814

Robert Weatherwax
SIERRA ENERGY & RISK ASSESSMENT
One Sierragate Plaza, Ste. 225A
Roseville, CA 95678-6603

Karl Ory
CAMPAIGN CALIFORNIA
926 J Street, Suite 1650
Oakland, CA 94612

CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

John Yager - DRA - Rm 4208
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Patrick Berdge - Legal - Rm. 5044
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Robert Kinoshian - DRA - Rm. 4102
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

James Pretti - DRA - Rm. 4003
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Gil Infante - DRA - Rm. 4011
CALIFORNIA PUBLIC UTILITIES
COMMISSION
505 Van Ness Avenue
San Francisco, CA 94102

Michael Shames
UCAN
1717 Kettner Blvd., Ste. 105
San Diego, CA 94101

Appendix D

The adjustments shall update the Annual SONGS 1 Investment-Related Revenue Requirement for the remainder of the Amortization Period to reflect: (1) the most recent recorded SONGS 1 Plant Investment; (2) the Carrying Cost Rate for SONGS 1; and (3) the most recently adopted revenue requirement factors including Franchise Fees and Uncollectible Accounts Expense, jurisdictional allocation factor, and net to gross multiplier. The revised Annual SONGS 1 Investment Related Revenue Requirement shall initially become effective 60 days after the SONGS 1 Shutdown Date and each Revision Date thereafter.

- (i) Adjustments to Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement.

Within 60 days after the SONGS 1 Shutdown Date, the utility shall file an Advice Letter which adjusts the Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement. The adjustments shall update the Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement for the remainder of the Amortization Period to reflect: (1) the most recent recorded SONGS 1 Unamortized Nuclear Fuel Investment; (2) the most recent forecast of the Nuclear Fuel Inventory Interest Rate and

Appendix D

Financing Issuance Costs; and (3) the most recently adopted revenue requirement factors including Franchise Fees and Uncollectible Accounts Expense, jurisdictional allocation factor, and net to gross multiplier. The revised Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirements shall initially become effective 60 days after the SONGS 1 Shutdown Date and each Revision Date thereafter.

- (j) Rate Changes Effective for Service Rendered On and After the Effective Date:

Effective for service rendered on and after the Effective Date, the utility shall decrease its Authorized Base Rate Revenues under the ERAM by \$19,806,000 which is the annual investment-related revenue requirement (including Franchise Fees and Uncollectible Accounts Expense) associated with owning SONGS 1 as adopted by the Commission in Decision No. 91-12-074. Concurrently, the utility shall increase its Authorized Base Rate Revenues under the ERAM by the Annual SONGS 1 Investment-Related Revenue Requirement. The utility may establish base rate levels which reflect changes to the Authorized Base Rate Revenues by advice letter filing on five days notice.

9.3.4 The findings in Edison's future general rate cases regarding SONGS 1 O&M and A&G Expenses shall continue to apply to SDG&E's SONGS 1 O&M and A&G expenses.

10. SONGS 1 DECOMMISSIONING COSTS

This Agreement shall not affect the continued recovery in rates by Edison and SDG&E of reasonable decommissioning costs for SONGS 1 in future general rate cases or other appropriate proceedings pursuant to the Nuclear Facilities Decommissioning Act of 1985, Public Utilities Code §§ 8321 et seq. After the net investment in SONGS 1 has been fully amortized, 80% and 20% respectively of the net proceeds from the sale or other disposition of any portion of the SONGS 1 facility which is salvaged shall be applied to Edison's and SDG&E's depreciation reserves.

11. EFFECT ON CURRENT PHASE OF THE UPDATE

11.1 This Agreement is not intended by the Parties to have any effect on the determination of the need for new resource additions for either Edison or SDG&E in the phase of the Update which completed hearings on October 30, 1991.

11.2 This Agreement shall not be used by the Parties or any other party as a basis to reopen the current

phase of the Update, which completed hearings on
October 30, 1991.

12. NON-PRECEDENT

This Agreement is not intended by the Parties to be binding precedent in any future proceeding or litigation not involving the matters covered by this Agreement. The Parties have assented to this Agreement in order to arrive at the settlement embodied in this Agreement. The Parties, and each of them, expressly reserve the right to advocate in current and future proceedings, positions and methodologies which may be different than those underlying this Agreement, and, other than the matters covered by this Agreement, the Parties expressly declare that this Agreement should not be construed as a precedent for or against them in such advocacy.

13. PREVIOUS COMMUNICATIONS

The Agreement contains the entire Agreement and understanding between the Parties as to the subject matter of this Agreement, and supersedes all prior agreements, commitments, representations and discussions between the Parties.

14. NONSEVERABILITY

The Parties understand and agree that this agreement is subject to each condition set forth, including acceptance of this Agreement in its entirety and without change or condition unsatisfactory to any Party by the Commission except as provided in Section 6.2, and that each term of this Agreement is in consideration and support of every other term.

15. NONWAIVER

None of the provisions of this Agreement shall be considered waived by any Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of their rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

16. EFFECT OF SUBJECT HEADINGS

Subject headings in this Agreement are inserted for convenience only, and shall not be construed as interpretations of the text.

17. GOVERNING LAW

This Agreement shall be interpreted, governed and construed under the laws of the State of California as if executed and to be performed wholly within the State of California.

18. NUMBER OF ORIGINALS

This Agreement is executed in three counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Parties execute this Agreement as of the 7th day of February, 1992.

SOUTHERN CALIFORNIA EDISON COMPANY

By /s/Ronald Daniels
Ronald Daniels
Vice President

SAN DIEGO GAS & ELECTRIC COMPANY

By /s/Stephen L. Baum
Stephen L. Baum
Senior Vice President
And General Counsel

DIVISION OF RATEPAYER ADVOCATES

By /s/James D. Pretti
James D. Pretti
Deputy Director
Division of Ratepayer Advocates

APPENDIX A

**EDISON'S SONGS 1 FUEL CYCLE 11B PERFORMANCE PROCEDURE
AND ASSOCIATED TARIFF SHEETS**

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

11. Nuclear Unit Incentive Procedure.

- a. Purpose. The purpose of the Nuclear Unit Incentive Procedure is to provide a performance standard applicable to the Company's share of ownership of the San Onofre Nuclear Generating Station Units 1, 2, and 3 (SONGS 1, 2, and 3) and to the Company's share of ownership of the Palo Verde Nuclear Generating Station Units 1, 2, and 3 (PVNGS 1, 2, and 3). The Nuclear Unit Incentive Procedure is applied by use of a formula that converts an Incentive Period Average Gross Capacity Factor to dollars of reward or penalty. The amount of reward or penalty is based upon: (1) the difference in cost between producing energy from nuclear-fueled generation and the energy expense associated with replacement energy resources, and (2) the deviation in Unit performance outside the Gross Capacity Factor Range.
- b. Applicability. The Nuclear Unit Incentive Procedure applies to the operation of the Company's 80.00 percent ownership share of SONGS 1 through the end of Fuel Cycle 11, to the Company's 75.05 percent ownership share of SONGS 2 and 3 and to the Company's 15.8 percent ownership share of PVNGS 1, 2, and 3. This Nuclear Unit Incentive Procedure is established in accordance with Decision Nos. 83-09-007, 84-12-060, 85-12-024, 86-10-023, 87-08-023, 88-07-021, 91-05-054 and (c)
- c. Definitions.

(1) Nuclear Fuel Expense:

The Nuclear Fuel Expense for each nuclear Unit shall be the nuclear energy cost associated with the change in production between the Gross Capacity Factor Limit and the Average Gross Capacity Factor for each SONGS and PVNGS Unit specified herein, expressed in cents per kilowatthour, recovered through ECAC for that Unit during the Incentive Period.

(Continued)

(To be inserted by utility)
Advice -E
Decision
Phil.06 (15)

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Vice President

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PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

11. Nuclear Unit Incentive Procedure. (Continued)

c. Definitions. (Continued)

(4) Gross Capacity Factor Range:

The Gross Capacity Factor Range for the Company's share of ownership of each SONGS Unit and each PVNGS Unit specified herein shall be as set forth below and shall remain in effect until any revised Range is made effective:

<u>Unit</u>	<u>Gross Capacity Factor Range</u>	
	<u>Lower Limit</u>	<u>Upper Limit</u>
SONGS 1	55.0%	75.0%
SONGS 2	55.0%	80.0%
SONGS 3	55.0%	80.0%
PVNGS 1	55.0%	80.0%
PVNGS 2	55.0%	80.0%
PVNGS 3	55.0%	80.0%

(5) Incentive Period:

(a) The Incentive Period for each Unit shall be defined as follows:

<u>Unit</u>	<u>Fuel Cycle</u>	<u>Incentive Period</u>
SONGS 1	9	Fuel Cycle 9
	10	Fuel Cycle 10
	11	Fuel Cycle 11

(D)

(Continued)

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PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

11. Nuclear Unit Incentive Procedure. (Continued)

c. Definitions (Continued)

- (b) The fuel cycle is defined (excluding SONGS 1 Fuel Cycle 11) as a period of time which begins immediately after the refueling of the reactor and (a) the reactor vessel head closure bolts are fully tensioned and (b) the average reactor coolant temperature is raised above 140°F; and ends simultaneously with the beginning of the subsequent fuel cycle.
- (c) The fuel cycle for SONGS 1 Fuel Cycle 11 is defined as a period of time which begins immediately after the refueling of the reactor and (a) the reactor vessel head closure bolts are fully tensioned and (b) the average reactor coolant temperature is raised above 140°F; and ends simultaneously with the beginning of Fuel Cycle 11B, or ends on the SONGS 1 Shutdown Date as defined in Part I of the Preliminary Statement, which ever is earlier.

(6) Economic Modifiers:

Economic Modifiers shall be adjustments made to the Incentive Period Gross Capacity Factor to compensate for the effect of certain conditions that affect the performance of the Unit; such conditions cause reductions in Unit performance for the purpose of minimizing the overall cost to the ratepayer, consistent with maintaining the integrity of the electrical system. The application of Economic Modifiers may remove or reduce a Nuclear Unit Incentive Procedure penalty, or cause or increase a Nuclear Unit Incentive Procedure reward, and shall be subject to Commission review on a case by case basis during the appropriate ECAC proceedings.

In accordance with Decision Nos. 84-12-060, 86-10-023, 87-08-023, 88-07-021, and 91-05-054 the following four Economic Modifiers are authorized:

- (a) An Economic Modifier which permits the Company to reduce output from any SONGS Unit or PVNGS Unit or combination of units during those intervals when to do so produces an energy supply to meet system demands which is less costly to ratepayers. This Economic Modifier will accommodate additional economic power purchases.

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G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

12. San Onofre Nuclear Generating Station Unit 1 (SONGS 1)
Fuel Cycle 11B Performance Procedure.

- a. Purpose. The purpose of the SONGS 1 Fuel Cycle 11B Performance Procedure is to provide a mechanism to implement the performance standard adopted in Decision No. _____ for Fuel Cycle 11B. The SONGS 1 Fuel Cycle 11B Performance Procedure is applied by use of a formula that determines the ratemaking treatment associated with SONGS 1 performance below a 55 percent Gross Capacity Factor Limit for Fuel Cycle 11B. This procedure was developed pursuant to a settlement agreement and therefore shall not be used as a precedent for any ratemaking purpose.
- b. Applicability. The SONGS 1 Fuel Cycle 11B Performance Procedure applies to the operation of the Company's 80 percent share of SONGS 1, for Fuel Cycle 11B only. The SONGS 1 Fuel Cycle 11B Performance Procedure is enacted only if the Average Gross Capacity Factor for Fuel Cycle 11B is below

February 6, 1992

the Gross Capacity Factor Limit. The SONGS 1 Fuel Cycle 11B Performance Procedure is established in accordance with Decision No. _____.

c. Definitions.

(1) Nuclear Fuel Expense:

The Nuclear Fuel Expense for SONGS 1 shall be the nuclear energy cost associated with the change in production between the Gross Capacity Factor Limit and the Average Gross Capacity Factor for the Unit, expressed in cents per kilowatthour, recovered through ECAC for Fuel Cycle 11B.

(2) Replacement Energy Expense:

The Replacement Energy Expense shall be the energy expense associated with the change in production between the Gross Capacity Factor Limit and the Average Gross Capacity Factor, expressed in cents per kilowatthour, excluding certain costs, recovered through ECAC during

Fuel Cycle 11B. Such excluded costs shall include but not be limited to facility charges, underlift payments, operation and maintenance expenses, fuel administration charges, fuel analysis expenses, Catalina fuel expenses, and Mono Power Company EEDA termination charges.

(3) Replacement Purchased Capacity Expense:

The Replacement Purchased Capacity Expense shall be the purchased capacity expense associated with the change in production between the Gross Capacity Factor Limit and the Average Gross Capacity Factor, expressed in cents per kilowatthour.

(4) Environmental Adjustment:

The Environmental Adjustment shall be an adjustment based on the SCAQMD/Nevada values presented by the Company in the Biennial Resource Plan Update (BRPU) hearings which ended October 30, 1991, equal to 2.16 cents per kilowatthour.

February 6, 1992

(5) Average Gross Capacity Factor:

The Average Gross Capacity Factor for the Company's share of ownership of SONGS 1 shall be based on the Company's share (328.0 MW) of the Unit's maximum gross capacity (410 MW), computed from the Fuel Cycle 11B recorded data adjusted: (a) to provide for Economic Modifiers; and (b) to reflect the performance of the Unit found to be reasonable as determined by the Commission in the Annual Review of Reasonableness.

(6) Gross Capacity Factor Limit:

The Gross Capacity Factor Limit for the Company's share of ownership of SONGS 1 shall be 55 percent.

(7) Fuel Cycle 11B:

Fuel Cycle 11B for SONGS 1 shall be defined as the period of time which begins immediately

after the refueling of the reactor and:

1. The reactor vessel head closure bolts are fully tensioned; and
2. The average reactor coolant temperature is raised above 140 degrees F.;

and ends on the SONGS 1 Shut-Down Date as defined in Part I of the Preliminary Statement.

(8) Economic Modifiers:

Economic Modifiers shall be adjustments made to the Fuel Cycle 11B Average Gross Capacity Factor to compensate for the effect of certain conditions that affect the performance of the Unit; such conditions cause reductions in Unit performance for the purpose of minimizing the overall cost to the ratepayers, consistent with maintaining the integrity of the electrical system. The application of Economic Modifiers may reduce the SONGS 1 Performance Amount resulting from SONGS 1 performance below the

Gross Capacity Factor Limit, and shall be subject to Commission review during the appropriate ECAC proceeding.

The following three Economic Modifiers are authorized:

(a) An Economic Modifier which permits the Company to reduce output from SONGS 1 during those intervals when to do so produces an energy supply to meet system demands which is less costly to ratepayers. This Economic Modifier will accommodate additional economic power purchases.

(b) An Economic Modifier which permits the Company to change the operation of the Unit: (1) when in the best interest of ratepayers; or (2) to meet the system reliability needs of the other owner of SONGS 1.

(c) An Economic Modifier which permits the

Company to reduce output from SONGS 1 when the Nuclear Regulatory Commission (NRC) requires such a reduction or outage.

d. Report on the SONGS 1 Fuel Cycle 11B Performance Procedure. In conjunction with the Annual Review of Reasonableness the Company shall report on the operation of SONGS 1 during Fuel Cycle 11B within the Record Period in which the SONGS 1 Shut-Down Date occurs. Such report shall set forth the Average Gross Capacity Factor for the Company's share of ownership of the Unit for Fuel Cycle 11B. Should the Average Gross Capacity Factor fall below the Gross Capacity Factor Limit the Company shall calculate the SONGS 1 Performance Amount according to the formula set forth in Part G.12.e. of the Preliminary Statement. Such adjustment shall be made to the Energy Cost Adjustment Account pursuant to Commission order.

e. SONGS 1 Performance Amount for SONGS 1 Fuel Cycle 11B shall be calculated according to the following:

(1) The SONGS 1 Performance Amount shall be

February 6, 1992

calculated as follows:

$$\text{SUPA} = [(\text{GCFL} - \text{AGCF}) \times (\text{RE} + \text{PC} - \text{NE}) \times \text{PH} \times \text{GMC} \times \text{SHR} \\ \times \text{CO} \times (1 - \text{AERP})] + [(\text{GCFL} - \text{AGCF}) \times \text{EA} \times \text{PH} \\ \times \text{GMC} \times \text{SHR} \times \text{CO}]$$

where:

SUPA	=	SONGS 1 Performance Amount
GCFL	=	Gross Capacity Factor Limit for SONGS 1 Fuel Cycle 11B.
AGCF	=	Average Gross Capacity Factor of the Company's ownership share of SONGS 1 for Fuel Cycle 11B.
RE	=	Replacement Energy Expense
EA	=	Environmental Adjustment
PC	=	Replacement Purchased Capacity Expense
AERP	=	Annual Energy Rate Percentage in effect during Fuel Cycle 11B.
NE	=	Nuclear Fuel Expense
PH	=	Period Hours for Fuel Cycle 11B.
GMC	=	Gross Maximum Capacity for SONGS 1 (410 MW).
SHR	=	The Company's share of ownership

February 6, 1992

of SONGS 1 (80.0%).

CO = Conversion factor of 10 to
convert megawatts to kilowatts
and cents to dollars.

- (2) When the Average Gross Capacity Factor is greater than or equal to the Gross Capacity Factor Limit, the SONGS 1 Performance Amount shall be zero.
- (3) The SONGS 1 Performance Amount determined by the application of the formula in "(1)" shall be applicable for inclusion in the SONGS 1 Fuel Cycle 11B Performance Procedure. This amount shall be reduced by the allocation to resale sales in direct proportion to the ratio of generation for such sales to total system sales during Fuel Cycle 11B.
- (4) The amount determined above shall be credited to the Energy Cost Adjustment Account.

February 6, 1992

APPENDIX B

**EDISON'S SONGS 1 RATEMAKING PROCEDURE
AND ASSOCIATED TARIFF SHEETS**

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

3. Definitions. (Continued)

The sum of "(1)" through "(6)" shall be Fuel and Purchased Power Expense.

k. Other Energy-Related Costs: Other Energy-Related costs shall include:

- (1) Fuel Oil Contract Facility Charges.
- (2) Fuel Oil Contract Underlift Payments.
- (3) Carrying Costs associated with coal, fuel oil, gas, and nuclear fuel inventories.
- (4) Gains and losses on the sale of coal, fuel oil, gas, and nuclear fuel inventories; excluding any gains or losses on the sales of SONGS 1 nuclear fuel inventory recorded on and after the first day of the month following the SONGS 1 Shutdown Date. Any such amounts shall be recorded in the SONGS 1 Unamortized Nuclear Fuel Memorandum Account as set forth in Section I.6 of the Preliminary Statement.
- (5) Costs (proceeds) associated with the termination of Mono Power Company Energy Exploration and Development Adjustment ("EEDA") projects.
- (6) Termination, settlement, or other payments made to fuel or energy suppliers as a result of the changed status of fuel contracts.
- (7) Other costs as directed by the Commission.

4. Calculation of the Average Energy Cost Adjustment Rate.

The Average Energy Cost Adjustment Rate used to calculate the ECABF shall be the sum of the Average Fuel and Purchased Power Rate and the Average Balancing Rate, as set forth below.

a. The Average Fuel and Purchased Power Rate.

The Average Fuel and Purchased Power Rate shall be determined from the following calculations:

- (1) Fuel and Purchased Power Expense estimated for the Forecast Period;
- (2) Less: The Gas Expense estimated during the Forecast Period associated with the Southern California Gas Company Natural Gas Pilot Program;
- (3) Less: The amount of revenue estimated to be billed during the Forecast Period for the fuel and purchased power energy component of off-system sales;

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(To be inserted by utility)

Advice -E

Decision

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(4)

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Ronald Daniels

Vice President

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PRELIMINARY STATEMENT
(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

6. Energy Cost Adjustment Account.

The Company shall maintain an Energy Cost Adjustment Account (Balancing Account). Entries to be made to this account at the end of each month will be determined from the following calculations:

- a. Fuel and purchased power expense, including variable wheeling charges, all as recorded during the month;
- b. Less: The Gas Expense recorded during the month associated with the Southern California Gas Company Natural Gas Pilot Program;
- c. Less: the amount of revenue billed during the month for the fuel and purchased power energy component of off-system sales;
- d. Plus: the fuel oil contract facility charges recorded during the month;
- e. Plus: the fuel oil contract underlift payments recorded during the month;
- f. Plus: Fuel oil inventory carrying costs recorded during the month, calculated as follows:

The average recorded fuel oil inventory value for the month shall be multiplied by the recorded Short-Term Debt Interest Rate, plus Financing Issuance Costs associated with Fuel Oil Inventory recorded during the month;

- g. Plus: Coal inventory carrying costs recorded during the month, calculated as follows:

The average recorded coal inventory value for the month shall be multiplied by the recorded Short-term Debt Interest Rate, plus Financing Issuance Costs associated with coal inventory recorded during the month.

- h. Plus: In-core nuclear fuel inventory carrying costs recorded during the month, calculated as follows:

The total unamortized recorded value of in-core nuclear fuel at the beginning of the month shall be multiplied by the recorded Nuclear Fuel Inventory Financing Interest Rate, plus Financing Issuance Costs associated with in-core nuclear fuel inventory recorded during the month.

The recording in ECAC of SONGS 1 in-core nuclear fuel carrying costs shall cease on and after the first day of the month following the SONGS 1 Shutdown Date. Any such amounts shall be recorded in the SONGS 1 Unamortized Nuclear Fuel Memorandum Accounts as set forth in Section I.6 of the Preliminary Statement. (N)

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(To be inserted by utility)
Advice -E
Decision
Phil.06 (8)

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Vice President

(To be inserted by Cal. PUC)
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Effective _____
Resolution _____

PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

6. Energy Cost Adjustment Account. (Continued)

- i. Plus: Gas inventory carrying costs recorded during the month, (L)
calculated as follows:
The average recorded gas inventory value for the month shall be multiplied by the recorded Short-Term Debt Interest Rate, plus Financing Issuance Costs associated with gas inventory recorded during the month. (L)
- j. Plus: Gains and losses on sales of fuel oil, gas, coal, and nuclear fuel inventories recorded during the month; excluding any gains or losses on the sales of SONGS 1 nuclear fuel inventory recorded on and after the first day of the month following the SONGS 1 Shutdown Date. Any such amounts shall be recorded in the SONGS 1 Unamortized Nuclear Fuel Memorandum Account as set forth in Section 1.6 of the Preliminary Statement. (N)
- k. Less: the allocation of the net of "a" through "j" to resale sales in direct proportion to the ratio of generation for resale sales to total system sales;
- l. Less: the appropriate percentage of the result of "k" in order to reflect the impact of the Annual Energy Rate pursuant to applicable Commission Decisions.
- m. Plus: the CPUC jurisdictional portion of termination, settlement, or other payments made to fuel or energy suppliers as a result of the changed status of contracts between Edison and its fuel or energy suppliers;
- n. Plus: the CPUC jurisdictional portion of costs (proceeds) associated with the termination of Mono Power Company's EEDA projects recorded during the month;
- o. Plus: the CPUC jurisdictional portion of Gas Expenses associated with the Southern California Gas Company Natural Gas Pilot Program recorded during the month;
- p. Less: the CPUC jurisdictional portion of refunds received by the Company from any of its fuel and purchased power suppliers;
- q. Less: the amount of revenue billed during the month under the ECABF, reduced to provide for Franchise Fees and Uncollectible Accounts.

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PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

6. Energy Cost Adjustment Account. (Continued)

- r. Less: During periods of AER suspension, the amount of revenue billed during the month under the AER, reduced to provide for Franchise Fees and Uncollectible Accounts.

If the above calculation produces a positive amount (undercollection), such amount will be debited to the Balancing Account. If the calculation produces a negative amount (overcollection), such amount will be credited to the Balancing Account. Interest will accrue monthly to the Balancing Account by applying the Interest Rate to the average of the beginning and ending balance.

The balance in this account will be subject to adjustments to reflect the operation of the Coal Plant Incentive Provision, the Earnings Limitation Provision, the Nuclear Unit Incentive Provision, and any other adjustments which the Commission may authorize.

7. Fuel Oil Inventory Related-Cost Memorandum Accounts. The Company shall maintain Fuel Oil Inventory Related-Cost Memorandum Accounts for its coal, fuel oil, and nuclear fuel inventories. An entry shall be made in the applicable account each month to reflect accrued interest to the Fuel Inventory Related-Cost Memorandum Accounts by applying the Interest Rate to the average of the beginning and ending balances. Amounts in these accounts shall be transferred to the Energy Cost Adjustment Account when found reasonable by the Commission in the Annual Review of Reasonableness.

8. Annual Energy Rate (AER).

The Company shall calculate the AER as follows:

- a. Fuel and purchased power expense, including variable wheeling charges, estimated for the Forecast Period;
- b. Less: The gas expense estimated during the Forecast Period associated with the Southern California Gas Company Natural Gas Pilot Program;
- c. Less: The amount of revenue estimated to be billed during the Forecast Period for the fuel and purchased power energy component of off-system sales;
- d. Plus: The fuel oil contract facility charges estimated for the Forecast Period;
- e. Plus: The fuel oil contract underlift payments estimated for the Forecast Period;

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PRELIMINARY STATEMENT

(Continued)

G. ENERGY COST ADJUSTMENT CLAUSE (ECAC) (Continued)

8. Annual Energy Rate (AER). (Continued)

- f. Plus: Carrying costs associated with fuel oil, gas, coal, and nuclear fuel inventories estimated for the Forecast Period;
- g. Plus: Gains and losses on the sale of fuel oil, gas, coal and nuclear fuel inventories estimated for the Forecast Period;
- h. The net of "a" through "g" shall be the fuel and purchased power costs and other energy-related costs applicable for inclusion in the AER. This amount shall be allocated to the sales subject to the ECAC estimated to be sold during the Forecast Period in direct proportion to the ratio of generation for such sales to total system sales;
- i. Less: The appropriate percentage of the result of "h" in order to reflect the impact of the Average Energy Cost Adjustment Rate pursuant to applicable Commission Decisions.
- j. The net of "h" and "i", increased to provide for Franchise Fees and Uncollectible Accounts, shall be divided by the sales subject to the ECAC estimated to be sold during the Forecast Period. The result shall be the Annual Energy Rate, expressed in cents per kilowatthour. At such times that the Commission authorizes or adopts any adjustments which affect the costs applicable for inclusion in the AER, the AER shall be appropriately revised, if the Commission authorizes the revision.
- k. Should the Forecast Period upon which the AER was calculated end, the AER shall be automatically suspended until such time the Commission adopts a new Forecast Period AER. Effective for service rendered on and after August 8, 1990, the AER is suspended. AER revenues and expenses shall receive 100% ECAC balancing account treatment during periods when the AER is suspended.

The AER listed below have been, or are, in effect for the periods indicated:

<u>Effective Date</u>	<u>Annual Energy Rate Per kWh</u>
12/01/87	\$.00279
01/20/88	\$.00276
06/01/88	\$.00000
02/01/90	\$.00381
09/19/90	\$.00000

9. Annual Review of Reasonableness. In conjunction with the January 1 Revision Date filing, the Company shall file with the Commission a report on the reasonableness of recorded fuel and energy costs and other energy-related costs includable in the ECAC Balancing Account during the Record Period.

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PRELIMINARY STATEMENT

(Continued)

J. ELECTRIC REVENUE ADJUSTMENT MECHANISM (ERAM) (Continued)

4. Electric Revenue Adjustment Account. (Continued)

- a. The applicable Authorized Level of Base Rate Revenue, from Table A below, shall be multiplied by the applicable Monthly Distribution Percentage from Table B below:

Table A

Authorized Level of Base Rate Revenue for Rate Change Effective:

<u>10/18/91</u>	<u>12/31/91</u>	<u>01/01/92</u>	<u>01/20/92</u>	<u>07/01/92</u> (w)
\$3,958,605,892 1/	\$3,983,825,000 2/	\$4,038,029,000 3/	\$4,058,230,000 4/	\$_____ (w)

Pursuant to:

- 1/ Decision No. 91-07-006
- 2/ Resolution E-3249
- 3/ Decision No. 91-12-076
- 4/ Decision No. 86-10-023

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Phil.09 (3)

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PRELIMINARY STATEMENT

(Continued)

J. ELECTRIC REVENUE ADJUSTMENT MECHANISM (ERAM) (Continued)

4. Electric Revenue Adjustment Account. (Continued)

Table 8

Monthly Distribution Percentage
Factors For Rate Change Effective:

Month	Effective 10/18/91	Effective 12/31/91	Effective 01/01/92	Effective 01/20/92	Effective 07/01/92
January, 1992	4.59	0.15	2.21	1.40	(2)
February	0.13	0.01	2.73	1.53	
March			0.09	7.88	
April				7.60	
May				7.71	
June				7.92	
July				8.65	
August				9.57	
September				9.21	
October				8.91	
November				8.06	
December				7.95	
January, 1993				6.95	
February				2.87	
March				0.09	

- b. Plus: Any amount above the Authorized Level of Base Rate Revenue described in 4.a. above for the Monthly Recovered Deferred Debit Revenue Requirement Amount including interest determined pursuant to Part L of the Preliminary Statement, increased to provide for Franchise Fees and Uncollectible Accounts;

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Resolution _____

Preliminary Statement

I. San Onofre Nuclear Generating Station Unit 1 (SONGS 1) Ratemaking Procedure

1. Purpose. The purpose of the SONGS 1 Ratemaking Procedure is to provide a procedure for the rate recovery, by the end of a 48 month period, of the investment-related costs and certain non-investment related expenses associated with the Company's ownership share of SONGS 1. This procedure was developed pursuant to a settlement agreement and therefore shall not be used as a precedent for any ratemaking purpose.

2. Applicability. The SONGS 1 Ratemaking Procedure applies to certain rate schedules and certain special contracts subject to the jurisdiction of the Commission.

3. Definitions

a. Effective Date:

The Effective Date shall be the first day of the month following the acceptance of the Commission's decision adopting the ratemaking treatment for SONGS

February 6, 1992

1 pursuant to the "Settlement Agreement Regarding Amortization of San Onofre Nuclear Generating Station Unit No. 1".

b. Revision Date:

(1) The Revision Date shall initially be the Effective Date and thereafter the Revision Date shall occur annually on the anniversary of the Effective Date through the fourth anniversary.

(2) Rate revisions (excluding rate level changes) after the Effective Date, shall be filed by Advice Letter at least 60 days prior to each Revision Date, and shall be made effective for service rendered on and after the Revision Date.

c. Amortization Period:

The Amortization Period shall be the period commencing on the Effective Date and ending on the last day of the 48th month thereafter.

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d. SONGS 1 Plant Investment:

The SONGS 1 Plant Investment shall be the Company's share of SONGS 1 investment to be recovered in rates by the end of the Amortization Period. The amount of SONGS 1 Plant Investment is dependent on whether SONGS 1 shuts down after the end of Fuel Cycle 11 or after the end of Fuel Cycle 11B. The maximum SONGS 1 Plant Investment to be recovered by the Company under each of the two shut-down scenarios is set forth below:

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February 6, 1992

SONGS 1 Plant Investment

<u>(Edison's Share)</u>	<u>Amount (\$000)</u>
Plant In Service:	\$601,839
Nuclear Design Basis Documentation:	\$9,828
Construction Work In Progress:	\$20,126
Material and Supply Inventory:	<u>\$6,500</u>
Recorded SONGS 1 Plant Investment	
as of December 31, 1991:	\$638,293
Maximum Plant Expenditures For	
SONGS 1 Shutdown	<u>\$4,800</u>
Maximum SONGS 1 Plant Investment If	
Shutdown At End of Fuel Cycle 11:	\$643,093
Maximum Plant Expenditures Required	
For Fuel Cycle 11B 1/:	<u>\$5,600</u>
Maximum SONGS 1 Plant Investment If	
Shutdown At End of Fuel Cycle 11B:	\$648,693

1/ In order for the Company to recover this amount of SONGS 1 Plant Investment, SONGS 1 must operate for 100 continuous hours at or above 55 percent of SONGS 1 Maximum Gross Capacity of 410 MW.

e. Amortization Amount:

The Amortization Amount shall be the monthly amount necessary to fully recover the Company's SONGS 1 Plant Investment by the end of the Amortization Period. The Amortization Amount shall be determined monthly from the following calculation:

- (1) SONGS 1 Plant Investment as recorded during the month;
- (2) Less: SONGS 1 Accumulated Amortization as recorded at the beginning of the month;
- (3) The result of (1) and (2) shall be divided by the number of months remaining in the Amortization Period as of the beginning of the month.

f. SONGS 1 Accumulated Depreciation:

SONGS 1 Accumulated Depreciation associated with SONGS 1 Plant Investment as of December 31, 1991 shall be \$212,866,000. This amount shall be increased on a monthly basis to reflect additional depreciation expense associated with the Company's SONGS 1 Plant Investment for the period commencing January 1, 1992 through the Effective Date. Such

depreciation expense shall be based on the most recently adopted depreciation rates for SONGS 1.

g. SONGS 1 Accumulated Amortization:

SONGS 1 Accumulated Amortization shall initially be equal to the SONGS 1 Accumulated Depreciation as of the Effective Date. For the period commencing with the Effective Date through the end of the Amortization Period, SONGS 1 Accumulated Amortization shall be increased on a monthly basis to reflect the monthly Amortization Amount.

h. SONGS 1 Accumulated Deferred Income Taxes:

SONGS 1 Accumulated Deferred Income Taxes as of December 31, 1991 shall be \$46,575,000 for SONGS 1 Plant Investment and (\$2,023,000) for SONGS 1 nuclear fuel inventory. These amounts shall be adjusted on a monthly basis to reflect recorded deferred income taxes associated with the Company's SONGS 1 Plant Investment and SONGS 1 nuclear fuel inventory for the period commencing January 1, 1992 through the end of the Amortization Period.

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i. SONGS 1 Unamortized Nuclear Fuel Inventory:

SONGS 1 Unamortized Nuclear Fuel Inventory shall be the Company's unamortized nuclear fuel inventory of \$68,641,000 as of December 31, 1991. This amount shall be adjusted to reflect: (1) the fuel burn associated with SONGS 1 operation for the period January 1, 1992 through the SONGS 1 Shut-Down Date; and (2) Commission decisions which determine the reasonableness of those nuclear fuel costs which are included in the SONGS 1 Unamortized Nuclear Fuel Inventory.

j. Annual SONGS 1 Investment-Related Revenue Requirement:

The Annual SONGS 1 Investment-Related Revenue Requirement shall be the estimated annual CPUC jurisdictional investment-related revenue requirement (including a provision for Franchise Fees and Uncollectible Accounts Expense) to recover the Company's SONGS 1 Plant Investment over the Amortization Period. The Annual SONGS 1 Investment-Related Revenue Requirements for each Revision Date are set forth below:

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[These amounts may be revised by the Compliance Advice Letter which implements this tariff.]

	Annual SONGS 1 Investment-Related Revenue Requirement
<u>Revision Date:</u>	<u>(\$000)</u>
Effective Date	165,667
First Anniversary	156,145
Second Anniversary	153,739
Third Anniversary	132,986
Fourth Anniversary	0

These amounts shall be subject to adjustment to reflect the Commission's decision in Cost-of-Capital (prior to the SONGS 1 Shut-Down Date) and/or Attrition Proceedings.

The Annual SONGS 1 Investment-Related Revenue Requirement shall be subject to adjustment pursuant to Section 1.8. of this SONGS 1 Ratemaking Procedure.

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k. Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement:

The Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement shall be the ultimately adopted CPUC jurisdictional noninvestment-related revenue requirement associated with operating SONGS 1 (including a provision for Franchise Fees and Uncollectible Accounts Expense). The ultimately adopted CPUC jurisdictional noninvestment-related revenue requirement shall include only those SONGS 1 expenses (including the SONGS 1 portion of noninvestment-related expenses common to SONGS 1, 2, and 3) associated with operating and maintenance expenses and administrative and general expenses as recorded in the following Federal Energy Regulatory Commission (FERC) and Company function accounts: 517, 519, 520, 523, 524, 525, 528, 529, 530, 531, 532, 924-Function 0165, 925-Function 0167, and 926.

The most recently adopted Annual SONGS 1 Operating Noninvestment-Related Revenue Requirements are set forth below:

	Annual
	SONGS 1 Operating
	Noninvestment-Related
<u>Date Effective:</u>	<u>Revenue Requirement (\$000)</u>
January 1, 1992	71,963
January 1, 1993	---
January 1, 1994	---

The Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement shall be subject to adjustment to reflect changes adopted by the Commission through Attrition Proceedings.

1. SONGS 1 Shut-Down Noninvestment-Related Expenses

The SONGS 1 Shut-Down Noninvestment-Related Expenses shall only reflect those expenses for SONGS 1 after the SONGS 1 Shut-Down Date for those FERC and Company function accounts listed in Section I.3.k of this SONGS 1 Ratemaking Procedure excluding SONGS 1 refueling expenses.

The monthly recorded SONGS 1 portion of noninvestment-related expenses common to SONGS 1,

February 6, 1992

2, and 3 shall be calculated as follows:

- (1) Noninvestment-related expenses common to SONGS 1, 2, and 3 recorded during the month;
- (2) Less: the product of \$51,302,000,^{2/} which reflects the SONGS 2 and 3 portion of noninvestment-related expenses common to SONGS 1, 2, and 3 in (1) above multiplied by the Monthly Distribution Percentage for the month;
- (3) If the cumulative amount associated with (1) and (2) over the period commencing with the SONGS 1 Shut-Down Date through December 31, 1994 is less than zero, then such cumulative amount shall be set equal to zero.

^{2/} This amount shall be subject to adjustment to reflect changes adopted by the Commission, through Attrition Proceedings.

m. Annual SONGS 1 Unamortized Nuclear Fuel Inventory
Revenue Requirement:

The Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement shall be the estimated annual CPUC jurisdictional revenue requirement (including a provision for Franchise Fees and Uncollectible Accounts Expense) to recover the Company's SONGS 1 Unamortized Nuclear Fuel Inventory by the end of the Amortization Period. The Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement adopted by the Commission is set forth below:

[The September 1, 1993 date and these amounts may be revised by the Compliance Advice Letter which implement this tariff.]

<u>Date Effective</u>	Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement (\$000)
September 1, 1993	19,114
1994 Revision Date	19,990
1995 Revision Date	18,128

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The Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement shall be subject to adjustment pursuant to Section I.9. of this SONGS 1 Ratemaking Procedure.

n. SONGS 1 1992 Refueling Revenue Requirement:

The SONGS 1 1992 Refueling Revenue Requirement shall be the CPUC jurisdictional revenue requirement (including a provision for Franchise Fees and Uncollectible Accounts Expense) associated with the Company's share of SONGS 1 refueling expense. The 1992 CPUC jurisdictional revenue requirement associated with SONGS 1 refueling expenses is \$15,771,000 as adopted in Decision No. 91-12-076.

o. Carrying Cost Rate for SONGS 1:

For the period commencing with the Effective Date through the SONGS 1 Shut-Down Date, the Carrying Cost Rate for SONGS 1 shall be the Company's most recently adopted rate of return on rate base. For the period commencing on the day after the SONGS 1 Shut-Down Date through the end of the Amortization

Period, the Carrying Cost Rate for SONGS 1 shall be 8.98%, after tax.

p. Taxes:

Taxes shall include any and all federal, state, and local tax costs, or deferred income tax, related to either operating or shutting down SONGS 1 from the Effective Date through the end of the Amortization Period.

q. Franchise Fees and Uncollectible Accounts Expense:

Franchise Fees and Uncollectible Accounts Expense shall be the rates most recently adopted by the Commission. The most recently adopted rate is 0.9957 percent.

r. SONGS 1 Shut-Down Date:

The SONGS 1 Shut-Down Date shall be the day the main generator output circuit breakers are open and the Company declares that SONGS 1 is permanently unavailable for the generation of electricity. Within five working days after the SONGS 1 Shut-

Down Date, the Company shall file an affidavit with the Commission stating that SONGS 1 is permanently unavailable for the generation of electricity.

s. Monthly Distribution Percentages:

The purpose of the Monthly Distribution Percentages is to allocate on a monthly basis: (1) the Annual SONGS 1 Investment-Related Revenue Requirement, (2) the Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement; and (3) the Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement. The currently effective Monthly Distribution Percentages are set forth below:

For Rate Change Effective:

(To Be Provided)

TO BE PROVIDED IN THE COMPLIANCE
ADVICE LETTER IMPLEMENTING THIS
TARIFF WHICH WILL REFLECT THE THEN-
EFFECTIVE MONTHLY DISTRIBUTION
PERCENTAGES.

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t. Interest Rate:

The Interest Rate shall be $1/12$ of the most recent month's interest rate on Commercial Paper (prime, three months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, three months) be discontinued, interest will so accrue at the rate of $1/12$ of the most recent month's interest rate on Commercial Paper which most closely approximates the rate that was discontinued and which is published in the Federal Reserve Statistical Release, G.13, or its successor publication.

u. Nuclear Fuel Inventory Interest Rate:

The Nuclear Fuel Inventory Interest Rate shall be $1/12$ of the most recent month's annualized recorded effective yield on the applicable blend of short- and intermediate-term debt dedicated to nuclear fuel inventory financing. In the absence of the Nuclear Fuel Inventory Interest Rate, the Interest Rate shall be used.

v. Financing Issuance Costs:

Financing Issuance Costs shall be the expenses associated with maintaining debt used for financing nuclear fuel inventory.

4. SONGS 1 Investment-Related Memorandum Account.

The Company shall maintain a SONGS 1 Investment-Related Memorandum Account. Entries to this account shall be made monthly commencing with the month of the Effective Date and continue through the second month after the end of the Amortization Period. Such entries shall be made independent of changes to the Company's Authorized Level of Base Rate Revenue (ALBRR) under the Electric Revenue Adjustment Mechanism (ERAM). Entries to this account at the end of each month shall be determined from the following calculations:

- a. Amortization Amount as recorded during the month;
- b. Plus: Ad valorem taxes associated with SONGS 1 as recorded during the month;
- c. Plus: Taxes based on income, including appropriate

tax adjustments, all as recorded during the month;

- d. Plus: Carrying Cost, which shall be one-twelfth of the Carrying Cost Rate for SONGS 1, multiplied by the result of the following calculation:
- (1) The average of the beginning and end of month balances for SONGS 1 Plant Investment;
 - (2) Less: The average of the beginning and end of month balances for SONGS 1 Accumulated Amortization;
 - (3) Less: The average of the beginning and end of month balances for Accumulated Deferred Income Taxes;
- e. Plus: A provision for Franchise Fees and Uncollectible Accounts Expense applicable to the result of "a" through "d";
- f. Less: The result of "a" through "e" multiplied by the most recently adopted resale jurisdiction allocation factor;
- g. Less: The product of the Annual SONGS 1 Investment-Related Revenue Requirement, multiplied by the Monthly Distribution Percentage for the month.

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If the above calculation produces a positive amount (undercollection), such amount shall be debited to this memorandum account. If the calculation produces a negative amount (overcollection), such amount shall be credited to this memorandum account.

At the end of the Amortization Period, the balance in this memorandum account shall be adjusted by an amount necessary to ensure that all federal tax effects associated with SONGS 1-related California State Income Taxes are reflected in rates.

Interest will accrue monthly to this memorandum account by applying the Interest Rate to the average of the beginning and ending balances. At the end of the second month after the Amortization Period, any remaining balance shall be transferred to the Electric Revenue Adjustment Account (ERAM Balancing Account) or other appropriate balancing account. It is intended that the transferred balance be amortized over a twelve month period commencing on the next regularly scheduled Electric Revenue Adjustment Billing Factor (ERABF) rate level change after the Amortization Period.

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5. SONGS 1 Noninvestment-Related Memorandum Account.

The Company shall maintain a SONGS 1 Noninvestment-Related Memorandum Account. The initial entry to this account shall be made on the first day of the month after the SONGS 1 Shut-Down Date and shall continue to be made through the effective date of base rates which reflect a Commission decision adopting a level of SONGS 1 Shut-Down Noninvestment-Related Revenue Requirement. Entries to the SONGS 1 Noninvestment-Related Memorandum Account at the end of each month shall be determined from the following calculations:

- a. SONGS 1 Shut-Down Noninvestment-Related Expenses recorded during the month;
- b. Plus: A provision for Franchise Fees and Uncollectible Accounts Expense applicable to "a";
- c. Less: The result of "a" and "b" multiplied by the most recently adopted resale jurisdiction allocation factor;
- d. Less: The product of the Annual SONGS 1 Operating Noninvestment-Related Revenue Requirement for SONGS

February 6, 1992

1 multiplied by the Monthly Distribution Percentage for the month.

If the above calculation produces a positive amount (undercollection) such amount shall be debited to this memorandum account. If the calculation produces a negative amount (overcollection) such amount shall be credited to this memorandum account.

Interest will accrue monthly to this memorandum account by applying the Interest Rate to the average of the beginning and ending balances. At the end of the second month after the Amortization Period, any accumulated overcollection in the account shall be transferred to the ERAM Balancing Account or other appropriate balancing account. The amount transferred shall be subject to audit by the Commission. It is intended that the transferred balance be amortized over a twelve month period commencing on the next regularly scheduled ERABF rate level change after the Amortization Period. Any accumulated undercollection in the account shall be borne by shareholders and shall not be recoverable from ratepayers.

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6. SONGS 1 Unamortized Nuclear Fuel Inventory Memorandum Account.

The Company shall maintain a SONGS 1 Unamortized Nuclear Fuel Inventory Memorandum Account. The initial entry to this account shall be made on the first day of the month after the SONGS 1 Shut-Down Date and shall be equal to the then-recorded CPUC jurisdictional amount of SONGS 1 Unamortized Nuclear Fuel Inventory increased to provide for Franchise Fees and Uncollectible Accounts Expense. The balance in this memorandum account shall be reduced at the end of each month by an amount equal to the product of the Annual SONGS 1 Unamortized Nuclear Fuel Inventory Revenue Requirement multiplied by the Monthly Distribution Percentage for the month. The balance in this memorandum account shall be subject to adjustment to reflect Commission decisions which determine the reasonableness of those nuclear fuel costs which are included in the SONGS 1 Unamortized Nuclear Fuel Inventory. The balance in this memorandum account shall also be subject to adjustment to reflect any gains or losses on the sale of SONGS 1 nuclear fuel inventory recorded on and after the first day of the month following the SONGS 1 Shut-Down Date.

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Carrying costs shall accrue monthly to this account by multiplying the recorded Nuclear Fuel Inventory Interest Rate, plus Financing Issuance Costs, by the result of the following calculation:

- a. Average of the beginning and end of month balances in the SONGS 1 Unamortized Nuclear Fuel Inventory Memorandum Account;
- b. Less: The average of the beginning and end of month SONGS 1 Accumulated Deferred Taxes associated with nuclear fuel inventory.

At the end of the second month after the Amortization Period, any remaining balance in this memorandum account shall be transferred to the ERAM Balancing Account or other appropriate balancing account. It is intended that the transferred balance be amortized over a twelve month period commencing with the next regularly scheduled ERABF rate level change after the Amortization Period.

7. SONGS 1 Refueling Expense Memorandum Account.

The Company shall maintain a SONGS 1 Refueling Expense Memorandum Account. Entries to this account shall be

From: ronald.litzinger/sce/eix;nsf;ron.litzinger@sce.com;smtp
Sent: Thu Apr 11 2013 16:21:45 PDT
To: ted.craver/sce/eix@sce;robert.adler/sce/eix@sce;jim.scilacci/sce/eix@sce
CC:
Subject: Discussion with SP
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

I met Steve face to face this morning and reinforced that there can be no discussions with the CPUC on settlement that is not sanctioned by us. There will only be one spokesperson appointed by us. I noted we are in listen mode only--Steve has yet another "social dinner" with President Peevey this weekend??

I pressed Steve as to whether his two previous meetings were listen only given we have heard whispers of leaks from the CPUC of significant SCE presence on the issue. He said he did not engage. He said the CPUC leaks like a sieve to which I commented that only reinforced my no unsanctioned engagement statement. By the way, Ed Randolph is currently in the hot seat for recording a private meeting with legislators without gaining prior consent and then getting caught.

For what it is worth, he volunteered independently that we should only engage with TURN at first (he mentioned Matt Friedman). I used that as an opportunity to seek out the answer to our question on "TURN without DRA". Steve said that can be done, but would likely result in a "protested settlement" with a hearing--DRA of course filing the protest. He would recommend considering inviting DRA in later in the process. I took it all under advisement. He said President Peevey feels strongly about Geesman. I merely responded his testimony shows him to be merely a "bomb thrower". He said is smart and could be trusted--"at least when he was in a superior position as a regulator". I again stated his testimony was inflammatory.

I left meeting uneasy. I am pondering another conversation clearly stating that unauthorized engagement would result in dismissal--but common sense would dictate that without saying it. Any thoughts would be appreciated.

From: michael hoover/sce/eix
Sent: Wed May 29 2013 19:22:50 PDT
To: les starck/sce/eix@sce
CC:
Subject: Re: SONGS Press Release: SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

In talking with Carol, she indicated that Pickett was well prepared in Poland with specifics, but then nothing has happened. Not making a decision is a decision not to move forward. Mike also told me that Pickett is very frustrated....

From: Les Starck
Sent: 05/29/2013 07:08 PM PDT
To: Michael Hoover
Subject: Re: SONGS Press Release: SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant

We need to talk with Pickett ASAP to let him know about your discussions with Peevey. Time is running out. I also have no idea if Ron and Ted are even thinking this way.

Sent from my iPhone

On May 29, 2013, at 6:43 PM, "Michael Hoover" <Michael.Hoover@sce.com> wrote:

We have a small window of opportunity to work with parties to implement a shutdown in exchange for getting our money back. That window will close soon and we will lose a very good opportunity.

From: Les Starck
Sent: 05/29/2013 03:03 PM PDT
To: Michael Hoover
Subject: Re: SONGS Press Release: SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant

Boxer has come unhinged...she's done this before to SCE back in the days of the energy crisis. I just heard that she said she would "disembowel" the NRC if they allow restart. What we need is someone with courage at the NRC to stand up to her and do the right thing. We'll see, but my hope is fading.

Sent from my iPhone

On May 29, 2013, at 4:07 PM, "Michael Hoover" <Michael.Hoover@sce.com> wrote:

Peevey was made aware of the letters last Thursday. He is really unhappy with the way we handled this. He views the release of the letters as just another salvo, his real frustration is with how we are dealing with the whole thing. I can fill you in next week.

Les Starck---05/29/2013 07:34 AM PDT---Commissioners, FYI, attached is SCE's press release released yesterday regarding SONGS.

From:

Les Starck

To:

mp1@cpuc.ca.gov; catherine.sandoval@cpuc.ca.gov; mike.florio@cpuc.ca.gov; mark.ferron@cpuc.ca.gov; cap@cpuc.ca.gov

Cc:

EFR@cpuc.ca.gov; "Lindh, Frank" <frank.lindh@cpuc.ca.gov>; pac@cpuc.ca.gov

Date:

05/29/2013 07:34 AM PDT

Subject:

SONGS Press Release: SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant

Commissioners, FYI, attached is SCE's press release released yesterday regarding SONGS.

[attachment "SCE Press Release 5-28-13 FINAL .pdf" deleted by Michael Hoover/SCE/EIX]

SCE Exercised Responsible Oversight for Replacement Steam Generators
at the San Onofre Nuclear Plant

ROSEMEAD, Calif., May 28, 2013 — Letters released today by Southern California Edison (SCE) demonstrate that it exercised responsible oversight of the vendor of the San Onofre nuclear plant replacement steam generators before any designs were completed or approved.

SCE is restating its position after allegations from U.S. Sen. Barbara Boxer at a press conference this afternoon regarding correspondence from SCE to Mitsubishi Heavy Industries (MHI), the manufacturer of the replacement steam generators. SCE provided the November 2004 correspondence referenced by Sen. Boxer and a June 2005 letter from SCE to MHI to the Nuclear Regulatory Commission (NRC) in April in connection with ongoing NRC proceedings.

“In response to Sen. Boxer’s statement, we believe that the determination for restart must be made based on technical merits, through the established nuclear regulatory process,” said Pete Dietrich, SCE senior vice president and chief nuclear officer.

“SCE’s own oversight of MHI’s design review complied with industry standards and best practices.” He added. “SCE would never, and did not, install steam generators that it believed would impact public safety or impair reliability.”

The November 2004 and June 2005 letters have also been provided to parties involved in a California Public Utilities Commission investigation and are now posted online.

These letters emphasize the importance of careful attention to the design of the steam generators. Recognizing that SCE was not the designer of the steam generators and that there were limitations on the assistance SCE could provide, the letters identify a number of design issues that SCE asked MHI to focus on to ensure that design flaws were not inadvertently introduced.

SCE took numerous steps to ensure that MHI appropriately addressed these concerns, including design review meetings, executive oversight meetings, and meetings of many other groups of SCE and MHI personnel.

“We take very seriously our responsibility to ensure we protect the public’s health and safety,” Dietrich said. “These documents demonstrate the type of careful oversight that SCE exercised during the replacement steam generator project and also served to establish our expectations of MHI.”

In the November 2004 letter, SCE emphasized the care that would be needed during the design phase because of the differences between the new and old units. These differences—which were intended to improve the overall performance of the new units—were permitted under the NRC’s 50.59 process, which allows changes to a nuclear facility if certain criteria are met. Contrary to Sen. Boxer’s suggestion, Section 50.59 does NOT require that replacement equipment be “like for like” or identical to the equipment being replaced.

Instead, the very purpose of the regulation is to permit certain types of design changes. In general, a licensee may make a change to the design of a licensed facility without prior NRC approval if the change does not require a change to the plant’s NRC-approved technical specifications or if the change would not change the facility “as described in the safety analysis report.” This report is the official description of the nuclear plant that was approved by the NRC in the initial licensing, as updated throughout the life of the plant.

SCE advised the NRC that the San Onofre steam generators contained a number of different features from the previous design. In fact, safety evaluations prepared by the NRC in connection with amendments to the San Onofre license associated with the steam generator replacements described the most important of those changes in detail. At no time did SCE hide the differences from the NRC, nor did it seek to mislead the NRC concerning the applicability of Section 50.59 to the project. Any suggestion that seeks to draw from the November 2004 letter a contrary conclusion is simply incorrect and relies on the fundamental error of viewing Section 50.59 as applying to identical, or “like for like” replacements.

A leak occurred in one of the San Onofre steam generators in January 2012, and both units have remained shut down since then. The NRC has determined that the problems in the steam generators were associated with errors in MHI’s computer modeling, which led to underestimation of thermal hydraulic conditions in the generators.

The San Onofre nuclear plant is the largest source of baseload generation and voltage support in the region and is a critical asset in meeting California’s clean energy needs. Both units at the plant are currently safely shut down. Unit 2 was taken out of service Jan. 9, 2012, for a planned outage. Unit 3 was safely taken offline Jan. 31, 2012, after station operators detected a leak in a steam generator tube.

More information is available at www.edison.com/SONGSupdate and at www.SONGScommunity.com. San Onofre is jointly owned by SCE (78.21 percent), San Diego Gas & Electric (20 percent) and the city of Riverside (1.79 percent). Follow us on Twitter (www.twitter.com/SCE) and Facebook (www.facebook.com/SCE).

About Southern California Edison

An Edison International (NYSE:EIX) company, Southern California Edison is one of the nation’s largest electric utilities, serving a population of nearly 14 million via 4.9 million customer accounts in a 50,000-square-mile service area within Central, Coastal and Southern California.

From: ted craver/sce/eix;nsf;ted.craver@edisonintl.com;smtp
Sent: Thu Jun 06 2013 20:00:50 PDT
To: bf@L[Redacted];brett.white[Redacted];dickschlosberg[Redacted];france@[Redacted];jeetsbindra[Redacted];Inogalesi[Redacted];peter.taylor@[Redacted];ron.olson@mto.com;tomst
CC: robert.adler/sce/eix@sce
Subject: Brown--Feinstein--Peevey phone calls
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

Wanted to give you a quick report on my phone calls with Governor Brown, Senator Feinstein and Mike Peevey. They all were quite positive and constructive.

Governor Brown--about 10 minutes (was in Rancho Mirage with Pres. Obama, Chinese). Appreciated call. Asked some questions about decommissioning and number of employees. He said what we were doing seemed right under the circumstances, good to reduce uncertainty, and took a little swipe at NRC bungling the process which was going to cause harm to CA. Fished for whether we were going to blast NRC or Boxer; I said "no, I didn't see any mileage in that. We were taking the high road and focusing on the future and insuring system reliability for our customers." He said he agreed that was best approach. I indicated that I imagined his office would get media calls tomorrow about this and would be looking for his reaction; I indicated that if he was so moved, it would help if he could indicate we had talked and that he thought the company was acting responsibly and focused on the right things. He indicated a willingness to do that.

Seantor Feinstein--about 15 minutes. She was incredibly warm, understanding and supportive. Asked several questions about employee impacts, decommissioning process, spent fuel storage. Never specifically mentioned Boxer, but recognized how "tough this must have been for us". Thanked me for all the briefings; said she knew we had worked this issue very hard, trying to do the right thing, been very deliberate, etc, etc. Told me she was going to issue a statement after our call tomorrow complimenting the company and me for doing the right thing for customers and CA, etc. I told her providing the press with positive comments about Edison would be greatly appreciated as a counter-balance to some of the recent jabs to our reputation, and that her offer meant a great deal to me.

President Peevey--actually two calls, as the first one was interrupted by the Governor's call. Constructive, positive. Glad to get this uncertainty over with and focused on their ratemaking OII. Said he was going out with a statement after our investor call; his statement will focus on "urging the parties to meet and see if they could come up with a settlement to submit to the CPUC" and that he was going to convene a task force of sorts including the two utilities and various state agencies to work on insuring reliability. We talked about my call with the Governor, and I asked him to see if he could get the Governor to say something supportive about our handling of the situation and looking forward.

If any of you are dying to get up early and listen to the investor call at 5:30 am Pacific, the details are 1-800-369-2198; passcode "Edison". You may have to give your name to the operator and your company (just say ELX director).

Thanks again for your time today.

From: les starck/sce/eix;nsf;les.starck@sce.com;smtp
Sent: Fri Jun 07 2013 11:58:13 PDT
To: stephen e pickett/sce/eix@sce
CC:
Subject: Fw: SONGS Conversations At the CPUC
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

See Mike's note below about his discussions with Florio's chief of staff. They're encouraging us to get "out front" early on settling this with the parties and to do everything we can to keep this out of the Commission's hands. They've learned much from the San Bruno effort (i.e. claims that the commission is in the "pockets" of the utilities) and want to avoid a repeat as much as they can.

Who will have the lead in formulating our strategy for settlement?

Les Starck
Senior Vice President
Regulatory Policy & Affairs
Southern California Edison
Office: 415-929-5512
Cell: Redacted--Privacy

----- Forwarded by Les Starck/SCE/EIX on 06/07/2013 11:55 AM -----

From: Michael Hoover/SCE/EIX
To: Catherine Hackney/SCE/EIX@SCE, Laura Genao/SCE/EIX@SCE, Connor J Flanigan/SCE/EIX@SCE, Les Starck/SCE/EIX@SCE, Gary Stern/SCE/EIX@SCE, Megan Scott-Kakures/SCE/EIX@SCE, Russell Worden/SCE/EIX@SCE, Caroline Choi/SCE/EIX@SCE, Gary Schoonyan/SCE/EIX@SCE,
Date: 06/07/2013 11:51 AM
Subject: SONGS Conversations At the CPUC

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I'm sure you-all are thinking along the same lines, but it is really important that we stay in touch on SONGS and what the various agencies are doing saying, etc.

I've touched base with all of the chiefs of staff at the CPUC - most of the Commissioners are out but have already talked to Ted - and they all ask the same question: Is the timing of the decision significant? I tell them that with no decision looming at the NRC, the economics of the plant just don't add up and its time to get on with life - delaying the inevitable hurts our customers, our investors, and our employees.

Sepideh of Florio's office was fairly forthright. She said we need to move quickly to address cost recovery and other shutdown issues going forward. We discussed how to do that in a manner that is inclusive of the parties

and avoids the type of animosity toward the CPUC that has plagued the PG&E San Bruno proceeding. Ideas to consider are filing a motion for Alternate Dispute Resolution at the CPUC, outreach to the leaders of the key stakeholder groups involved in the Songs proceeding to initiate discussions quickly. We agreed that it would be best if SCE got out in front in terms of trying to put a process in place that would result in resolution of the issues in a manner that does not rely on protracted hearings etc. Delay only hurts everyone.

We discussed some of the reliability issues as well. Sepideh has been approached by the water board and they have indicated a willingness to make available all of the pumping load for water projects as Demand Response whenever needed and to re-evaluate their OTC policy. We need to work cooperatively with all of these folks.

Thanks

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office

From: ted craver/sce/eix
Sent: Tue Jun 11 2013 19:31:33 PDT
To: ronald litzinger/sce/eix@sce;robert adler/sce/eix@sce;jim scilacci/sce/eix@sce
CC:
Subject: Re: SDG&E/SONGS
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

I was clear with Peevey that it was Bob Adler.

From:
Ronald Litzinger
To:
Ted Craver; Robert Adler; Jim Scilacci
Date:
06/11/2013 07:20 PM PDT
Subject:
Fw: SDG&E/SONGS

Will advise as to what I hear from Jesse. Also try to discern if PUC is pushing all of this.

----- Original Message -----

From: Ronald Litzinger
Sent: 06/11/2013 06:21 PM PDT
To: Stephen Pickett
Subject: Re: SDG&E/SONGS
Let him know I will be talking with Jesse

From:
Stephen E Pickett
To:
Ronald Litzinger
Date:
06/11/2013 06:19 PM PDT
Subject:
Re: SDG&E/SONGS

Didn't say. He asked only for a call back identifying who he should work with here. I haven't returned the call.
Sent from my Blackberry

From:
Ronald Litzinger
To:
Stephen Pickett
Date:
06/11/2013 05:58 PM PDT
Subject:
Re: SDG&E/SONGS

I will follow up with Jesse. Peevey told Lee or is he doing this based on PUC Press Release

From:
Stephen E Pickett
To:
Ronald Litzinger
Date:
06/11/2013 05:50 PM PDT
Subject:
SDG&E/SONGS

Schavrien left me a voicemail asking who he should be working with here on SONGS settlement issues as invited by Peevey. Also, other ratemaking and tax issues surrounding the SONGS shutdown. Views?
Sent from my Blackberry

From: ted craver/sce/eix
Sent: Tue Jun 11 2013 19:40:07 PDT
To: ronald litzinger/sce/eix@sce
CC:
Subject: Re: SDG&E/SONGS
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

Agree. I was just making sure you knew that I was clear with Peevey.

From:
Ronald Litzinger
To:
Ted Craver
Cc:
Jim Scilacci; Robert Adler
Date:
06/11/2013 07:36 PM PDT
Subject:
Re: SDG&E/SONGS

I understand. I do not want to refer Lee to Bob until I talk to Jesse about our confidential and high level approach.

From: Ted Craver/SCE/EIX
To: Ronald Litzinger/SCE/EIX@SCE, Robert Adler/SCE/EIX@SCE, Jim Scilacci/SCE/EIX@SCE,
Date: 06/11/2013 07:31 PM
Subject: Re: SDG&E/SONGS

I was clear with Peevey that it was Bob Adler.

From:
Ronald Litzinger
To:
Ted Craver; Robert Adler; Jim Scilacci
Date:

06/11/2013 07:20 PM PDT

Subject:

Fw: SDG&E/SONGS

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Sent: 06/11/2013 06:21 PM PDT

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Subject: Re: SDG&E/SONGS

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Stephen E Pickett

To:

Ronald Litzinger

Date:

06/11/2013 06:19 PM PDT

Subject:

Re: SDG&E/SONGS

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Sent from my Blackberry

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Ronald Litzinger

To:

Stephen Pickett

Date:

06/11/2013 05:58 PM PDT

Subject:

Re: SDG&E/SONGS

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From:

Stephen E Pickett

To:
Ronald Litzinger
Date:
06/11/2013 05:50 PM PDT
Subject:
SDG&E/SONGS

Schavrien left me a voicemail asking who he should be working with here on SONGS settlement issues as invited by Peevey. Also, other ratemaking and tax issues surrounding the SONGS shutdown. Views?
Sent from my Blackberry

From: cynthia e salvador/sce/eix
Sent:
To:
CC:
Subject: Lunch w/Peevey/Litzinger/CH Team
Attachments: timeline full.docx

Importance: Low
Priority: Normal
Sensitivity: None

StartTime: Fri Sep 06 04:30:00 Pacific Daylight Time 2013
EndTime: Fri Sep 06 06:00:00 Pacific Daylight Time 2013
Location: Lucille's Smokehouse BBQ, 4611 Chino Hills Pkwy Chino Hills
Recurring: No
ShowReminder: No

Friday, September 6, 2013 – Photo shoot at TRTP tower

Day of Event Timeline

11:30 a.m.

Peevey and Litzinger meet at restaurant for lunch (lunch location is below)

1:00 p.m.

Depart restaurant for photo shoot location – Coral Ridge Park

1:15 p.m.

Arrive at Coral Ridge Park (location information is below)

1:20

Walk from parking lot to tower and greet City of Chino Hills mayor and councilmembers

1:25

Peevey gives brief remarks

1:30

Litzinger gives brief remarks

1:35

Begin photo shoot with Edison photographer (Jean Anderson)

1:45

Photo shoot concludes and parties leave the site

Lunch location

Lucille's Smokehouse BBQ

4611 Chino Hills Pkwy Chino Hills, CA 91709 - (909) 597-1227

Photo shoot location

Coral Ridge Park

1999 Avenida Cabrillo - near Eucalyptus Avenue and Avenida Cabrillo

<http://www.chinohills.org/index.aspx?NID=391>

Attendees

PUC

Paul Clanon, Executive Director

Frank Lindh, General Counsel (not confirmed)

PUC liaison - Denise Tyrell in LA office

Jason Coontz (project manager - will be in town that morning for site tours with Susan Nelson)

City of Chino Hills

Peter Rogers, Mayor

Ed Graham, Vice Mayor

Art Bennett, Council Member

Ray Marquez, Council Member

Cynthia Moran, Council Member

City Manager Mike Fleager

City Public Information Officer

SCE

Les Starck

Corporate Communications staff

Local Public Affairs staff

Kit Cole

Principal Manager, External Outreach

Public Involvement and Education (PI&E)

Local Public Affairs @ SCE

Redacted--Privacy (cell and office)

kit.cole@sce.com

(For a quicker response, text me at # above or email me)

Friday, September 6, 2013 – Photo shoot at TRTP tower

Day of Event Timeline

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City of Chino Hills

Peter Rogers, Mayor

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Cynthia Moran, Council Member

City Manager Mike Fleager

City Public Information Officer

SCE

Les Starck

Corporate Communications staff

Local Public Affairs staff

FOR INTERNAL USE ONLY

From: les starck/sce/eix
Sent: Fri Sep 06 2013 19:00:06 PDT
To: stephen e pickett/sce/eix@sce
CC:
Subject: Re: So?
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

You beat me to it! Tried calling...your line's busy. Call me cell anytime at Redacted--
Privacy. Meeting went well. Nice lunch with Peevey. Friendly and cordial. Mike says no ERRA until SONGS settled. He also said that the boundaries of any decision would be that we get all our capital and no replacement fuel, or none of our capital and all replacement fuel. Ron responded that it would be a combination of disallowances of the two...no reaction from Mike. Ron did say that he felt good about the progress of settlement discussions with multiple parties. Mike asked about timing...Ron couldn't say. I told Mike that no action by the Commission on ERRA is placing us in extremely difficult financial situation. Told him we're undercollecting \$100 million each month...same situation as under the energy crisis. He was very surprised to hear the numbers are that large.

Photo Op a non-event. Mike got a plaque from the city. Ed Royce just reviewed the history and patted himself on the back for their field hearing on the matter. He said that the "people won"...that "the process worked". Said SCE played by the rules, and is now proceeding to build the project on a positive footing. Ron's comments brief...about us working with the city to ensure safety and minimize disruptions.

From:
Stephen E Pickett
To:
Les Starck
Cc:

Date:
09/06/2013 05:45 PM PDT
Subject:
So?

How did it go?

I heard a blurb on NPR about the photo op, and I saw your note in the officer's memo. What happened with Peevey out there?

If you don't want to put it in an e mail, call me. I'm at home and you can reach me thru the Edison Op., or Redacted--
Privacy
Redacted--Privacy

From: les starck/sce/eix
Sent: Fri Sep 06 2013 19:13:37 PDT
To: michael hoover/sce/eix;thomas burhenn/sce/eix@sce;laura genao/sce/eix;"gary stern" <gary.stern@sce.com>
CC:
Subject: Summary of today's meeting with Peevey
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

All, here's my quick note to Steve about today's meeting:

You beat me to it! Tried calling...your line's busy. Call my cell anytime at Redacted--
Privacy . Meeting went well.
Nice lunch with Peevey. Friendly and cordial. Mike says no ERRRA until SONGS settled. He also said that the boundaries of any decision would be that we get all our capital and no replacement fuel, or none of our capital and all replacement fuel. Ron responded that it would be a combination of disallowances of the two...no reaction from Mike. Ron did say that he felt good about the progress of settlement discussions with multiple parties. Mike asked about timing...Ron couldn't say. I told Mike that no action by the Commission on ERRRA is placing us in extremely difficult financial situation. Told him we're undercollecting \$100 million each month...same situation as under the energy crisis. He was very surprised to hear the numbers are that large.

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From: michael hoover/sce/eix
Sent: Sat Sep 07 2013 18:55:27 PDT
To: laura genao/sce/eix@sce
CC:
Subject: Re: Summary of today's meeting with Peevey
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

Mike is also playing with him. He's saying if its left up to them it will be harsh....

From:
Michael Hoover
To:
Laura Genao
Date:
09/07/2013 06:52 PM PDT
Subject:
Re: Summary of today's meeting with Peevey

He should not put this in notes.....

From:
Laura Genao
To:
Michael Hoover
Date:
09/06/2013 07:23 PM PDT
Subject:
Fw: Summary of today's meeting with Peevey

Fyi

----- Original Message -----

From: Laura Genao
Sent: 09/06/2013 07:21 PM PDT
To: Les Starck
Subject: Re: Summary of today's meeting with Peevey
You should talk to Mike H. about the potential ex parte implication of today's conversation.

From:
Les Starck
To:
Michael Hoover; Thomas Burhenn; Laura Genao; Gary Stern
Date:
09/06/2013 07:13 PM PDT
Subject:
Summary of today's meeting with Peevey

All, here's my quick note to Steve about today's meeting:

You beat me to it! Tried calling...your line's busy. Call my cell anytime at Redacted--
Privacy. Meeting went well. Nice lunch with Peevey. Friendly and cordial. Mike says no ERRRA until SONGS settled. He also said that the boundaries of any decision would be that we get all our capital and no replacement fuel, or none of our capital and all replacement fuel. Ron responded that it would be a combination of disallowances of the two...no reaction from Mike. Ron did say that he felt good about the progress of settlement discussions with multiple parties. Mike asked about timing...Ron couldn't say. I told Mike that no action by the Commission on ERRRA is placing us in extremely difficult financial situation. Told him we're undercollecting \$100 million each month...same situation as under the energy crisis. He was very surprised to hear the numbers are that large.

Photo Op a non-event. Mike got a plaque from the city. Ed Royce just reviewed the history and patted himself on the back for their field hearing on the matter. Mike said that the "people won"...that "the process worked". Said SCE played by the rules, and is now proceeding to build the project on a positive footing. Ron's comments brief...about us working with the city to ensure safety and minimize disruptions.

From: ronald litzinger/sce/eix;nsf;ron.litzinger@sce.com;smtp
Sent: Thu Mar 27 2014 15:09:56 PDT
To: michael hoover/sce/eix@sce
liese mosher/sce/eix@sce;amy f pressler/sce/eix@sce;andi murray/songs/sce/eix@sce;barbara mathews/sce/eix@sce;chris thompson/sce/eix@sce;christopher abel/sce/eix@sce;cindy howell/sce/eix@sce;cody tubbs/sce/eix@sce;dan cleavenger/songs/sce/eix@sce;dean yoshitani/sce/eix@sce;felicia a williams eix/sce/eix@sce;gaddi vasquez/sce/eix@sce;gloria quinn/sce/eix@sce;janet clayton/sce/eix@sce;jessica ritchey/sce/eix@sce;jill corral/songs/sce/eix@sce;jim scilacci/sce/eix@sce;john brabec/songs/sce/eix@sce;justina garcia/sce/eix@sce;kelly e boyd/sce/eix@sce;larry labrado/sce/eix@sce;laura genao/sce/eix@sce;les starck/sce/eix@sce;manuel alvarez/sce/eix@sce;manuel camargo/sce/eix@sce;mark nelson/sce/eix@sce;"media relations group list" <media_relations_group_list@sce.com>;megan jordan/sce/eix@sce;megan scott-kakures/sce/eix@sce;michael backstrom/sce/eix@sce;robert adler/sce/eix@sce;roderick brewer/sce/eix@sce;russell swartz/sce/eix@sce;russell worden/sce/eix@sce;scott cunningham/sce/eix;steven conroy/sce/eix@sce;stuart hemphill/sce/eix@sce;ted craver/sce/eix@sce;thomas calabro/sce/eix@sce;tom palmisano/songs/sce/eix@sce;veronica gutierrez/sce/eix@sce;zanku armenian/sce/eix@sce
CC:
Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

Mike--I have already spoken with President Peevey and Commissioner Florio. Calling Commissioners Sandoval, Peterman and Picker next. I am going to call Ferron's office number for Picker, but may need his contact information from you

Ron Litzinger
President, Southern California Edison
2244 Walnut Grove, Rosemead, CA 91770
Ofc: 626.302.1379 | Fx: 626.302.4737 | ron.litzinger@sce.com

From: Michael Hoover/SCE/EIX
To: Liese Mosher/SCE/EIX@SCE,
Cc: Amy F Pressler/SCE/EIX@SCE, Andi Murray/SONGS/SCE/EIX@SCE, Barbara Mathews/SCE/EIX@SCE, Chris Thompson/SCE/EIX@SCE, Christopher Abel/SCE/EIX@SCE, Cindy Howell/SCE/EIX@SCE, Cody Tubbs/SCE/EIX@SCE, DAN CLEAVENGER/SONGS/SCE/EIX@SCE, Dean Yoshitani/SCE/EIX@SCE, Felicia A Williams EIX/SCE/EIX@SCE, Gaddi Vasquez/SCE/EIX@SCE, Gloria Quinn/SCE/EIX@SCE, Janet Clayton/SCE/EIX@SCE, Jessica Ritchey/SCE/EIX@SCE, Jill Corral/SONGS/SCE/EIX@SCE, Jim Scilacci/SCE/EIX@SCE, John Brabec/SONGS/SCE/EIX@SCE, Justina Garcia/SCE/EIX@SCE, Kelly E Boyd/SCE/EIX@SCE, Larry Labrado/SCE/EIX@SCE, Laura Genao/SCE/EIX@SCE, Les Starck/SCE/EIX@SCE, Liese Mosher/SCE/EIX@SCE, Manuel Alvarez/SCE/EIX@SCE, Manuel Camargo/SCE/EIX@SCE, Mark Nelson/SCE/EIX@SCE, "Media Relations Group List" <Media_Relations_Group_List@sce.com>, Megan Jordan/SCE/EIX@SCE, Megan Scott-Kakures/SCE/EIX@SCE, Michael Backstrom/SCE/EIX@SCE, Robert Adler/SCE/EIX@SCE, Roderick Brewer/SCE/EIX@SCE, Ronald Litzinger/SCE/EIX@SCE, Russell Swartz/SCE/EIX@SCE, Russell Worden/SCE/EIX@SCE, Scott Cunningham/SCE/EIX@SCE, Steven Conroy/SCE/EIX@SCE, Stuart Hemphill/SCE/EIX@SCE, Ted Craver/SCE/EIX@SCE, Thomas Calabro/SCE/EIX@SCE, Tom Palmisano/SONGS/SCE/EIX@SCE, Veronica Gutierrez/SCE/EIX@SCE, Zanku Armenian/SCE/EIX@SCE

Date: 03/27/2014 03:03 PM

Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement

FOR INTERNAL USE ONLY

We're on it...

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office

From: Liese Mosher/SCE/EIX

To: Gaddi Vasquez/SCE/EIX@SCE, Veronica Gutierrez/SCE/EIX@SCE, Chris Thompson/SCE/EIX@SCE, Tom Palmisano/SONGS/SCE/EIX@SCE, Kelly E Boyd/SCE/EIX@SCE, Roderick Brewer/SCE/EIX@SCE, Les Starck/SCE/EIX@SCE, Michael Hoover/SCE/EIX@SCE, Laura Genao/SCE/EIX@SCE, Cindy Howell/SCE/EIX@SCE, Amy F Pressler/SCE/EIX@SCE, Thomas Calabro/SCE/EIX@SCE, Larry Labrado/SCE/EIX@SCE, Scott Cunningham/SCE/EIX@SCE, Felicia A Williams EIX/SCE/EIX@SCE, Jessica Ritchey/SCE/EIX@SCE, Liese Mosher/SCE/EIX@SCE, Russell Swartz/SCE/EIX@SCE, Michael Backstrom/SCE/EIX@SCE, Justina Garcia/SCE/EIX@SCE, DAN CLEAVENGER/SONGS/SCE/EIX@SCE, John Brabec/SONGS/SCE/EIX@SCE, Zanku Armenian/SCE/EIX@SCE, Christopher Abel/SCE/EIX@SCE, Manuel Camargo/SCE/EIX@SCE, Mark Nelson/SCE/EIX@SCE, Russell Worden/SCE/EIX@SCE, Jill Corral/SONGS/SCE/EIX@SCE, Manuel Alvarez/SCE/EIX@SCE, "Media Relations Group List" <Media_Relations_Group_List@sce.com>, Andi Murray/SONGS/SCE/EIX@SCE, Cody Tubbs/SCE/EIX@SCE,

Cc: Ted Craver/SCE/EIX@SCE, Ronald Litzinger/SCE/EIX@SCE, Janet Clayton/SCE/EIX@SCE, Stuart Hemphill/SCE/EIX@SCE, Robert Adler/SCE/EIX@SCE, Jim Scilacci/SCE/EIX@SCE, Megan Jordan/SCE/EIX@SCE, Megan Scott-Kakures/SCE/EIX@SCE, Gloria Quinn/SCE/EIX@SCE, Dean Yoshitani/SCE/EIX@SCE, Steven Conroy/SCE/EIX@SCE, Barbara Mathews/SCE/EIX@SCE

Date: 03/27/2014 02:42 PM

Subject: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement

FOR INTERNAL USE ONLY

All,

Please see the attached reactive statement regarding today's proposed settlement agreement regarding the CPUC's investigation of the San Onofre nuclear plant steam generator replacement project and the subsequent shutdown of the plant. I have also pasted it in.

SCE-CPUC-00000206

Please share as appropriate with your key stakeholders. I have attached our cascade list.

The media relations team is using this reactively, however, we are reaching out to our key reporters who have been following SONGS.

Additionally, I have attached an internal FAQ and the 8K for your information - this is for internal use only - please do not distribute.

Thank you,

Liese

Media Contact: Maureen Brown, (626) 302-2255

SCE Statement on State Regulatory Settlement Regarding San Onofre Nuclear Plant
ROSEMEAD, Calif., March 27, 2014 — Southern California Edison (SCE) today entered into a settlement agreement with parties in the California Public Utilities Commission (CPUC) investigation of the San Onofre nuclear plant steam generator replacement project and subsequent shutdown of the plant. Ron Litzinger, president of SCE, issued the following statement regarding the settlement with The Utility Reform Network (TURN), the Office of Ratepayer Advocates of the CPUC and San Diego Gas & Electric:

“This proposed settlement means that customers don’t pay for the steam generator project after the tube leak at San Onofre, leaving SCE financially responsible for its ownership share in the project. Our customers will pay for replacement power they received.

“The settlement, if approved by state regulators, provides certainty regarding the appropriate cost recovery for the remaining investment in the San Onofre nuclear plant, replacement power costs and authorized revenues.

“We have worked closely with key consumer stakeholders to resolve the San Onofre ratemaking questions in a manner intended to fairly balance the interests of all parties.

“The settlement also provides a clear road map for SCE to pursue claims against Mitsubishi for the defective replacement steam generators it supplied for San Onofre. SCE, through the process specified in the purchase agreement for the steam generators, in October submitted a request for arbitration to the International Chamber of Commerce that seeks to hold Mitsubishi accountable for the substantial losses caused by the defective replacement steam generators for the nuclear plant.”

The proposed settlement, Litzinger added, includes a sharing mechanism between SCE and customers should financial recoveries come from insurance or Mitsubishi.

SCE announced June 7 that it would retire San Onofre Units 2 and 3, and begin preparations to decommission the facility. SCE has established core principles of safety, stewardship and engagement to guide decommissioning. For more information about SCE, visit www.songscommunity.com.

About Southern California Edison

An Edison International (NYSE:EIX) company, Southern California Edison is one of the nation’s largest electric utilities, serving a population of nearly 14 million via 4.9 million customer accounts in a 50,000-square-mile service area within Central, Coastal and Southern California.

[attachment "Settlement Statement 32714.pdf" deleted by Ronald Litzinger/SCE/EIX]

[attachment "Settlement Cascaderev2.xlsx" deleted by Ronald Litzinger/SCE/EIX]

[attachment "EIX SONGS Settlement Q&A Final - Media 03-27-14.docx" deleted by Ronald Litzinger/SCE/EIX]

[attachment "EdisonInternational_8K_20140327.pdf" deleted by Ronald Litzinger/SCE/EIX]

Liese Mosher
Corporate Communications
Southern California Edison
Office: (949) 368-9750 - SONGS
Office: (626) 302-7966 - GO
Cell: Redacted--Privacy
Liese.mosher@sce.com

From: ronald.litzinger@sce/eix;nsf;ron.litzinger@sce.com;smtp
Sent: Thu Mar 27 2014 16:01:15 PDT
To: liese.mosher@sce/eix@sce
CC: chris.thompson@sce/eix@sce;gaddi.vasquez@sce/eix@sce;janet.clayton@sce/eix@sce;jim.scilacci@sce/eix@sce;les.starck@sce/eix@sce;megan.jordan@sce/eix@sce;michael.hoover@sce/eix@sce;robert.adler@sce/eix@sce;russell.swartz@sce/eix@sce;stuart.hemphill@sce/eix@sce;ted.craver@sce/eix@sce
Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

Liese--I have contacted the CPUC Commissioners Redacted -- AC/WP President Peevey and Commissioner Florio were reached directly and those calls went well. I have left detailed messages for Commissioners Sandoval, Peterman, and Picker. I anticipate call backs later this evening or tomorrow.

I have also contacted Co-Owners--Steve Badgett at Riverside (you may want to update your list) and Dukku Lee at Anaheim (you may want to update your list). SDG&E is a signatory, so I will discuss with them in normal course.

Ron Litzinger
President, Southern California Edison
2244 Walnut Grove, Rosemead, CA 91770
Ofc: 626.302.1379 | Fx: 626.302.4737 | ron.litzinger@sce.com

From: Liese Mosher/SCE/EIX
To: Gaddi Vasquez/SCE/EIX@SCE, Veronica Gutierrez/SCE/EIX@SCE, Chris Thompson/SCE/EIX@SCE, Tom Palmisano/SONGS/SCE/EIX@SCE, Kelly E Boyd/SCE/EIX@SCE, Roderick Brewer/SCE/EIX@SCE, Les Starck/SCE/EIX@SCE, Michael Hoover/SCE/EIX@SCE, Laura Genao/SCE/EIX@SCE, Cindy Howell/SCE/EIX@SCE, Amy F Pressler/SCE/EIX@SCE, Thomas Calabro/SCE/EIX@SCE, Larry Labrado/SCE/EIX@SCE, Scott Cunningham/SCE/EIX@SCE, Felicia A Williams EIX/SCE/EIX@SCE, Jessica Ritchey/SCE/EIX@SCE, Liese Mosher/SCE/EIX@SCE, Russell Swartz/SCE/EIX@SCE, Michael Backstrom/SCE/EIX@SCE, Justina Garcia/SCE/EIX@SCE, DAN CLEAVENGER/SONGS/SCE/EIX@SCE, John Brabec/SONGS/SCE/EIX@SCE, Zanku Armenian/SCE/EIX@SCE, Christopher Abel/SCE/EIX@SCE, Manuel Camargo/SCE/EIX@SCE, Mark Nelson/SCE/EIX@SCE, Russell Worden/SCE/EIX@SCE, Jill Corral/SONGS/SCE/EIX@SCE, Manuel Alvarez/SCE/EIX@SCE, "Media Relations Group List" <Media_Relations_Group_List@sce.com>, Andi Murray/SONGS/SCE/EIX@SCE, Cody Tubbs/SCE/EIX@SCE,
Cc: Ted Craver/SCE/EIX@SCE, Ronald Litzinger/SCE/EIX@SCE, Janet Clayton/SCE/EIX@SCE, Stuart Hemphill/SCE/EIX@SCE, Robert Adler/SCE/EIX@SCE, Jim Scilacci/SCE/EIX@SCE, Megan Jordan/SCE/EIX@SCE, Megan Scott-Kakures/SCE/EIX@SCE, Gloria Quinn/SCE/EIX@SCE, Dean Yoshitani/SCE/EIX@SCE, Steven Conroy/SCE/EIX@SCE, Barbara Mathews/SCE/EIX@SCE
Date: 03/27/2014 02:42 PM
Subject: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement

FOR INTERNAL USE ONLY

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Thank you,

Liese

Media Contact: Maureen Brown, (626) 302-2255

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[attachment "Settlement Statement 32714.pdf" deleted by Ronald Litzinger/SCE/EIX]

[attachment "Settlement Cascaderev2.xlsx" deleted by Ronald Litzinger/SCE/EIX]

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[attachment "EdisonInternational_8K_20140327.pdf" deleted by Ronald Litzinger/SCE/EIX]

Liese Mosher
Corporate Communications
Southern California Edison
Office: (949) 368-9750 - SONGS
Office: (626) 302-7966 - GO
Cell: Redacted--Privacy
Liese.mosher@sce.com

From: michael hoover/sce/eix;nsf;michael.hoover@sce.com;smtp
Sent: Thu Mar 27 2014 16:32:29 PDT
To: ronald litzinger/sce/eix@sce
CC:
Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

Hi Ron,

I just got back from the CPUC on other issues. What I am hearing from the advisors is that every Commissioner is very pleased with the Settlement.

Nice work!

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office

From: Ronald Litzinger/SCE/EIX
To: Liese Mosher/SCE/EIX@SCE,
Cc: Chris Thompson/SCE/EIX@SCE, Gaddi Vasquez/SCE/EIX@SCE, Janet Clayton/SCE/EIX@SCE, Jim Scilacci/SCE/EIX@SCE, Les Starck/SCE/EIX@SCE, Megan Jordan/SCE/EIX@SCE, Michael Hoover/SCE/EIX@SCE, Robert Adler/SCE/EIX@SCE, Russell Swartz/SCE/EIX@SCE, Stuart Hemphill/SCE/EIX@SCE, Ted Craver/SCE/EIX@SCE
Date: 03/27/2014 04:01 PM
Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement

FOR INTERNAL USE ONLY

Liese--I have contacted the CPUC Commissioners [Redacted -- AC/WP] President Peevey and Commissioner Florio were reached directly and those calls went well. I have left detailed messages for Commissioners Sandoval, Peterman, and Picker. I anticipate call backs later this evening or tomorrow.

I have also contacted Co-Owners--Steve Badgett at Riverside (you may want to update your list) and Dukku Lee at Anaheim (you may want to update your list). SDG&E is a signatory, so I will discuss with them in normal course.

Ron Litzinger
President, Southern California Edison
2244 Walnut Grove, Rosemead, CA 91770
Ofc: 626.302.1379 | Fx: 626.302.4737 | ron.litzinger@sce.com

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Liese

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Liese Mosher
Corporate Communications
Southern California Edison
Office: (949) 368-9750 - SONGS
Office: (626) 302-7966 - GO
Cell: Redacted--Privacy
Liese.mosher@sce.com

From: michael hoover/sce/eix;nsf;michael.hoover@sce.com;smtp
Sent: Thu Mar 27 2014 16:39:35 PDT
To: ronald litzinger/sce/eix@sce
CC:
Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

Peevey was very complimentary to the Company for getting this done. I have not seen him relieved in a very long time.....

Let me know if I can help in any way going forward.

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office

From: Ronald Litzinger/SCE/EIX
To: Michael Hoover/SCE/EIX@SCE,
Date: 03/27/2014 04:34 PM
Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement

FOR INTERNAL USE ONLY

thanks Mike.

Ron Litzinger
President, Southern California Edison
2244 Walnut Grove, Rosemead, CA 91770
Ofc: 626.302.1379 | Fx: 626.302.4737 | ron.litzinger@sce.com

From: Michael Hoover/SCE/EIX

To: Ronald Litzinger/SCE/EIX@SCE,
Date: 03/27/2014 04:32 PM
Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement

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Nice work!

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Cc: Chris Thompson/SCE/EIX@SCE, Gaddi Vasquez/SCE/EIX@SCE, Janet Clayton/SCE/EIX@SCE, Jim Scilacci/SCE/EIX@SCE, Les Starck/SCE/EIX@SCE, Megan Jordan/SCE/EIX@SCE, Michael Hoover/SCE/EIX@SCE, Robert Adler/SCE/EIX@SCE, Russell Swartz/SCE/EIX@SCE, Stuart Hemphill/SCE/EIX@SCE, Ted Craver/SCE/EIX@SCE
Date: 03/27/2014 04:01 PM
Subject: Re: Your Action: Stakeholder Cascade - Proposed CPUC Settlement Agreement

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Date: 03/27/2014 02:42 PM

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Corporate Communications
Southern California Edison
Office: (949) 368-9750 - SONGS
Office: (626) 302-7966 - GO
Cell: Redacted--Privacy
Liese.mosher@sce.com

From: ronald.litzinger@sce/eix;nsf;ron.litzinger@sce.com;smtp
Sent: Fri Mar 28 2014 05:38:08 PDT
To: "picker, michael" <michael.picker@cpuc.ca.gov>
CC:
Subject: Re: Please Call
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

Thank you Commissioner Picker. I will be speaking at a Safety Memorial Day observation at that time. My message to you is short and confined to procedural matters given ex parte rules. Yesterday afternoon, we signed a proposed settlement for the SONGS OII with TURN, ORA, and SDG&E. We will file for Commission approval and seek other parties to sign on. A summary of the settlement can be found in our public 8K filing with the Securities and Exchange Commission on our website Edison.com-- go to "Investors" and "SEC filings" the 8K is dated Mar 27. You can also call me After 11 am Pacific time. Thanks again

Sent from my iPhone

On Mar 27, 2014, at 10:38 PM, "Picker, Michael" <Michael.Picker@cpuc.ca.gov> wrote:

I'm in Germany, but will try at 10 am your time when I get out of a meeting...

Michael Picker
Redacted--Privacy
Mpicker@pacbell.net

On Mar 27, 2014, at 11:28 PM, "Ron.Litzinger@sce.com" <Ron.Litzinger@sce.com> wrote:

Commissioner Picker,

I would like to provide you with a brief update on proposed settlement in the SONGS OII. Please feel free to call me on my cell phone Redacted--Privacy

Ron Litzinger
President, Southern California Edison
2244 Walnut Grove, Rosemead, CA 91770
Ofc: 626.302.1379 | Fx: 626.302.4737 | ron.litzinger@sce.com

<mime-attachment.jpg>
<ATT00001.jpg>

From: sabina ysaguirre/sce/eix
Sent: Thu Apr 03 2014 07:20:51 PDT
To: ronald litzinger/sce/eix@sce
CC: michelle morales/sce/eix@sce
Subject: President Peevey and Commissioner Florio Meeting with Ron Litzinger and R.O. Nichols at the Los Angeles CPUC: 320 W 4th Street, 90013 – Suite 500
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

StartTime: Fri May 02 03:00:00 Pacific Daylight Time 2014
EndTime: Fri May 02 04:00:00 Pacific Daylight Time 2014
Invitees: Ronald Litzinger/SCE/EIX@SCE
OptionalInvitees: Michelle Morales/SCE/EIX@SCE
Recurring: No
ShowReminder: No

From: michael hoover/sce/eix;nsf;michael.hoover@sce.com;smtp
Sent: Wed May 28 2014 09:14:44 PDT
To: r.o. nichols/sce/eix@sce
CC:
Subject: Peevey
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

Hi Ron,

You were right about Peevey and the funding issue. He does not understand why we will not fund the UC data analysis program. He said Florio is supportive as well as he. He says he has talked to you and Ron about it and he is frustrated. He wanted me to pass along that SONGS is on a "tight schedule" and he would hate to see that "slip". He views SCE as just taking and not giving to a matter that is very important to him, Florio, and others.

I told him it's above my pay grade but he asked me to pass his frustration on to you, only. So there you have it.

Mike Hoover

(Sent from an extremely small keyboard on my iPhone)

From: michael hoover/sce/eix;nsf;michael.hoover@sce.com;smtp
Sent: Thu May 29 2014 03:02:24 PDT
To: r.o. nichols/sce/eix@sce
CC:
Subject: Fwd: Peevey
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

I re read this note and wanted to make sure I did not leave the wrong impression. Mike in no way linked SONGS with funding for UCLA. He was making the point that he is fully committed to getting the Settlement approved as quickly as possible, no matter what. It was more an expression of his commitment to getting it done.

I hope there was no confusion. Also, there is no Ex Parte issue since it was him talking about procedure.

Mike Hoover

(Sent from an extremely small keyboard on my iPhone)

Begin forwarded message:

From: "Michael Hoover" <Michael.Hoover@sce.com>
Date: May 28, 2014 at 6:14:44 PM GMT+2
To: "R.O. Nichols" <Ron.Nichols@sce.com>
Subject: Peevey

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(Sent from an extremely small keyboard on my iPhone)

From: michael hoover/sce/eix;nsf;michael.hoover@sce.com;smtp
Sent: Wed Jun 11 2014 10:00:03 PDT
To: michelle morales/sce/eix@sce
CC: r.o. nichols/sce/eix@sce
Subject: President Peevey Requested that this be sent to Ron right away
Attachments: Peevey GHG 06 11 14.pdf

Importance: Low
Priority: Normal
Sensitivity: None

Hi Ron,

President Peevey called me over this morning regarding the UCLA research effort that he has been talking about for some time. He wanted to make certain that you had the attached letters from Garcetti, Yaroslavsky, and others. He also wanted me to convey that he views this as a charitable contribution and that the amount of that contribution is open to discussion and could be less than his original suggestion.

Thanks and let me know if you need me to do anything.

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
505 VAN NESS AVENUE
SAN FRANCISCO, CALIFORNIA 94102

MICHAEL R. PEEVEY
PRESIDENT

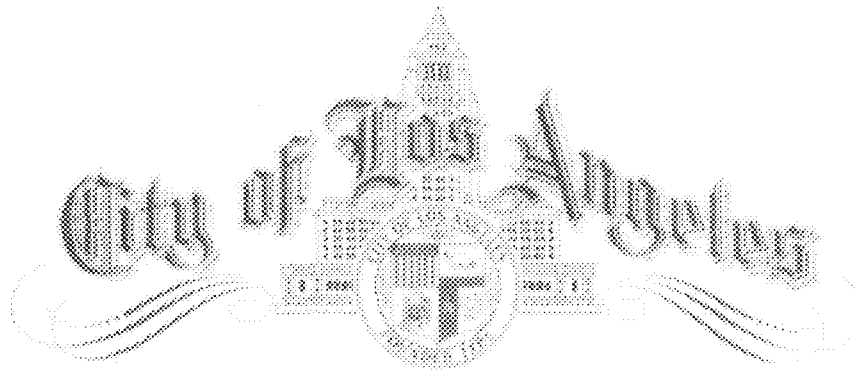
TEL: (415) 703-3703
FAX: (415) 703-5091

6/11/14

Ron-

Support for GHG reduction
efforts in 5 Cal from Yonetti,
et al.

Mike



ERIC GARCETTI
MAYOR

June 10, 2014

Mr. Michael Peevey, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey:

I am writing to urge the Commission to fund a UCLA-led energy research effort that will create practical and valuable tools that can be used by the City of Los Angeles and other local governments in Southern California. If funded, UCLA's work can help improve the accuracy and effectiveness of investments in energy efficiency, clean distributed generation and demand response programs.

In the wake of the San Onofre Nuclear Generating Station (SONGS) closure, it is important to our region's economy, environment, and quality of life that Southern California Edison replace electricity previously provided by SONGS in a way that does not increase greenhouse gas emissions (GHGs) or other harmful pollutants. UCLA's research will also help my administration as we prepare and implement our first ever sustainable city plan, a central focus of which will be climate action.

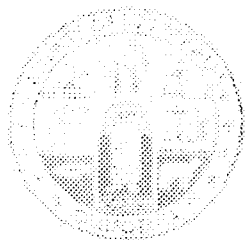
UCLA has done important work in using data provided by the Los Angeles Department of Water and Power. UCLA's research program can also help address key elements of current and future energy use in response to the SONGS closure.

I appreciate your consideration of this request and thank you for your support and continuing diligence to effectively address Southern California's energy challenges.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eric Garcetti", with a stylized flourish at the end.

ERIC GARCETTI
Mayor



BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

831 KENNETH HARRIS HALL OF ADMINISTRATION
500 WEST TEMPLE STREET / LOS ANGELES, CALIFORNIA 90012
PHONE (213) 974-3333 / FAX (213) 625-7360
zev@bos.lacounty.gov / <http://zev.lacounty.gov>

ZEV YAROSLAVSKY

SUPERVISOR, THIRD DISTRICT

June 6, 2014

Michael R. Peevey
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Dear Mr. Peevey:

The closure of the San Onofre Nuclear Generating Station (SONGS) represents both a critical challenge and opportunity as your Commission reconsiders the future of Southern California's energy supply. The first principles of this effort should be ensuring that replacing the electricity supplies previously provided by SONGS do not result in increased emissions of greenhouse gases (GHGs), and that the region's new energy infrastructure is more reliable and cost-effective than ever before.

Physical infrastructure and technology alone, however, will not be sufficient to meet these goals. Decisionmakers must also develop market-based approaches that create incentives for individuals and businesses to reduce GHG emissions and, by so doing, maximize benefits to multiple stakeholders including ratepayers, utilities and State agencies responsible for achieving California's ambitious GHG reduction goals.

Building upon its far-reaching and precedent-setting energy and GHG research conducted over the past few years, the California Center for Sustainable Communities at UCLA has developed an innovative proposed research program which responds to the SONGS challenge by improving energy efficiency, reducing carbon and other harmful emissions, and strengthening the region's power grid. The multi-year interdisciplinary research led by UCLA, and conducted in collaboration with partner institutions including UC San Diego and UC Irvine, would include extensive regional energy data analysis, technology research and advancement, program and policy evaluation, as well as economic analysis, to ensure that policy and program recommendations are both feasible and likely to be implemented.

In short, the proposed UCLA-led effort will focus on creating tangible tools for local governments and other regional entities that will improve the accuracy, effectiveness and efficiency of climate and energy action plans, as well as energy efficiency,

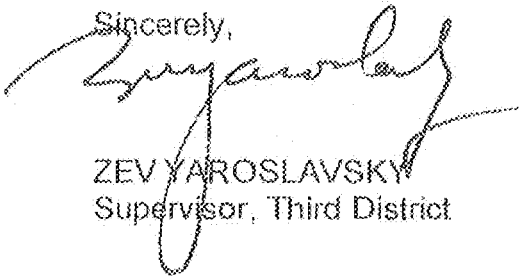
Mr. Michael R. Peevey
June 6, 2014
Page Two

distributed generation, and peak demand response program investments. The overall intent of the UCLA-led program is to work in close collaboration with multiple partners to ensure that the tools and products this effort creates can accelerate the action needed to meet the long-term energy needs of the region while reducing GHG emissions and other pollutants.

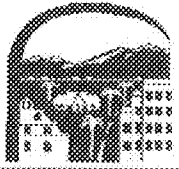
I respectfully urge your Commission to fund the proposed UCLA-led research program. Doing so will ensure the creation of the sophisticated energy data analysis and the practical tools and templates we will need to reduce the carbon intensity of our region's evolving power system.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Zev Yaroslavy', written over the printed name and title.

ZEV YAROSLAVSKY
Supervisor, Third District



San Gabriel Valley Council of Governments

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Poevay:

In the wake of the San Onofre Nuclear Generating Station (SONGS) closure, it is critically important to the economic health and quality of life in Southern California that measures which are taken to replace the electricity supplies that were previously provided by SONGS. The SONGS closure should be seen as a unique and timely opportunity for a reconsideration of energy supply and energy use in Southern California and the implementation of new and innovative approaches that increase the reliability and cost-effectiveness of our power system.

Any new power supply system will require a significantly heightened focus on reducing electricity demand through broader and deeper energy efficiency and peak demand reduction initiatives as well as development of an infrastructure that is more responsive and more adaptive to clean distributed generation sources. Infrastructure and technology alone, however, are not sufficient. Decision-makers must also develop market-based approaches that create incentives for individuals and businesses to take actions that reduce energy usage and, by so doing, maximize benefits to multiple stakeholders including ratepayers, utilities and State agencies responsible for achieving California's ambitious GHG reduction goals.

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The San Gabriel Valley Council of Governments (SGVCOG) urges the Commission to fund the proposed UCLA-led research program and ensure creation of the sophisticated energy data analysis and the practical tools and templates that can lead to widespread and effective regional actions to reduce the carbon intensity of our power system.

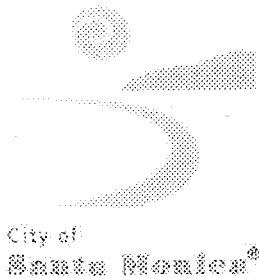
Thank you for your time and consideration of this application.

Should you have any questions, please contact me at (626) 457-1800.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andrea Miller".

Andrea Miller
Executive Director



Pam O'Connor
Mayor

City Council
1685 Main Street
Room 209
Santa Monica
CA 90401

June 4, 2014

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Paevy:

In the wake of the San Onofre Nuclear Generating Station (SONGS) closure, it is critically important to the economic health and quality of life in Southern California that measures which are taken to replace the electricity supplies that were previously provided by SONGS do not result in increased emissions of greenhouse gases (GHGs) and other harmful pollutants. Rather, the SONGS closure should be seen as a unique and timely opportunity for a bold reconsideration of energy supply and energy use in Southern California and the implementation of new and innovative approaches that not only create fewer GHGs but also increase the reliability and cost-effectiveness of our power system.

Achieving a less carbon intensive power system will require a significantly heightened focus on reducing electricity demand through broader and deeper energy efficiency and peak demand reduction initiatives as well as development of an infrastructure that is more responsive and more adaptive to clean distributed generation sources. Infrastructure and technology alone, however, are not sufficient. Decision-makers must also develop market-based approaches that create incentives for individuals and businesses to take actions that reduce GHG emissions and, by so doing, maximize benefits to multiple stakeholders including ratepayers, utilities and State agencies responsible for achieving California's ambitious GHG reduction goals.

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The Commission is urged to fund the proposed UCLA-led research program and ensure creation of the sophisticated energy data analysis and the practical tools and templates that can lead to widespread and effective regional actions to reduce the carbon intensity of our power system.

Very sincerely yours,

Pam O'Connor
Mayor



June 5, 2014

President Michael Peevey
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

SUBJECT: Research on Energy Use and Planning

Dear President Peevey:

The Local Government Sustainable Energy Coalition, a statewide membership organization of cities, counties, associations and councils of government, special districts, and non-profit organizations that support government entities, is writing to offer its support for a research initiative that will partner local governments with university research institutions on energy planning. Local governments have responded to the State's ambitious environmental goals by adopting local climate action plans and energy plans that engage our immediate communities in reducing greenhouse gas emissions through programs that are responsive to local needs and priorities.

In the wake of the San Onofre Nuclear Generating Station ("SONGS") closure, it is critically important to the economic health and quality of life in Southern California that measures which are taken to replace the electricity supplies that were previously provided by SONGS do not result in increased emissions of greenhouse gases ("GHGs") and other harmful pollutants. Rather, the SONGS closure should be seen as a unique and timely opportunity for a bold reconsideration of energy supply and energy use in Southern California, and the implementation of new and innovative approaches that not only reduce GHGs but also increase the reliability and cost-effectiveness of our power system.

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Building upon its far-reaching and precedent-setting energy and GHG research conducted over the past few years, the California Center for Sustainable Communities at UCLA has developed an innovative proposed research program which responds to the SONGS challenge and comprehensively addresses key elements of current energy use in the region that must be examined and understood to achieve increased energy efficiency, reduction in carbon and other harmful emissions, improved power grid reliability, and long-term multi-stakeholder benefits. The interdisciplinary research by UCLA, and partner institutions, would include extensive regional

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The proposed UCLA effort will focus on creating tangible and useful tools for local governments and other regional entities that will improve the accuracy, effectiveness, and efficiency of climate and energy action plans as well as energy efficiency, distributed generation, and peak demand response program investments. The overall intent of the UCLA program is to work in close collaboration with multiple partners to ensure that the tools and products that are created can be applied quickly and effectively to support and accelerate actions to meet the long-term energy needs of the region while reducing GHG emissions and other pollutants. This innovative development is applicable and replicable across the State.

The LGSEC urges the Commission to fund the proposed UCLA research program and ensure creation of the sophisticated energy data analysis and the practical tools and templates that can lead to widespread and effective regional actions to reduce the carbon intensity of our power system. The LGSEC also urges the Commission to pursue similar research opportunities across the State, as all local governments need the type of data and planning that will come from this collaboration. The Commission is uniquely positioned to facilitate this partnership. The LGSEC stands ready to partner with you and California's higher education research community in support of our mutual goals.

Sincerely,



Jody London
Regulatory Consultant

Cc: Commissioner Michael Florio
Commissioner Catherine Sandoval
Commissioner Carla Peterman
Commissioner Michael Picker



JIM JONES
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

Telephone: (323) 267-2006
FAX: (323) 260-5237

"To enrich lives through effective and caring service"

June 9, 2014

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear Commissioners:

The Los Angeles County Office of Sustainability has partnered with UCLA since the advent of the American Recovery and Reinvestment Act funding to develop tools which combine discrete energy usage data with publicly available building, parcel and sociodemographic information. These tools and information are made available to local governments throughout the County to stimulate a new level of thinking about local and regional policies to mitigate GHG production. This work continues on between UCLA and the County using funding from the Southern California Regional Energy Network provided through the Commission.

Building upon this far-reaching and precedent-setting energy and GHG research conducted over the past few years, the California Center for Sustainable Communities at UCLA has developed an innovative proposed research program which responds to the SONGS challenge and comprehensively addresses key elements of current energy use in the region that must be examined and understood to achieve increased energy efficiency, reduction in carbon and other harmful emissions, improved power grid reliability and long-term multi-stakeholder benefits. The interdisciplinary research by UCLA, and partner institutions, would include extensive regional energy data analysis, technology research and advancement, program and policy evaluation as well as economic analysis to ensure that policy and program recommendations are both feasible and likely to be implemented.

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The Commission is urged to fund the proposed UCLA research program and ensure creation of the sophisticated energy data analysis and the practical tools and templates that can lead to widespread and effective regional actions to reduce the carbon intensity of our power system.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Howard Choy", is written over a horizontal line.

Howard Choy, General Manager
County Office of Sustainability

From: michelle.morales@sce/eix;nsf;michelle.morales@sce.com;smtp
Sent: Wed Jun 11 2014 10:03:44 PDT
To: ron.litzinger@sce.com
CC:
Subject: Fw: President Peevey Requested that this be sent to Ron right away
Attachments: Peevey GHG 06 11 14.pdf

Importance: Normal
Priority: Urgent
Sensitivity: None

The following message body may have embedded images.

Please see note below with attachments

Michelle M Morales - Executive Assistant to Ron Litzinger, President, Southern California Edison,
PH: 626.302.2201 | FX: 626.302.4737 | michelle.morales@sce.com

The happiest people don't necessarily have the best of everything; they just make the best of everything they have.

----- Forwarded by Michelle Morales/SCE/EIX on 06/11/2014 10:02 AM -----

From: Michael Hoover/SCE/EIX
To: Michelle Morales/SCE/EIX@SCE,
Cc: R.O. Nichols/SCE/EIX@SCE
Date: 06/11/2014 10:00 AM
Subject: President Peevey Requested that this be sent to Ron right away

FOR INTERNAL USE ONLY

Hi Ron,

President Peevey called me over this morning regarding the UCLA research effort that he has been talking about for some time. He wanted to make certain that you had the attached letters from Garcetti, Yaroslavsky, and others. He also wanted me to convey that he views this as a charitable contribution and that the amount of that contribution is open to discussion and could be less than his original suggestion.

Thanks and let me know if you need me to do anything.

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office

- Peevey GHG 06 11 14.pdf



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
505 VAN NESS AVENUE
SAN FRANCISCO, CALIFORNIA 94102

MICHAEL R. PEEVEY
PRESIDENT

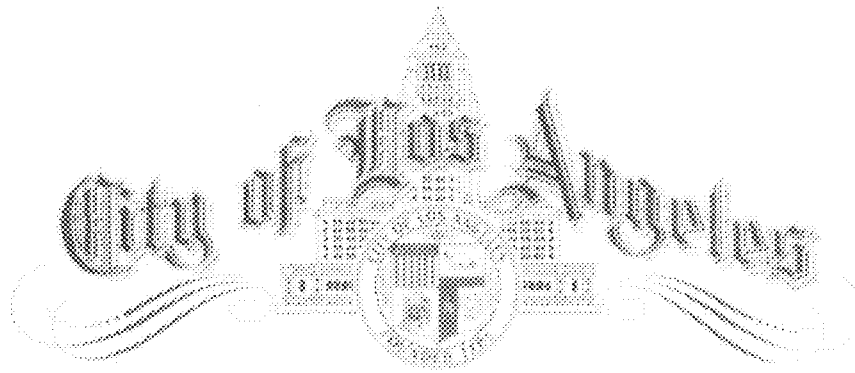
TEL: (415) 703-3703
FAX: (415) 703-5091

6/11/14

Ron-

Support for GHG reduction
efforts in 5 Cal from Yoneth,
et al.

Mike



ERIC GARCETTI
MAYOR

June 10, 2014

Mr. Michael Peevey, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey:

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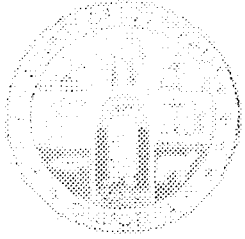
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I appreciate your consideration of this request and thank you for your support and continuing diligence to effectively address Southern California's energy challenges.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eric Garcetti", with a stylized flourish at the end.

ERIC GARCETTI
Mayor



BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

831 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET / LOS ANGELES, CALIFORNIA 90012
PHONE (213) 974-3333 / FAX (213) 625-7360
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ZEV YAROSLAVSKY

SUPERVISOR, THIRD DISTRICT

June 6, 2014

Michael R. Peevey
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Dear Mr. Peevey:

The closure of the San Onofre Nuclear Generating Station (SONGS) represents both a critical challenge and opportunity as your Commission reconsiders the future of Southern California's energy supply. The first principles of this effort should be ensuring that replacing the electricity supplies previously provided by SONGS do not result in increased emissions of greenhouse gases (GHGs), and that the region's new energy infrastructure is more reliable and cost-effective than ever before.

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In short, the proposed UCLA-led effort will focus on creating tangible tools for local governments and other regional entities that will improve the accuracy, effectiveness and efficiency of climate and energy action plans, as well as energy efficiency,

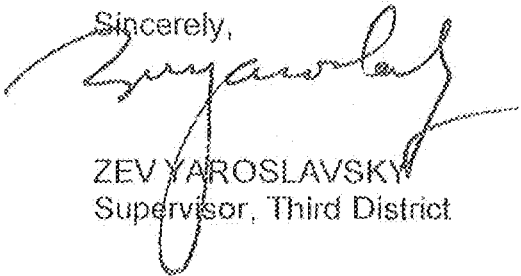
Mr. Michael R. Peevey
June 6, 2014
Page Two

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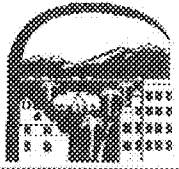
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Thank you for your consideration of this request.

Sincerely,

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ZEV YAROSLAVSKY
Supervisor, Third District



San Gabriel Valley Council of Governments

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Poevay:

In the wake of the San Onofre Nuclear Generating Station (SONGS) closure, it is critically important to the economic health and quality of life in Southern California that measures which are taken to replace the electricity supplies that were previously provided by SONGS. The SONGS closure should be seen as a unique and timely opportunity for a reconsideration of energy supply and energy use in Southern California and the implementation of new and innovative approaches that increase the reliability and cost-effectiveness of our power system.

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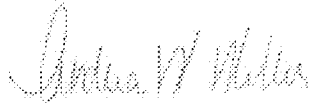
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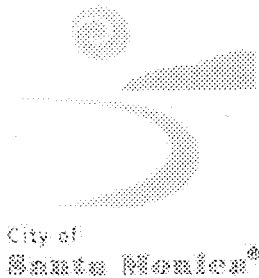
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Should you have any questions, please contact me at (626) 457-1800.

Sincerely,

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Andrea Miller
Executive Director



Pam O'Connor
Mayor

City Council
1685 Main Street
Room 209
Santa Monica
CA 90401

June 4, 2014

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

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Very sincerely yours,

Pam O'Connor
Mayor



June 5, 2014

President Michael Peevey
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

SUBJECT: Research on Energy Use and Planning

Dear President Peevey:

The Local Government Sustainable Energy Coalition, a statewide membership organization of cities, counties, associations and councils of government, special districts, and non-profit organizations that support government entities, is writing to offer its support for a research initiative that will partner local governments with university research institutions on energy planning. Local governments have responded to the State's ambitious environmental goals by adopting local climate action plans and energy plans that engage our immediate communities in reducing greenhouse gas emissions through programs that are responsive to local needs and priorities.

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Building upon its far-reaching and precedent-setting energy and GHG research conducted over the past few years, the California Center for Sustainable Communities at UCLA has developed an innovative proposed research program which responds to the SONGS challenge and comprehensively addresses key elements of current energy use in the region that must be examined and understood to achieve increased energy efficiency, reduction in carbon and other harmful emissions, improved power grid reliability, and long-term multi-stakeholder benefits. The interdisciplinary research by UCLA, and partner institutions, would include extensive regional

energy data analysis, technology research and advancement, and program and policy evaluation, as well as economic analysis to ensure that policy and program recommendations are both feasible and likely to be implemented.

The proposed UCLA effort will focus on creating tangible and useful tools for local governments and other regional entities that will improve the accuracy, effectiveness, and efficiency of climate and energy action plans as well as energy efficiency, distributed generation, and peak demand response program investments. The overall intent of the UCLA program is to work in close collaboration with multiple partners to ensure that the tools and products that are created can be applied quickly and effectively to support and accelerate actions to meet the long-term energy needs of the region while reducing GHG emissions and other pollutants. This innovative development is applicable and replicable across the State.

The LGSEC urges the Commission to fund the proposed UCLA research program and ensure creation of the sophisticated energy data analysis and the practical tools and templates that can lead to widespread and effective regional actions to reduce the carbon intensity of our power system. The LGSEC also urges the Commission to pursue similar research opportunities across the State, as all local governments need the type of data and planning that will come from this collaboration. The Commission is uniquely positioned to facilitate this partnership. The LGSEC stands ready to partner with you and California's higher education research community in support of our mutual goals.

Sincerely,



Jody London
Regulatory Consultant

Cc: Commissioner Michael Florio
Commissioner Catherine Sandoval
Commissioner Carla Peterman
Commissioner Michael Picker



JIM JONES
Director

County of Los Angeles
INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

Telephone: (323) 267-2006
FAX: (323) 260-5237

"To enrich lives through effective and caring service"

June 9, 2014

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear Commissioners:

The Los Angeles County Office of Sustainability has partnered with UCLA since the advent of the American Recovery and Reinvestment Act funding to develop tools which combine discrete energy usage data with publicly available building, parcel and sociodemographic information. These tools and information are made available to local governments throughout the County to stimulate a new level of thinking about local and regional policies to mitigate GHG production. This work continues on between UCLA and the County using funding from the Southern California Regional Energy Network provided through the Commission.

Building upon this far-reaching and precedent-setting energy and GHG research conducted over the past few years, the California Center for Sustainable Communities at UCLA has developed an innovative proposed research program which responds to the SONGS challenge and comprehensively addresses key elements of current energy use in the region that must be examined and understood to achieve increased energy efficiency, reduction in carbon and other harmful emissions, improved power grid reliability and long-term multi-stakeholder benefits. The interdisciplinary research by UCLA, and partner institutions, would include extensive regional energy data analysis, technology research and advancement, program and policy evaluation as well as economic analysis to ensure that policy and program recommendations are both feasible and likely to be implemented.

The proposed UCLA effort will focus on creating tangible and useful tools for local governments and other regional entities that will improve the accuracy, effectiveness and efficiency of climate and energy action plans as well as energy efficiency, distributed generation and peak demand response program investments. The overall intent of the UCLA program is to work in close collaboration with multiple partners to ensure that the tools and products that are created can be applied quickly and effectively to support and accelerate actions to meet the long-term energy needs of the region while reducing GHG emissions and other pollutants.

The Commission is urged to fund the proposed UCLA research program and ensure creation of the sophisticated energy data analysis and the practical tools and templates that can lead to widespread and effective regional actions to reduce the carbon intensity of our power system.

Very truly yours,

A handwritten signature in black ink, appearing to read "Howard Choy", is written over a horizontal line.

Howard Choy, General Manager
County Office of Sustainability

From: Michael Hoover <michael.hoover@sce.com>
Sent: Wed Jun 11 2014 10:10:00 PDT
To: Michelle Morales <michelle.morales@sce.com>
CC: R.O. Nichols <ron.nichols@sce.com>
Subject: Re: President Peevey Requested that this be sent to Ron right away
Attachments: 02039499.jpg;02376649.gif;02695845.gif;graycol.gif

Importance: Normal
Priority: Normal
Sensitivity: None

Thanks. In my opinion, he can take his time, but I wanted to relay Peevey's words that he wanted him to see it right away....

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office

Inactive hide details for Michelle Morales---06/11/2014 10:05:56 AM---Hi Mike, I've forwarded it to Ron's attention. I was advised that we are experience BYOD issues. Not
10:05:56 AM---Hi Mike, I've forwarded it to Ron's attention. I was advised that we are experience BYOD issues. Not

From: Michelle Morales/SCE/EIX
To: Michael Hoover/SCE/EIX@SCE,
Cc: R.O. Nichols/SCE/EIX@SCE
Date: 06/11/2014 10:05 AM
Subject: Re: President Peevey Requested that this be sent to Ron right away

FOR INTERNAL USE ONLY

Hi Mike,

I've forwarded it to Ron's attention. I was advised that we are experience BYOD issues. Not sure when he will see it. I will connect with the on site EMC coordinator to give Ron a heads up.

Michelle M Morales - Executive Assistant to Ron Litzinger, President, Southern California Edison,
PH: 626.302.2201 | FX: 626.302.4737 | michelle.morales@sce.com

The happiest people don't necessarily have the best of everything; they just make the best of everything they have.

Inactive hide details for Michael Hoover---06/11/2014 10:00:10 AM---Hi Ron, President Peevey called me over this morning regarding the UCLA research effort that he has
10:00:10 AM---Hi Ron, President Peevey called me over this morning regarding the UCLA research effort that he has

From: Michael Hoover/SCE/EIX
To: Michelle Morales/SCE/EIX@SCE,
Cc: R.O. Nichols/SCE/EIX@SCE
Date: 06/11/2014 10:00 AM
Subject: President Peevey Requested that this be sent to Ron right away

FOR INTERNAL USE ONLY

Hi Ron,

President Peevey called me over this morning regarding the UCLA research effort that he has been talking about for some time. He wanted to make certain that you had the attached letters from Garcetti, Yaroslavsky, and others. He also wanted me to convey that he views this as a charitable contribution and that the amount of that contribution is open to discussion and could be less than his original suggestion.

Thanks and let me know if you need me to do anything.

[attachment "Peevey GHG 06 11 14.pdf" deleted by Michelle Morales/SCE/EIX]

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office

From: Michael Hoover <michael.hoover@sce.com>
Sent: Wed Jun 11 2014 12:40:00 PDT
To: R.O. Nichols <ron.nichols@sce.com>
CC:
Subject: Re: President Peevey Requested that this be sent to Ron right away
Attachments: 02733243.gif;02873205.gif;graycol.gif

Importance: Normal
Priority: Normal
Sensitivity: None

Yes. Ron L. Peevey is lowering the ask to 3 million. He talked with Ron last week.

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office

Inactive hide details for R.O. Nichols---06/11/2014 12:32:04 PM---Which "Ron" was Peevey referring to? I assume Ron L.R.O. Nichols---06/11/2014 12:32:04 PM---Which "Ron" was Peevey referring to? I assume Ron L

From: R.O. Nichols/SCE/EIX
To: Michael Hoover/SCE/EIX@SCE,
Date: 06/11/2014 12:32 PM
Subject: Re: President Peevey Requested that this be sent to Ron right away

FOR INTERNAL USE ONLY

Which "Ron" was Peevey referring to? I assume Ron L

Inactive hide details for Michael Hoover---06/11/2014 10:00 AM PDT---Hi Ron, President Peevey called me over this morning regarMichael Hoover---06/11/2014 10:00 AM PDT---Hi Ron, President Peevey called me over this morning regarding the UCLA research effort that he has

From: Michael Hoover
To: Michelle Morales
Cc: R.O. Nichols
Date: 06/11/2014 10:00 AM PDT
Subject: President Peevey Requested that this be sent to Ron right away

Hi Ron,

President Peevey called me over this morning regarding the UCLA research effort that he has been talking about for some time. He wanted to make certain that you had the attached letters from Garcetti, Yaroslavsky, and others. He also wanted me to convey that he views this as a charitable contribution and that the amount of that contribution is open to discussion and could be less than his original suggestion.

Thanks and let me know if you need me to do anything.

[attachment "Peevey GHG 06 11 14.pdf" deleted by R.O. Nichols/SCE/EIX]

Michael R. Hoover
Director, Regulatory Affairs

SCE-CPUC-00000250

(415) 929 - 5541
San Francisco Office

From: Caroline Choi <caroline.choi@sce.com>
Sent: Tue Jun 17 2014 13:59:00 PDT
To: Michael Hoover <michael.hoover@sce.com>
CC:
Subject: Re: Ted just came and got Mike Peevey
Attachments: ecblank.gif,graycol.gif

Importance: Normal
Priority: Normal
Sensitivity: None

Peevey came back. RO says the mtg was about UCLA...

Inactive hide details for Michael Hoover---06/17/2014 01:54 PM PDT---Michael Hoover---06/17/2014 01:54 PM PDT---

From: Michael Hoover
To: Caroline Choi
Cc:
Date: 06/17/2014 01:54 PM PDT
Subject: Re: Ted just came and got Mike Peevey

Interesting.....

Mike Hoover

(Sent from an extremely small keyboard on my iPhone)

On Jun 17, 2014, at 1:37 PM, "Caroline Choi" <Caroline.Choi@sce.com> wrote: