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Sent: 10/25/2012 12:09:42 PM
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Subject: CPUC Opens Formal Investigation Into San Onofre Outages: CPUC Press Release

**FOR IMMEDIATE RELEASE
PRESS RELEASE**

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**CPUC OPENS FORMAL INVESTIGATION INTO SAN ONOFRE
OUTAGES**

SAN FRANCISCO, October 25, 2012 - The California Public Utilities Commission (CPUC) today opened a formal investigation into the extended outages of Units 2 and 3 at the San Onofre Nuclear Generating Station (SONGS). The investigation will determine whether to remove all costs related to SONGS from the rates of Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E) going forward, and whether to refund SONGS-related costs already collected in rates back to January 1, 2012.

The investigation will consider the causes of the outages, the utilities' responses, the future of the SONGS units, and the resulting effects on the provision of safe and reliable electric service at just and reasonable rates, including:

- Whether or not rate adjustments should be made; if so, when they should start and the amount;
- The reasonableness of the actions and expenditures of SCE and SDG&E with respect to SONGS steam generator replacements and subsequent activities;
- The reasonableness of the actions and expenditures of SCE and SDG&E in securing energy, capacity, and other related services to replace the output of SONGS during the outage;
- The cost-effectiveness of various options for repairing or replacing one or both units of SONGS going forward;
- Any additional ratemaking issues associated with the above, including the availability of insurance or warranty coverage for any of the costs related to the

- SONGS outage; and,
- The reasonableness and necessity of each SONGS-related operation and maintenance expense, and capital expenditure made, on and after January 1, 2012, reviewed within the context of the facts and circumstances of the extended outages of Units 2 and 3.

The investigation provides a forum to consider evidence and argument on these issues. Evidence taken in the proceeding will be the basis for findings, conclusions, and CPUC orders.

“The CPUC realizes the importance of the San Onofre nuclear plant to the state of California and the consequences of the problems with the plant for ratepayers and for all affected,” said CPUC President Michael R. Peevey. “This investigation will allow us to address issues related to the outages as part of our responsibility to keep the lights on and keep rates just and reasonable. We will look very critically at the utilities’ financial responsibility for the prolonged outage and who should bear those costs.”

“I welcome this investigation to consider evidence and arguments regarding the SONGS outages,” said Commissioner Timothy Alan Simon. “We look forward to working with the Nuclear Regulatory Commission and other governing bodies to ensure safe, reliable service and to protect ratepayers.”

Added Commissioner Mike Florio, “The order we issue today preserves and consolidates all of the cost and near-term planning issues related to the SONGS outages for future review in this new proceeding. Issues of nuclear safety are within the exclusive jurisdiction of the federal Nuclear Regulatory Commission and cannot be addressed at the state level.”

Said Commissioner Catherine J.K. Sandoval, “Safety is our first responsibility. We want to ensure that the operation of SONGS and the plans for energy resources in Southern California, our state’s most populous area, are consistent with the duty of the CPUC and the duty of the utilities we regulate to provide safe, reliable service at just and reasonable rates. It is in the public interest to initiate and carry out this investigation into the facts and circumstances of the SONGS outages and carefully consider appropriate transmission, generation, and demand response strategies. This proceeding provides the appropriate platform within our statutory authority to address

cost recovery, rates, and the role of SONGS in the Southern California energy system.”

“We will investigate the causes of the outages, the response of the operator, and the future of the plant thoroughly and carefully,” said Commissioner Mark J. Ferron. “This includes reviewing the reasonableness of the operator’s costs incurred for operations, repairs, and replacement power since the time of the outage, and a consideration of whether or not there should be an adjustment to rates to ensure that ratepayers are not paying for a non-useful asset.”

A Pre-hearing Conference will be set in the coming weeks to establish the schedule for the proceeding.

The proposal voted on is available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M030/K513/30513811.PDF>.

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

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