

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the  
Commission's Own Motion into the Rates,  
Operations, Practices, Services and Facilities of  
Southern California Edison Company and San  
Diego Gas & Electric Company Associated with  
the San Onofre Nuclear Generating Station Units  
2 and 3.

I.12-10-013

**REPLY OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)  
TO RESPONSES TO ORDER INSTITUTING INVESTIGATION REGARDING  
SAN ONOFRE NUCLEAR GENERATING STATION  
UNITS 2 AND 3**

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Dated: December 10, 2012

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UNITS 2 AND 3**

Pursuant to the California Public Utilities Commission's ("Commission") Order Instituting Investigation ("OII") I.12-10-013, San Diego Gas & Electric Company ("SDG&E") submits its reply to response submitted to the OII on December 3, 2012.

The Response of the Western Power Trading Forum, Direct Access Customer Coalition and Alliance for Retail Energy Markets ("Joint Electric Parties") assert that "[t]he Commission must also examine [in this OII proceeding] the manner in which SCE and SDG&E intend to conduct their procurement activities to ensure that the Commission's historical commitment to competitive markets is maintained and honored." Joint Electric Parties Response at page 4. Joint Parties go on to suggest that "SCE and SDG&E should be required to report in detail on their respective procurement actions taken to account for the SONGS outage and to either demonstrate that their actions comply with their individual Long-Term Procurement Plans or to seek appropriate waivers of plan provisions as may be required in the opinion of each utility." *Id.*, at page 5. These proposals to include these subjects for consideration in this OII are misplaced and outside the scope of the OII.

The Long Term Procurement Plan (“LTPP”) proceeding allows the Commission to make projections or assumptions with regard to the future operation of SONGS for purposes of evaluating SDG&E’s long-term resource needs. In D.12-01.033 the Commission renewed and updated the utilities’ procurement authority on behalf of their bundled customers, consistent with the policies of this Commission and the State of California. This decision continued to implement the Commission’s loading order and Energy Action Plan. Accordingly, SDG&E’s procurement activities are undertaken pursuant to the applicable Commission approved LTPP. SDG&E has not had occasion to request from the Commission a waiver from the approved LTPP.

Joint Electric Parties also “recommend that the Commission include in the Scoping Memo a specific opportunity for parties to submit procurement proposals, including proposals to implement load auctions.” *Id.*, at page 5. While SDG&E is unsure what this proposal to implement load auctions may mean, it has the appearance of a proposed change to the market structure involving service to bundled customers. The Joint Electric Parties procurement proposals are outside the scope this OII and for the same reasons described above are properly the subject of the annual LTPP proceeding.

Respectfully submitted,

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