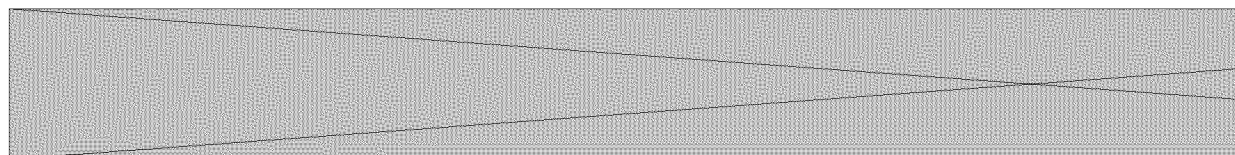


From: Campbell, Michael  
Sent: 3/27/2014 3:46:06 PM  
To: Dietz, Sidney (/O=PG&E/OU=Corporate/cn=Recipients/cn=SBD4)  
Cc:  
Bcc:  
Subject: FW: ORA Reaches SONGS Settlement that Will Save Edison Customers \$1.12 Billion and SDG&E Customers \$286 Million

This is one settlement I wasn't involved in. Your counterparts have been busy.

**From:** Chow, Christopher  
**Sent:** Thursday, March 27, 2014 2:37 PM  
**To:** Chow, Christopher  
**Subject:** ORA Reaches SONGS Settlement that Will Save Edison Customers \$1.12 Billion and SDG&E Customers \$286 Million



**FOR IMMEDIATE RELEASE**  
**PRESS RELEASE**

**Media Contact:**

Cheryl Cox, Policy Advisor, 415-703-2495, [cxc@cpuc.ca.gov](mailto:cxc@cpuc.ca.gov)  
ORA Press Room: <http://www.ora.ca.gov/newsroom.aspx>

**ORA Reaches SONGS Settlement that Will Save  
Edison Customers \$1.12 Billion and SDG&E Customers \$286  
Million**

SAN FRANCISCO, March 27, 2014 – The Office of Ratepayer Advocates (ORA), the independent consumer advocate within the California Public Utilities Commission (CPUC), today signed a comprehensive settlement agreement with Southern California Edison Company

(Edison), San Diego Gas & Electric Company (SDG&E), and The Utility Reform Network (TURN) that will prevent the utilities from charging customers, who were served by the defunct San Onofre Nuclear Generating Station (SONGS), for defective steam generators. The estimated benefit to ratepayers on a present value basis, compared with the utilities' \$4.7 billion original request, is \$1.12 billion for Edison customers and \$286 million for SDG&E customers.

In October 2012, the CPUC opened an investigation into the causes and accountability for the premature SONGS closure. Edison had shut down SONGS Generator Unit 2 on January 9, 2012 for scheduled maintenance, followed by the shutdown of SONGS Generator Unit 3 on January 31, 2012 due to a steam generator tube leak. Neither unit has ever returned to service, yet customers have continued to pay tens of millions of dollars each month to support the defunct plant and to buy replacement power. SONGS is owned and operated by Edison (78.21%) and served customers in the greater Los Angeles area including Inyo, Kern, Kings, Mono, Orange, Santa Barbara, Tulare, Ventura, and San Bernardino counties. It is co-owned with SDG&E (20%) and the City of Riverside (1.79%).

Today's settlement will eliminate cost recovery of the utilities' investment in the defective steam generators as of the February 2012 shutdown date, but will allow the utilities to receive a reduced rate of return for facilities other than the defective steam generators for a short period of time. Key customer benefits are summarized in the table below.

Major Settlement Elements	Reduction in Costs that Benefit Customers	
	Edison	SDG&E
Defective Replacement of Steam Generators, Retroactive to Shutdown on February 1, 2012	\$597 million	\$160 million
2012 Incremental Replacement Steam Generator Inspection and Repair Costs	\$99 million	\$5 million
Capital and Operation & Maintenance Revenue Refund, Feb 2012 – May 2014	\$480 million	\$121 million
SONGS Net Investment Rate of Return	2012: 2.95%	2012: 2.75%
	2013-2014: 2.62%	2013-2014: 2.35%

The Settlement also allows customers to receive a portion of any funds that Edison or SDG&E recovers in any legal actions from either Mitsubishi Heavy Industries, Inc. (manufacturer of the defective steam generators) or Nuclear Energy Insurance Limited (NEIL).

In August 2012, ORA sent a letter to CPUC commissioners requesting they remove SONGS from Edison's and SDG&E's rates to protect customers from the mounting costs of the non-operational plant.

ORA argued that the utilities should have received no additional funding for the defective steam generators that caused SONGS to stop operating.

"This settlement agreement is an extremely good deal for customers who will see a refund of hundreds of millions of dollars in the coming years," said Joe Como, ORA's acting director. "Customers will start to see a reduction in rates in 2015 of more than \$100 million in savings by disallowing the steam generators."

The signed settlement will be submitted to the CPUC for approval by the CPUC's five commissioners. The settlement does not determine SONGS' decommissioning costs, which will be addressed in another CPUC proceeding.

See ORA's [SONGS webpage](#) for details and link to Settlement.

For more information on ORA, please visit [www.ora.ca.gov](http://www.ora.ca.gov).

###

*Christopher Chow, Public Information Officer*

**CALIFORNIA PUBLIC UTILITIES COMMISSION**

505 Van Ness Avenue, San Francisco, CA 94102

**(415) 703-2234, (415) 238-9940 –cell**

[cfs@cpuc.ca.gov](mailto:cfs@cpuc.ca.gov)