

Application No.: A.16-03-004
Exhibit No.: SDGE-08
Witnesses: Tracy M. Dalu

PREPARED SUPPLEMENTAL TESTIMONY
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

(SDG&E's Portion of the DOE SONGS Settlement for 2014-2015 Costs)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

June 26, 2017

**PREPARED SUPPLEMENTAL TESTIMONY
ON BEHALF OF SDG&E**

I. INTRODUCTION

In testimony filed on February 17, 2017 in this proceeding, I stated that San Diego Gas & Electric Company (“SDG&E”) would provide supplemental testimony to the Commission concerning the outcome of outstanding spent fuel management cost claims with the Department of Energy (“DOE”).¹ The purpose of this testimony is to provide supplemental testimony on the settlement with DOE for spent fuel management costs incurred during 2014 and 2015.

II. DOE SETTLEMENT RECOVERY

On September 30, 2016, Southern California Edison Company (“SCE”) filed claims for spent fuel management costs incurred in 2014 and 2015 on behalf of the San Onofre Nuclear Generating Station (“SONGS”) SONGS co-participants (i.e., SCE, SDG&E and the Cities of Riverside and Anaheim) with the DOE under the terms of the 2016 settlement agreement. The claim sought \$56.4M from the DOE, with SDG&E’s share being \$11.3M.

In March 2017, SCE, acting on behalf of the SONGS co-participants, signed and executed a spent fuel settlement agreement for \$43.3 million with the Department of Justice to resolve claims for spent fuel management costs incurred during 2014 and 2015, resulting from the DOE’s failure to timely pick up spent nuclear fuel (“2014 and 2015 DOE Settlement”). SDG&E’s share of the 2014 and 2015 DOE Settlement, net litigation costs, is \$8.6 million. The 2014 and 2015 DOE Settlement is approximately 76% of the amount requested in SCE’s original claim. This settlement does not extend past 2015 costs.

The Commission has previously stated that it expects that “the net proceeds [of a settlement or litigation award from the DOE] should be credited appropriately back to the source of the funds used for these activities.”² Therefore, SDG&E has credited its share of the 2014 and 2015 DOE Settlement award back to ratepayers. Of the \$8.6 million received by SDG&E, \$6.1 million was recorded as a reduction to SDG&E’s SONGS Permanent Closure Memo Account (“SPCEMA”) \$0.4 million was credited to the SONGS Regulatory Asset for capital costs related

¹ A.16-03-004, SDGE-02, at 10.

² D.14-12-082 at 35.

1 to Independent Spent Fuel Storage Installation costs; \$0.04 million was credited to the Electric
2 Resource Recovery Account (“ERRA”) for operational & maintenance costs incurred in 2014;
3 and \$2.0 million was credited to the Nuclear Decommissioning Adjustment
4 Mechanism(“NDAM”) account for offsite Morris storage costs paid for Unit 1. The reduction to
5 SPCEMA will result in lower trust funds being used. The reduction to the SONGS Regulatory
6 Asset, the credit to ERRA and the credit to the NDAM ultimately benefit ratepayers through a
7 reduction in rates.

8 Under the terms of 2016 settlement agreement, SCE, acting on behalf of the SONGS co-
9 participants, must file a claim with the DOE for spent fuel cost incurred in 2016. SDG&E does
10 not know the total amount of the claim or SDG&E’s portion of the claim. This claim must be
11 filed with DOE no later than September 30, 2017.