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December 30, 2013

Mr. Edward Randolph  
Director, Energy Division  
California Public Utilities Commission  
501 Van Ness Avenue  
San Francisco, CA 94102

**RE: San Diego Gas & Electric's (SDG&E) Quarterly Report in Compliance with Investigation (I.) 12-10-013**

Dear Mr, Randolph:

Enclosed is SDG&E's quarterly report for the period July 1 through September 30, 2013, as directed by the California Public Utilities Commission (Commission) in Investigation (I.) 12-10-013. Specifically, I.12-10-13 states on page 13 the following:

SCE (Southern California Edison) and SDG&E shall each file a monthly status report with the Commission's Energy Division with the service on the service list. The monthly report shall include an operational update for the units, description of any NRC actions, estimated replacement energy and capacity costs, estimated other operational expenses, estimated forgone revenues due to lost sales of excess energy, and any other information either utility believes is relevant that may impact the Commission's consideration of safe and reliable service at just and reasonable rates, including any additional information directed by the Energy Division Director.

In its comments to the OII filed on December 03, 2012, SDG&E requested to submit its report quarterly with a 90-day lag, which was supported by the Energy Division and granted in the ALJ's January 28 Phase 1 Scoping Memo and Ruling (see page 8).

In addition, SDG&E had requested that the Commission designate SCE as the respondent for itself and on behalf of SDG&E to provide certain operating information. In in the January 28, 2013 Scoping Memo, ALJ Darling provided additional direction on page 8 as follows:

We acknowledge, for example, that as Operating Agent, SCE is the contractual party with the vendor of the steam generators, Mitsubishi Heavy Industries, Inc. (MHI), and has standing to enforce contractual warranties. SCE is the utility with primary responsibility for providing information that is within its own records as Operating Agent. However, as a co-owner, SDG&E has a duty to monitor SCE's responses in this OII and to supplement them or challenge them based on its own obligation to ensure safe and reliable service.

SDG&E has reviewed SCE's monthly status reports for the reporting period (July - September 2013) and does not have any additional information with which to supplement or challenge SCE on the reported status of SONGS.

If you have any questions, please contact Wendy Keilani at (858) 654-1185 or email at [WKeilani@semprautilities.com](mailto:WKeilani@semprautilities.com).

Sincerely,

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CLAY FABER  
Director – Regulatory Affairs

cc: Commissioner Michael Florio  
ALJ Melanie Darling  
Sepideh Khosrowjah – Comm. Florio's Office  
Eric Greene – Energy Division  
Truman Burns, Division of Ratepayer Advocates  
Service List I.12-10-013

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**SONGS 2&3 Outage Memorandum Account**  
**1.12-10-013**  
 (\$000)

	2013												Inception To Date	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		YTD
<b>1 I. Sunk Capital Cost Subaccount</b>														
2 Capital Expenditures	5,012.9	6,141.1	3,301.2	1,207.4	1,649.3	1,554.5	2,042.7	373.8	327.5					21,610.4
3 CWIP	113,784.4	119,967.2	120,822.3	122,916.1	127,165.3	128,469.7	129,654.2	130,036.2	132,228.0					128,469.7
4 Rate Base	120,898.7	120,596.8	119,783.6	119,090.6	118,248.1	117,604.9	117,292.2	117,036.8	116,779.6					117,604.9
5 Depreciation	1,076.0	1,080.7	1,081.6	1,083.2	1,305.4	-	(1.3)	0.9	-					5,626.5
6 Taxes on Income	409.6	409.2	406.4	404.1	436.0	228.1	226.8	226.2	225.1					2,971.5
7 Ad Valorem Taxes	-	-	-	1,977.1	-	-	-	-	-					1,977.1
8 Return	784.8	782.9	777.6	773.1	767.6	763.5	761.4	759.8	758.1					6,928.8
9 Subtotal Revenue Requirement	2,270.4	2,272.8	2,265.6	4,237.5	2,509.0	991.6	986.9	986.9	983.2					17,503.9
<b>10 II. Steam Gen Replacement/Removal Capital Cost Subaccount</b>														
11 Capital Expenditures - Replace	455.3	-	1,458.0	(17.9)	125.4	29.6	6.2	-	2.7					2,059.3
12 Capital Expenditures - Remove	0.4	-	5.8	8.0	(8.1)	-	-	-	-					6.1
13 Rate Base - Replace	127,359.2	126,404.4	125,881.3	125,348.2	124,139.5	123,385.2	123,010.2	122,620.4	122,228.8					124,486.4
14 Rate Base - Remove	17,180.6	17,180.6	17,180.6	17,180.6	17,180.6	17,180.6	17,180.6	17,180.6	17,180.6					17,180.6
15 CWIP Balance - Replace	-	-	-	-	-	-	-	-	-					-
16 CWIP Balance - Remove	136.6	-	-	-	-	-	-	-	-					136.6
17 Depreciation	1,323.4	1,325.8	1,331.8	1,337.7	1,338.2	-	-	-	-					6,656.9
18 Taxes on Income	495.1	491.9	489.8	488.8	484.4	270.9	269.5	268.1	266.7					3,525.2
19 Ad Valorem Taxes	-	-	-	342.6	-	-	-	-	-					342.6
20 Return	938.3	932.1	928.7	925.2	917.4	912.5	910.1	907.5	905.0					8,276.8
21 Subtotal Revenue Requirement	2,756.8	2,749.8	2,750.3	3,094.3	2,740.0	1,183.4	1,179.6	1,175.6	1,171.7					18,801.5
<b>22 III. O&amp;M Expense Subaccount</b>														
23 Fuel (ERRA)	-	-	-	-	-	-	-	-	-					1,223.0
24 Fuel Carrying Costs (ERRA)	19.2	15.4	16.4	14.5	11.6	9.7	9.6	10.6	8.7					192.0
25 Replacement Power (ERRA)	8,923.4	4,366.6	13,431.3	14,472.5	12,898.1	9,324.0	9,732.1	7,652.3	7,998.6					66,304.7
26 Capacity Payments (ERRA)	210.2	218.3	412.8	462.1	137.0	-	620.3	1,224.0	1,197.2					3,502.7
27 Foregone Sales Revenue (ERRA)	4,660.3	7,881.1	1,258.3	516.3	897.6	3,533.3	3,993.3	5,263.8	4,818.2					32,822.4
28 Routine O&M	(1,347.5)	4,331.9	4,517.0	5,351.7	4,988.5	5,456.7	4,913.4	3,454.8	2,643.8					73,558.7
29 Refueling (1 in 2012)	(8.1)	5.7	5.3	9.9	124.7	10.1	6.0	-	-					153.6
30 Seismic Safety	(18.6)	83.0	54.7	108.0	11.8	18.0	130.7	96.0	149.4					831.8
31 Investigation	(49.9)	66.8	236.3	126.8	125.0	17.3	100.4	(13.9)	111.6					17,155.3
32 Repairs - After Outage	-	-	-	-	-	-	-	-	-					-
33 Regulatory - After Outage	(133.4)	655.6	(27.7)	148.2	647.0	113.7	(313.4)	54.4	6.2					6,004.2
34 Defueling	-	-	-	-	-	-	-	-	-					902.9
35 Litigation	-	-	-	-	-	-	-	-	-					166.9
36 Payroll Taxes	243.9	230.3	257.8	230.6	269.0	206.3	213.5	197.8	126.0					3,744.1
37 Other (Pensions, PBOP, Insurance)	2,105.2	2,061.1	2,349.9	2,109.2	2,402.4	1,888.4	1,928.3	1,820.0	1,100.0					31,623.9
38 Subtotal	14,604.7	19,915.8	22,512.2	23,549.8	22,512.7	20,577.6	21,334.2	19,759.8	18,159.8					237,464.9
<b>Total</b>														420,391.4

	2013												Inception To Date		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		YTD	
39 <u>IV. Huntington Beach Subaccount</u>	-	-	-	-	-	18.2	1.0	1.0	1.0	-	-	-	21.3	-	21.3
40 <u>V. Demand Response Subaccount</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41 Peak Time Rebate - Small Commercial (PTRA)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42 Demand Bidding Program (DBP 2012)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43 Marketing, Education & Outreach (ME&O)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44 Subtotal DR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45 <u>VI. Transmission Upgrades Subaccount</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46 Capital Expenditures	(21.8)	206.6	63.6	312.0	320.4	642.3	1,592.4	86.0	407.5	3,012.5	6,621.5	3,609.0	775.0	3,012.5	6,621.5
47 Rate Base	-	-	-	-	-	-	-	-	6,974.6	-	-	-	-	-	-
48 Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49 Taxes on Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50 Ad Valorem Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51 Return	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52 Subtotal Revenue Requirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53 O&M (if any)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54 <u>VII. Authorized Revenue Requirement Subaccount</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55 Monthly Revenue Requirements	12,927.3	12,927.3	12,927.3	12,927.3	12,927.3	12,927.3	12,927.3	12,927.3	15,678.8	119,097.2	185,389.2	304,486.4	119,097.2	185,389.2	304,486.4
56 <u>VIII. Adders to SCE-Originated SONGS Costs</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57 SCE-Billed Costs Not Included by SCE in § III	14,413.8	9,404.6	11,006.5	(589.2)	396.1	897.9	266.8	2,391.1	4,833.9	43,021.5	4,274.3	47,295.8	43,021.5	4,274.3	47,295.8
58 SDG&E Portion of Nuclear and Related Insurance	-	-	1,122.5	-	1,453.8	-	-	-	-	2,576.3	2,363.9	4,940.2	2,576.3	2,363.9	4,940.2
59 SDG&E Portion of SONGS Site Easement	-	-	-	20.1	-	-	-	-	-	20.1	-	40.2	20.1	-	40.2
60 SDG&E Overheads on SONGS Costs - Capital (Adder to § I)	1,773.9	1,917.0	1,593.8	826.3	931.6	67.4	65.9	20.7	118.0	7,314.6	9,983.2	17,297.8	7,314.6	9,983.2	17,297.8
61 SDG&E Overheads on SONGS Costs - O&M (Adder to § III)	1,705.7	32,068.2	19,576.0	13,838.2	1,519.5	795.7	996.5	911.0	467.8	71,878.6	9,515.2	81,393.8	71,878.6	9,515.2	81,393.8
62 Net Impact of Billing Lag (Temporary Adder to §§ I & III)	5,633.1	5,888.8	(8,697.0)	787.4	3,860.7	(1,800.5)	556.0	(62.9)	(3,123.1)	3,042.5	(3,484.4)	(441.9)	3,042.5	(3,484.4)	(441.9)
63 <u>IX. SDG&amp;E Direct Cost of SONGS Oversight</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64 Operational and Financial Oversight Team	47.1	44.0	38.3	40.9	48.8	39.6	33.0	43.9	36.1	371.7	668.3	1,040.0	371.7	668.3	1,040.0

NOTES

All amounts shown reflect SDG&E's actual costs for SONGS, including 20% share of SONGS 100%-level costs incurred by SCE plus contractual overheads. SGRP costs reported net of 20% of estimated removal and disposal costs for the original steam generators, granted in SDG&E's 2006 SGRP Decision D.06-11-026. SCE advance bills SDG&E for the month and true-up previous advance bills. The "Lag Adjustment" (Line 62) converts SONGS data for the billing process to match actual SDG&E posting periods. SCE's invoices to SDG&E do not allow O&M costs to be broken out into the cost categories shown for O&M. Figures were provided by SCE, who allocated the SDG&E prorated billing based upon SCE's reported costs. SDG&E return calculations (lines 8, 20, and 51) utilize the new rate authorized in 2013 through the GRC decision. SDG&E's SONGS Oversight includes estimated overheads for Payroll Tax, Incentive Compensation Plan ("ICP"), Pension & Benefits, Workers' Compensation, Vacation & Sick Leave, PLPD Insurance, and Purchasing. Property tax amounts are estimated based on an allocation of total property taxes paid. A portion of property tax shown in lines 7, 19, and 50, may be repeated within other capital, rate base, and CWIP figures, due to the CPUC decision to allow capitalization of property taxes on CWIP. Capacity Payments (ERRA) amount estimated for CPM charges, Resource Adequacy (RA) purchases, and Standard Capacity Product (SCP) charges. In June 2013, the SDG&E investment in SONGS was removed from Rate Base (Plant in Service and Materials & Supplies), Construction Work in Progress, and reclassified as a Regulatory Asset pending CPUC recovery decision. These transfers are not reflected within this report. Monthly Revenue Requirements reflect amounts authorized and in rates at that time. On June 7, 2013, SCE announced plans to permanently shut down and retire SONGS Units 2 and 3, and since that date there is no "replacement power" costs although it will continue to be reported in the SONGS OMA for informational purposes.