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October 2, 2014

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 April 1 through June 30, 2014, 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 (April - June 2014) 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  
ALJ Kevin Dudney  
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  
 I.12-10-013  
 (\$000)

	2014												Inception To Date	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		YTD
<b>I. Sunk Capital Cost Subaccount</b>														
1 Capital Expenditures	80.6	(94.4)	(14.3)	(396.4)	349.4	(138.7)								(213.8)
2 CWIP	130,063.0	130,063.0	131,935.5	131,130.1	132,079.3	132,547.1								-
4 Rate Base	126,854.2	135,115.1	135,115.1	135,217.8	135,313.3	135,365.9								133,830.2
5 Depreciation	-	-	-	-	-	-								10,384.7
6 Taxes on Income	-	-	-	-	-	-								5,626.5
7 Ad Valorem Taxes	-	-	-	2,379.9	-	-								4,067.4
8 Return	823.5	877.1	877.1	877.8	878.4	878.8								3,916.9
9 Subtotal Revenue Requirement	823.5	877.1	877.1	3,257.7	878.4	878.8								1,977.1
														9,239.1
														27,348.3
														20,510.0
														55,450.9
<b>II. Steam Gen Replacement/Removal Capital Cost Subaccount</b>														
11 Capital Expenditures - Replace	-	-	-	-	-	-								12,863.2
12 Capital Expenditures - Remove	-	-	-	-	-	-								(9,319.5)
														6.1
														2,059.3
														14,922.5
13 Rate Base - Replace	125,135.2	129,415.5	129,415.5	129,415.5	129,413.6	129,411.7								128,701.2
14 Rate Base - Remove	17,180.6	17,180.6	17,180.6	17,180.6	17,180.6	17,180.6								1,334.6
														17,180.6
														17,180.6
15 CWIP Balance - Replace	-	-	-	-	-	-								136.6
16 CWIP Balance - Remove	-	-	-	-	-	-								-
														-
17 Depreciation	-	-	-	-	-	-								12,888.0
18 Taxes on Income	-	-	-	-	-	-								4,789.4
19 Ad Valorem Taxes	-	-	-	307.5	-	-								495.9
20 Return	923.9	951.7	951.7	951.7	951.6	951.6								10,949.3
21 Subtotal Revenue Requirement	923.9	951.7	951.7	1,259.2	951.6	951.6								29,122.6
														22,600.3
														57,712.6
<b>III. O&amp;M Expense Subaccount</b>														
23 Fuel (ERRA)	-	-	-	-	-	-								1,223.0
24 Fuel Carrying Costs (ERRA)	8.7	8.7	9.7	9.7	9.7	9.8								192.0
25 Replacement Power (ERRA)	11,387.8	17,088.6	14,875.0	12,964.9	14,315.1	13,484.4								66,304.7
26 Capacity Payments (ERRA)	324.2	317.5	183.0	82.5	85.3	82.5								3,502.7
27 Foregone Sales Revenue (ERRA)	3,160.4	356.9	6.1	579	36.3	182.6								23,138.3
28 Routine O&M	949.0	2,330.2	2,138.0	2,458.8	1,706.3	(1.5)								72,864.8
29 Refueling (1 in 2012)	-	-	-	-	-	-								9,107.7
30 Seismic Safety	89.2	34.5	304.3	84.9	61.4	0.1								815.5
31 Investigation	1.6	23.6	1.1	(31.1)	86.2	0.1								17,155.3
32 Repairs - After Outage	-	-	-	-	-	-								6,004.2
33 Regulatory - After Outage	(2.3)	-	-	0.3	19.0	0.1								1,605.9
34 Defueling	-	-	-	-	-	-								166.9
35 Litigation	-	-	-	-	-	-								-
36 Payroll Taxes	86.8	69.2	72.7	68.4	-	-								3,744.1
37 Other (Pensions, PROP, Insurance)	688.7	579.5	642.1	607.2	691.9	636.0								31,623.9
38 Subtotal	16,694.0	20,808.7	18,232.0	16,824.2	17,011.2	14,394.1								237,449.0
														227,832.9
														569,246.2

	2014												Inception			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	2012	2013	To Date
<b>39 IV. Huntington Beach Subaccount</b>	155.3	140.3	155.1	121.1	152.4	600.0							1,324.2	-	3,453.8	4,778.0
<b>40 V. Demand Response Subaccount</b>																
41 Peak Time Rebate - Small Commerci.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42 Demand Bidding Program (DBP 201;	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43 Marketing, Education & Outreach (I	-	-	-	-	-	-	-	-	-	-	-	-	-	90.6	-	90.6
44 Subtotal DR	-	-	-	-	-	-	-	-	-	-	-	-	-	90.6	-	90.6
<b>45 VI. Transmission Upgrades Subaccount</b>																
46 Capital Expenditures	13.8	0.7	-	33.1	-	-	-	-	-	-	-	-	47.6	3,012.5	4,275.1	7,335.2
47 Rate Base	5,914.6	5,902.5	5,883.4	5,851.8	5,844.7	5,821.0							5,869.7	-	1,839.5	
48 Depreciation	14.2	14.2	14.2	61.8	20.7	20.7							145.8	-	48.1	193.9
49 Taxes on Income	1.2	1.2	1.3	1.3	1.3	1.3							7.6	-	4.8	12.4
50 Ad Valorem Taxes	-	-	-	-	-	-							-	-	-	-
51 Return	36.1	37.8	37.7	36.9	37.5	37.3							223.3	-	143.3	366.6
52 Subtotal Revenue Requirement	51.5	53.2	53.2	100.0	59.5	59.3							376.7	-	196.2	572.9
53 O&M (if any)																
<b>54 VII. Authorized Revenue Requirement Subaccount</b>																
55 Monthly Revenue Requirements	12,709.2	12,709.2	12,709.2	12,709.2	12,709.2	12,709.2							76,255.2	185,389.2	166,133.6	427,778.0
56 VIII. Adders to SCE-Originated SONGS Costs																
57 SCE-Billed Costs Not Included by SCE	411.7	15.2	2,438.1	(3,413.4)	(2,754.7)	6,321.1							2,998.0	4,290.2	22,009.1	29,297.3
58 SDG&E Portion of Nuclear and Relat	18.7	-	(692.4)	820.0	424.3	366.1							936.7	2,363.9	3,692.3	6,992.9
59 SDG&E Portion of SONGS Site Essem	-	-	-	-	-	20.1							20.1	20.1	20.1	60.3
60 SDG&E Overheads on SONGS Costs	54.3	46.1	(45.1)	40.8	36.5	17.9							150.5	9,983.2	4,677.7	14,811.4
61 SDG&E Overheads on SONGS Costs	455.4	351.5	156.6	58.3	406.8	979.6							2,408.2	9,515.2	47,748.5	59,671.9
62 Net Impact of Billing Lag (Temporary)	2,860.6	285.0	(3,768.8)	757.4	3,524.8	2,612.0							6,271.0	(3,484.4)	2,430.3	5,216.9
<b>63 IX. SDG&amp;E Direct Cost of SONGS Oversight</b>																
64 Operational and Financial Oversight	40.0	40.1	52.7	46.2	59.3	44.6							282.9	668.3	458.0	1,409.2

**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. Monthly Revenue Requirements reflect amounts authorized in rates at that time. SDG&E's SONGS Oversight includes estimated overheads for Payroll Tax, Incentive Compensation Plan ("ICP"), Pension & Benefits, Workers' Compensation, Vacation & Sick Leave, PLD 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 Nuclear Fuel, and reclassified as a Regulatory Asset pending CPUC recovery decision. These transfers are not reflected within this report.

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. Report excludes Nuclear Decommissioning Planning costs recovered from Nuclear Decommissioning Trusts and includes non-Planning costs currently being requested for NDT reimbursement in AL 2579-E