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| Docket: | : | I.12-10-013 |
| Exhibit Number | : | DRA-03 |
| Commissioner | : | Florio |
| Admin. Law Judges | : | Darling/Dudney |
| DRA Witnesses | : | Burns, Logan |

**DIVISION OF RATEPAYER ADVOCATES**
**CALIFORNIA PUBLIC UTILITIES COMMISSION**

# Division of Ratepayer Advocates Phase 2 Direct Testimony Ratemaking Recommendations

San Francisco, California
September 10, 2013

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# DIVISION OF RATEPAYER ADVOCATES

# PHASE 2 TESTIMONY, RATEMAKING RECOMMENDATIONS

## A. Recommendations

This exhibit presents the Division of Ratepayer Advocates' (DRA) Phase 2 Direct Testimony in response to Southern California Edison's (SCE) Phase 2 testimonies (Exhibits SCE-36, SCE-39 and SCE-40) and San Diego Gas and Electric Company's (SDG&E) Phase 2 testimonies (Exhibits SDGE-15, SDGE-16, SDGE-18 and SDGE-19) regarding the San Onofre Nuclear Generating Station (SONGS), Units 2 and 3.

DRA makes the following ratemaking recommendations regarding SCE and SDG&E's testimonies:

- Traditional cost of service ratemaking principles do not apply to the shutdown SONGS facility; the Commission should reject SCE's SONGS-related ratemaking proposals.
- Given the permanent shutdown of SONGS 2 & 3, DRA recommends that SCE and SDG&E receive no interim rate recovery for the failed Steam Generator Replacement Project (SGRP), effective November 1, 2012 and the removal of approximately $590 million from interim rate recovery.
- Given the permanent shutdown of SONGS 2 & 3, DRA recommends that the SONGS 2 & 3 remaining net plant (excluding the SGRP) of approximately $610 million ($1.2 billion less $590 million) be removed from rate base as of November 1, 2012.  The utilities should be permitted to recover 75% of the net plant amount over five years from ratepayers, and earn no return on investment during the amortization period.

- Regarding Operations and Maintenance (O&M) costs, the utilities should be permitted to recover 75% of their recorded O&M costs from June 1, 2013 through December 31, 2014.
- Regarding employee severance costs, DRA recommends that the utilities be permitted to recover 75% of their severance costs from ratepayers.
- Given the permanent shutdown of SONGS 2 & 3, DRA recommends that SCE and SDG&E receive no cost recovery for outstanding Construction Work in Progress (CWIP), effective November 1, 2012.
- Given the permanent shutdown of SONGS 2 & 3, DRA recommends that Materials and Supplies (M&S) costs be removed from rate base.
- Given the permanent shutdown of SONGS 2 & 3, DRA recommends that SCE and SDG&E receive a nuclear fuel carrying cost rate based on the utilities' commercial paper rate, and that cost recovery for unsold nuclear fuel should be considered by the Commission after SCE has completed resale activities.
- DRA's ratemaking proposals are for ratemaking purposes; they do not constitute a reasonableness review. The SCE and SDG&E SONGS Memorandum Accounts should remain in place so the Commission can determine reasonableness at a later date. The reasonableness of SCE's procurement of the replacement steam generators should be determined after SCE has exhausted its dispute with its vendor, Mitsubishi Heavy Industries.

### B. Discussion

#### 1. Traditional Cost-of-Service Principles Do Not Apply To This Out-of Service Plant

SCE argues that traditional cost-of-service principles should guide the ratemaking treatment for SONGS Units 2 and 3.[1] SCE claims that it should recover its prudently-incurred capital investment in SONGS, plus a fair rate of return on that capital, over the useful life of the asset. In the case of early retirement of an asset such as SONGS, the cost recovery should be adjusted to reflect a shortened amortization period and a reduced rate of return, according to SCE. SCE further discusses the relationship between advance funding of capital investments by investors and their recovery of that funding through the revenue requirement (depreciation, taxes, and return). SCE includes this key statement in its discussion:

> The Commission should allow SCE to recover all prudently incurred capital investments in SONGS.[2]

Similar to most facilities constructed for the purpose of serving investor-owned utility customers, capital funding of the SONGS project was provided by investors. A large complex project such as SONGS requires ongoing capital investments, such as basic facility improvements and major plant overhauls. All of these capital investments are tracked in accounting systems over the assets' lives and decrease in "book value" based on accumulated depreciation. At any point in time, the "net investment" in utility facilities reflects the original cost of the various components, less their accumulated depreciation. The net investment, or

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[1] Exh. SCE-40, pp. 3-4.

[2] Exh. SCE-40, p. 6.

rate base, is the value used to apply the “shareholder return” in the revenue requirement formula.

SCE discusses the future Phase 3 prudence review of the Replacement Steam Generator Project (RSG) and argues that the Commission should, in the meantime, find that the capital investment was prudent and should be recovered through rates.[3] The RSG original cost totaled $768.5 million (nominal dollars, 100% share cost).[4]

Investment in utility facilities is not done rendered exclusively for the benefit of shareholders. Infrastructure must be constructed and maintained to provide basic utility service to customers. The “regulatory compact” assumes that the cost of these investments should be recovered from a utility’s customers, including a reasonable rate of return for shareholders[5]. The compact further assumes that for investments to be eligible for inclusion in rate base, they should reflect reasonable or “prudent” costs. Demonstrating the reasonableness of costs and prudency of utility actions is the responsibility utility management. A “reasonableness review” by the regulatory body may include some or all of the following:

- Cost review of a particular investment;
- Prudency review of management actions and or decisions;
- Choice of an investment compared to reasonable alternatives;
- Whether an investment is “used and useful”;
- Operational or administrative review of a particular activity, such as procurement contracts;
- Other issues as determined by the regulatory body.

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[3] Exh. SCE-40, p. 9.

[4] Exh. SCE-6, p. 3.

[5] The rate of return reflects the cost of debt and equity financing.

The Commission has made it clear that Phase 3 of this proceeding will address the reasonableness of the RSG project. Phase 2 is to address the ratemaking treatment for SONGS for the period from November 1, 2012 onward, with particular focus on the value of SONGS, if any, which should remain in rates.

SONGS has been out of service since February 1, 2012. SCE announced the permanent retirement of SONGS on June 7, 2013, and for the purposes of this proceeding, SCE recommends that the Commission treat SONGS as retired as of June 1, 2013.[6]

The Commission should reject SCE's ratemaking arguments generally, and its SONGS proposals specifically. The Commission should consider SONGS Units 2 and 3 retired as of November 1, 2012.[7] All historical capital investment related to generating power should be considered no longer used and useful as of that date.[8] SCE's proposed retirement date of June 1, 2013 should be rejected because the SONGS units were taken out of service in January 2012 and never returned to commercial operational service. For the purposes of Phase 2, the Commission may consider SCE's case for the reasonableness of any expectation of a SONGS restart in Phase 3. This is because the issues associated with a potential restart are inextricably linked to the complete prudency review of the RSG project.[9] The replacement steam generators were in commercial operation for just under two years of their expected life of up to 30 years.

[6] Exh. SCE-40, p. 1.

[7] Phase 3 may consider a retirement date earlier than November 1.

[8] Phase 3 may consider a retirement date earlier than November 1.

[9] The Nuclear Regulatory Commission (NRC) has yet to issue a staff report or conduct evidentiary hearings on SCE's October 2012 Restart Plan for Unit 2.

DRA's net investment ratemaking recommendation assumes $0 value for the failed Replacement Steam Generator (RSG) Project. SCE's customers should not be financially responsible for the failed RSG project, at least beginning November 1, and potentially earlier.[10] SCE posits several theories purporting to make its customers liable for the failed project: SONGS *was* a benefit-producing power plant for several years; SONGS' early retirement is *counter-balanced* in the generation portfolio by fully-depreciated long-working assets such as hydro power plants; investors *must be* made whole in order to ensure future capital attraction; etc. All of these arguments should be rejected. The primary evidence is the fact that SONGS 2 and 3 were not operating for nine months prior to November 1, 2012 *and* there is no evidence that *either unit* would eventually operate.[11] There is certainly no evidence before the Commission at this time, and SCE arguments are off the mark when it comes to these particular assets and the relevant facts and circumstances. The basic fact is that the replacement steam generators were in commercial operation for less than two years. This fact is unique to the premature closure of SONGS 2 & 3; there is no other comparable past precedent. Therefore, cost recovery will need to be considered on the merits and evidence unique to the circumstances of this case.

2. <u>SONGS Net Investment and Rate Recommendation</u>

On June 7, 2013, SCE announced the permanent shutdown of SONGS 2 & 3.[12] On June 12, 2013, SCE formally notified the U.S. Nuclear Regulatory Commission (NRC) that it was permanently shutting

[10] To be determined by the Commission in Phase 3.

[11] SCE can present its evidence of potential restart in Phase 3.

[12] http://www.songscommunity.com/news2013/news060713.asp

down SONGS 2 & 3.[13] SONGS 2 received its 40 year NRC license in February 1982.[14] SONGS 3 received its 40 year NRC license in November 1982.[15]

Exhibit SCE-39 shows an October 31, 2012 SONGS 2 & 3 total net investment of $1.253 billion.[16] In response to a DRA data request, SCE provided further detail on its October 31, 2012 SONGS 2 & 3 total net investment, which shows a total of $1.249 billion.[17] SCE's data response also shows an October 31, 2012 replacement steam generator (RSG) total net investment of $297.6 million, while SCE-36, Appendix A shows a steam generator plant balance of $590 million as of May 2013.

SCE's August 29, 2013 "Monthly Report in Compliance with I.12-10-013" (SCE Monthly Report) provides some conflicting figures that should be reconciled with the figures in SCE-39. SCE's Monthly Report shows a Rate Base amount for Base Capital of $637.2 million for end-of-month June 2013.[18] SCE's Monthly Report also shows a Steam Generator Replacement Rate Base balance of $456.3 million for end-of-month June 2013.[19] SCE's Monthly Report from February 1, 2013 shows a Rate Base amount for Base Capital of $621.9 million for end-of-month October

[13] http://www.songscommunity.com/news2013/news061313.asp

[14] http://www.nrc.gov/info-finder/reactor/sano2.html SCE's NRC license for SONGS 2 expires in February 2022.

[15] http://www.nrc.gov/info-finder/reactor/sano3.html SCE's NRC license for SONGS 3 expires in November 2022.

[16] Exh. SCE-39 at p. 12, Table IV-5.

[17] SCE response to DRA data request DRA-SCE-012, Q. 2.

[18] SCE Aug. 29, 2013 Monthly Report in Compliance with I.12-10-013, SONGS 2&3 Memorandum Account Table, p. 1, ln. 4.

[19] SCE Aug. 29, 2013 Monthly Report in Compliance with I.12-10-013, SONGS 2&3 Memorandum Account Table, p. 1, ln. 15.

2012.[20] SCE's Monthly Report for February 1, 2013 shows a Steam Generator Replacement Rate Base of $494.6 million for end-of-month October 2012.[21] SCE's Monthly Reports provide authorized monthly and total revenue requirement figures for both GRC costs and Steam Generator Replacement costs.[22] Exhibit SDGE-16 shows SDG&E's SONGS 2 & 3 net investment of $351.4 million as of October 31, 2012 and $342.2 million as of June 30, 2013.[23]

SCE spends a significant portion of SCE-36 parsing what portions of SONGS 2 & 3 should remain in service.[24] DRA's position is that with SCE's decision to retire SONGS 2 & 3, the plant is no longer "used and useful" and should be removed from rates and rate base, effective November 1, 2012.[25] SONGS no longer generates electricity for ratepayers and only the limited investment of dry cask storage should be considered used and useful. SONGS 2 & 3 have not generated electricity for ratepayers since January 2012.

Regarding recovery of SCE and SDG&E's net investment (excluding the Steam Generator Replacement Project) in SONGS 2 & 3, DRA recommends that the utilities should be permitted to recover 75% of the net plant amount from ratepayers over five years, and earn no return on

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[20] SCE Feb. 1, 2012 Monthly Report in Compliance with I.12-10-013, SONGS 2&3 Memorandum Account Table, p. 1, ln. 4.

[21] SCE Feb. 1, 2012 Monthly Report in Compliance with I.12-10-013, SONGS 2&3 Memorandum Account Table, p. 1, ln. 15.

[22] SCE Monthly Report in Compliance with I.12-10-013, SONGS 2&3 Memorandum Account Table, p. 2, ln. 50.

[23] Exh. SDGE-16, p. 6, Table IV-4.

[24] Exh. SCE-36 at 5.

[25] While DRA recommends removing SONGS 2 & 3 from rate base and rates effective November 1, 2012, DRA reserves the right to pursue removing SONGS 2 & 3 from rate base and rates effective January 31, 2012.

investment during the amortization period. The 75% figure approximates the useful life of SONGS 2 & 3; i.e., 30 years out of a NRC licensed life of 40 years. The five year amortization period is roughly half of the remaining time on the SONGS 2 & 3 NRC licenses. The Utilities should not earn a return on investment during the amortization period since (1) SONGS 2 & 3 no longer provide electricity, capacity or value to ratepayers, (2) under DRA's proposal, the utilities would be receiving accelerated recovery of 75% of their remaining net investment and (3) SCE has already taken "a charge in the second quarter [2013] of between $450 million and $650 million before taxes ($300 million - $425 million after tax), in accordance with accounting requirements."[26]

Regarding recovery of SCE's net investment in the Steam Generator Replacement Project (SGRP), DRA recommends that given the permanent shutdown of SONGS 2 & 3, SCE and SDG&E receive interim rate recovery for the failed Steam Generator Replacement Project (SGRP), effective November 1, 2012.[27] With SCE's announcement of the retirement of SONGS 2 & 3, principally caused by the failure of the replacement steam generators, SCE should seek cost recovery through its insurance carriers and Mitsubishi Heavy Industries, the vendor of the replacement steam generators, for recovery of the remaining investment in its replacement steam generators, not ratepayers.

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[26] Edison International press release, June 7, 2013, "Southern California Edison Announces Plans to Retire San Onofre Nuclear Generating Station", http://edison.com/investors/ir_news.asp?id=8142

[27] While DRA recommends removing the SONGS 2 & 3 replacement steam generators from interim rates effective November 1, 2012, DRA reserves the right to pursue removing the SONGS 2 & 3 replacement steam generators from interim rates effective January 31, 2012.

3. SONGS O&M Rate Recommendation

While SCE's testimony states that "SCE is not requesting recovery of O&M expenses in this phase of this proceeding",[28] SCE does provide a SONGS O&M cost forecast from 2013 through 2020.[29] SCE suggests shifting cost recovery of much of the SONGS O&M costs to the Nuclear Decommissioning trust funds. SCE proposes to use O&M cost savings to offset the existing undercollection in SCE's ERRA balancing account.

SCE proposes to reduce its SONGS employee headcount to 575 employees by September 2013, with another reduction to 400 employees in 2014.[30] Of the 575 employees forecast for September 2013, SCE's estimate includes 300 security-related employees, a number that is excessive for a non-functioning power plant.[31] SCE did not provide any revised non-labor O&M expense estimates in its testimony.[32]

Regarding O&M costs, DRA recommends that the utilities should be permitted to recover 75% of their recorded O&M costs from June 1, 2013 through December 31, 2014. DRA's SONGS O&M cost sharing proposal is designed to give the utilities an incentive to efficiently manage their labor and non-labor costs. It also reflects a sharing of costs based on the time frame that the facility operated compared to its expected service life. SCE's O&M forecast appears to be excessive in the short-term for a non-functioning power plant, and SCE should be expected to reduce O&M costs as SONGS enters SAFSTOR O&M mode.

[28] Exh. SCE-40, p. 20.

[29] Exh. SCE-40, p. 17, Table IV-2, ln. 7.

[30] Exh. SCE-39, p. 15.

[31] Exh. SCE-39, p. 16, Table V-7.

[32] Exh. SCE-39, p. 16.

The utilities should not be permitted to use the O&M cost savings to offset the existing undercollection in their ERRA balancing accounts. The more appropriate ratemaking treatment is to reduce the utilities O&M rate recovery as O&M costs fall, and increase reasonable ERRA costs separately, if needed. With the permanent shutdown of SONGS 2 & 3, SCE and SDG&E are no longer buying or generating "replacement" power for SONGS, they are now replacing the lost generation from SONGS.

4. SONGS Employee Severance Rate Recommendation

While SCE's testimony discusses reduced SONGS staffing levels,[33] it does not appear to address employee severance costs. The August 29, 2013 "Monthly Report in Compliance with I.12-10-013" includes the following footnote: "2. Severance costs (SCE share) included in Line No. 28 for 2012 reflect an accrued amount of $36.0 million, however $32.7 million has been paid out as of January 31, 2013."[34]

In SCE's Test Year 2012 General Rate Case, SCE proposed to keep for shareholders half of the net O&M savings from planned personnel reductions, while DRA and TURN argued that 100% of the net O&M cost savings should go to ratepayers.[35] The net O&M savings would include severance costs. The Commission ultimately adopted SCE's requested Test Year 2012 nuclear O&M forecast of $270.5 million, "*subject to offset from recorded savings associated with implementation of the identified workforce reductions*."[36]

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[33] Exh. SCE-39, pp. 15-16.

[34] SCE Aug. 29, 2013 Monthly Report in Compliance with I.12-10-013, SONGS 2&3 Memorandum Account Table, p. 2, fn. 2.

[35] D.12-11-051, p. 32.

[36] D.12-11-051, p. 33 (emphasis added).

Regarding SONGS employee severance costs, DRA recommends that the utilities be permitted to recover 75% of their severance costs from ratepayers, with the remaining 25% of severance costs the responsibility of shareholders. DRA's employee severance sharing proposal is designed to give the utilities an incentive to provide reasonable severance costs. It also reflects the 75% of the time that the facility operated based on its expected service life. SONGS employee severance costs from SCE's 2012 GRC are intertwined with the later employee severance costs associated with the permanent shutdown of SONGS 2 & 3.

5. SONGS CWIP Rate Recommendation

SCE discusses its proposed ratemaking treatment for Construction Work in Progress (CWIP) in Exhibit SCE-40. Essentially SCE argues that that CWIP "necessary to support current operations or [that] will be necessary to support the transition to decommissioning" should "remain in CWIP until the project is placed into service, at which point it should be added to rate base where it is eligible to earn SCE's full authorized return."[37] SCE proposes that capital in CWIP associated with projects that were cancelled as a result of SCE's decision to retire SONGS "should be amortized over a 5-year period and should earn a debt-like return of 5.54%."[38] SCE estimates that its total net investment in CWIP is $192 million as of October 21, 2012 and $230 million as of May 31, 2013.[39] SCE estimates that its required net investment in CWIP is $192 million as of October 31, 2012 and $71 million as of May 31, 2013.[40] SDG&E

[37] Exh. SCE-40, pp. 9-10.

[38] Exh. SCE-40, p. 10.

[39] Exh. SCE-39, p. 14, Table IV-6.

[40] Exh. SCE-39, p. 14, Table IV-6.

estimates that its total remaining CWIP as of October 31, 2012 was $41.4 million and was $54.4 million as of June 30, 2013.[41]

Given the permanent shutdown of SONGS 2 & 3, DRA recommends that SCE and SDG&E receive no cost recovery for outstanding CWIP, effective November 1, 2012. The Utilities should receive no cost recovery for outstanding CWIP since (1) SONGS 2 & 3 no longer provide electricity, capacity or value to ratepayers, and (2) SCE has already taken "a charge in the second quarter [2013] of between $450 million and $650 million before taxes ($300 million - $425 million after tax), in accordance with accounting requirements."[42] CWIP balances were never placed into commercial operation, were never "used and useful" and therefore, should not be recoverable from ratepayers; utility shareholders assume the risk of recovery or loss of their capital investments. With the permanent shutdown of SONGS 2 & 3, ratepayers are not required to reimburse the utilities for capital investments that are no longer needed and were never used and useful. SONGS no longer generates electricity for ratepayers and has not generated electricity for ratepayers since January 2012.

6. <u>SONGS M&S Rate Recommendation</u>

SCE states that it had approximately $100 million in SONGS-related Materials & Supplies (M&S) as of October 31, 2012 and May 31, 2013.[43] According to SCE, the company "earns its full authorized rate of return on the value of its M&S inventory, and this value is not depreciated ratably over time…SCE proposes to begin amortizing the M&S inventory in 2015"

[41] Exh. SDGE-16, p. 5, Table IV-3.

[42] Edison International press release, June 7, 2013, "Southern California Edison Announces Plans to Retire San Onofre Nuclear Generating Station", http://edison.com/investors/ir_news.asp?id=8142

[43] Exh. SCE-36, p. 14, Table IV-6.

along with salvaging what it can in the meantime.[44] SDG&E states its M&S levels were approximately $10 million as of the same dates.[45]

Given the permanent shutdown of SONGS 2 & 3, DRA recommends that Materials and Supplies (M&S) costs be removed from rate base. With a non-operational power plant, the SONGS M&S are no longer used and useful. The utilities should aggressively salvage what they can of M&S.

7. SONGS Nuclear Fuel Rate Recommendation

SCE states that its nuclear fuel net investment was $466 million as of October 31, 2012 and was $471 million as of May 31, 2013.[46] SDG&E states that its nuclear fuel net investment was $115 million as of October 31, 2012 and $115.7 million as of May 31 and June 20, 2013, respectively.[47] SCE's testimony offers a nuclear fuel ratemaking proposal; essentially SCE will to attempt to sell its redundant inventory and amortize what cannot be sold at a later date.[48] SCE proposes that the nuclear fuel carrying costs be based on "the cost of five-year debt, fixed at the beginning of June 1, 2013."[49] SCE's forecast of nuclear fuel inventory carrying costs is in the $1-3 million per year range from 2013 to 2015, but then peaks at $22 million in 2018.[50]

Given the permanent shutdown of SONGS 2 & 3, DRA recommends that SCE and SDG&E receive a nuclear fuel carrying cost rate based on

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[44] Exh. SCE-40, p. 11.

[45] Exh. SDGE-16, p. 6, Table IV-4.

[46] Exh. SCE-36, p. 14, Table IV-6.

[47] Exh. SDGE-16, p. 6, Table IV-4.

[48] Exh. SCE-40, pp. 11-12.

[49] Exh. SCE-40, p. 15. SDG&E's nuclear fuel inventory ratemaking proposal mirrors SCE's proposal. SDGE-18, pp. 7-8.

[50] Exh. SCE-40, p. 17, Table IV-2, ln. 8.

the utilities' commercial paper rate, and that cost recovery for unsold nuclear fuel should be considered by the Commission after SCE has completed resale activities. The utilities should not be permitted to receive their five year debt rate as a nuclear fuel carrying cost: SCE's proposal that ratepayers pay $20 million in nuclear fuel carrying costs in 2017 and an additional $22 million in 2018, 5 years after the shutdown of SONGS 2 & 3, makes little sense. Permitting the utilities to recover the commercial paper rate for their nuclear fuel inventory will give them an incentive to properly maintain their nuclear fuel inventory and move quickly to sell what can be sold. After resale activities are completed, then the Commission should consider the appropriate ratemaking treatment for unsold nuclear fuel.

# # #

# QUALIFICATIONS AND PREPARED TESTIMONY

# OF
# TRUMAN L. BURNS

Q.1 Please state your name and business address.

A.1 My name is Truman L. Burns. My business address is 505 Van Ness Avenue, San Francisco, California, 94102.

Q.2 By whom are you employed and in what capacity?

A.2 I am employed by the California Public Utilities Commission as Program and Project Supervisor in the Division of Ratepayer Advocates Energy Cost of Service and Natural Gas Branch.

Q.3 Briefly describe your educational background and work experience.

A.3 I received a B.A. in Political Science and English and a M.A. in Political Science, State Politics and Policy Specialization, from the University of California, Davis. I received a J.D. from the University of San Francisco, and am a member of the California Bar. I joined the CPUC's Special Economics Projects Branch in 1986. During my employment with the CPUC, I have performed various tasks, and have spent most of my time on electric utility regulation. I have testified before the Commission related to PG&E's Diablo Canyon nuclear power plant (steam generator replacement cost effectiveness, nuclear decommissioning trust funds, target capacity factor, long-term operating costs, utility retained generation capital and operating costs) Humboldt Bay Unit No. 3 nuclear power plant (decommissioning trust funds and decommissioning costs) and Southern California Edison's San Onofre Units 2 & 3 (utility retained generation capital and operating costs) and Unit 1 nuclear power plant (environmental costs and rate base recovery). I have also testified before the Atomic Safety and Licensing Board of the U.S. Nuclear Regulatory Commission regarding PG&E's financial qualifications requirements for an independent spent fuel storage installation (ISFSI), and was appointed to the National Association of Regulatory Utility Commissioners Staff Subcommittee on Nuclear Issues-Waste Disposal in 2004. I previously testified in Phase 1 of the OII.

Q.4 What is the purpose of your testimony?

A.4 I am responsible for sections A and B.2-B.7 in Exhibit DRA-3.

Q.5 Does that complete your prepared testimony?

A.5 Yes, it does.

# QUALIFICATIONS AND PREPARED TESTIMONY
# OF
# SCOTT LOGAN

Q.1 Please state your name and business address.

A.1 My name is Scott Logan. My business address is 505 Van Ness Avenue, San Francisco, California, 94102.

Q.2 By whom are you employed and in what capacity?

A.2 I am employed by the California Public Utilities Commission as Public Utilities Regulatory Analyst V in the Division of Ratepayer Advocates Energy Cost of Service and Natural Gas Branch.

Q.3 Briefly describe your educational background and work experience.

A.3 I received a B.A. in Economics from San Francisco State University in 1985. I joined the Division of Ratepayer Advocates of the California Public Utilities Commission in 1986. I have worked on electricity and energy matters since that time, including, but not limited to, electric generation Operation and Maintenance expenses, generation capital expenditures, energy efficiency programs, resource planning, long-term procurement and planning (LTPP), transmission planning, nuclear power plant seismic study costs and project-specific Certificate of Public Convenience and Necessity (CPUC) proceedings. I have testified in numerous Commission proceedings. I previously testified in Phase 1 of the OII.

Q.4 What is the purpose of your testimony?

A.4 I am responsible for section B.1 in Exhibit DRA-3.

Q.5 Does that complete your prepared testimony?

A.5 Yes, it does.