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California Public Utilities Commission*

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President Michael Peevey
Commissioner Michel Peter Florio
Commissioner Catherine Sandoval
Commissioner Mark Ferron
Commissioner Timothy Simon

Dear President Peevey and Commissioners,

We congratulate the Commission on its commitment to issue an Order Instituting Investigation (OII) into the recent outages at the San Onofre Nuclear Generating Station caused by malfunctioning steam generators.¹

For the past six months, there has been very little public information regarding the costs related to the extended outage at reactor Units 2 and 3. Southern California Edison (SCE) has spent substantial sums on inspection activities, the units have not been producing any power (yet remain in rate base) and replacement power has been procured due to the shutdown. In addition, SCE has initiated additional measures to address threats to summer reliability in Southern California. Yet ratepayers and the public remain unaware of the past, present, and potential future costs caused by the failure of the San Onofre steam generators.

We understand that the Nuclear Regulatory Commission (NRC) is investigating the root cause of the problems and will determine if, and when, the units may return to service. But the NRC is not responsible for estimating the cost of any repairs, replacement power expenditures, or summer reliability measures. Moreover, the NRC will not determine whether SCE shareholders should be held responsible for the unexpected shutdown and how the cumulative costs should be divided between shareholders and ratepayers. Only the CPUC can investigate whether SCE acted reasonably, how the cost responsibility should be resolved, and whether future investments to repair or replace the steam generators are justified.

In order to address these key issues in a coordinated and comprehensive fashion, we believe it is essential that the OII move forward expeditiously.

In a June 19 letter to the Commissioners, SCE asserts that these issues should be considered in a variety of separate and non-coincident proceedings. This fragmented approach would result in substantial duplication of effort, could lead to conflicting results, and would obfuscate the core common issues. The Commission should address these core issues in one proceeding.

There is no basis for SCE's argument that an OII would interfere with the ongoing NRC investigation.

¹ Commission Agenda for the meeting of August 2, 2012, Item 5.

SCE is a large utility staffed with highly skilled professionals who routinely provide information to multiple regulatory agencies. It is difficult to understand how the initiation of a single CPUC proceeding to review the current situation would place an excessive burden on the sizable resources possessed by SCE.

We therefore urge you to issue this OII as soon as possible.

Respectfully,

/s/
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Division of Ratepayer Advocates

/s/
MARK TONEY, Executive Director
The Utility Reform Network

/s/
ERICA PICA, President
Friends of the Earth

/s/
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/s/
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cc: Karen Clopton, Chief ALJ
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Rahmon Momoh, Energy Advisor for Commissioner Simon
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