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Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

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**CPUC APPROVES SAN ONOFRE SETTLEMENT THAT
RETURNS \$1.45 BILLION TO CONSUMERS**

SAN FRANCISCO, November 20, 2014 - The California Public Utilities Commission (CPUC) today approved a settlement agreement that provides consumer refunds and credits of approximately \$1.45 billion due to the premature shut down of the San Onofre Nuclear Generating Station following a steam generator tube leak on January 31, 2012. Additionally, there is the potential for customer recovery of costs from Mitsubishi and nuclear insurance.

Today's decision approves an amended settlement agreement between the Coalition of California Utility Employees, Friends of the Earth, Office of Ratepayer Advocates, San Diego Gas & Electric (SDG&E), Southern California Edison (SCE), and The Utility Reform Network (TURN). The original settlement agreement was changed to require that SCE and SDG&E each equally share net litigation proceeds from Mitsubishi Heavy Industries between their respective customers and shareholders, and to improve CPUC oversight of utility implementation of the settlement, particularly as to development of the revised rates.

Under the settlement, which resolves all recovery issues related to the premature shut down of San Onofre, the utilities will stop further collection of the Steam Generator Replacement Project costs in rates, return all Steam Generator Replacement Project costs collected after January 31, 2012, to ratepayers, and accept a substantially lower return on other prematurely retired San Onofre assets. In total, this reduces consumer costs by \$1.45 billion.

The CPUC determined that the settlement is in the public interest and is much closer to the litigation position of the Office of Ratepayer Advocates than to that of the utilities. In effect, the compromise



splits the difference 65 percent in favor of consumers and 35 percent in favor of the utilities. Consumers pay for some costs, including power the utilities purchased for customers after the outage and undepreciated net investment in San Onofre assets, excluding the failed Steam Generator Replacement Project. However, instead of the usual authorized rate of return, the settlement reduces shareholder return on San Onofre investments to less than three percent. The effect of the reduced shareholder return is that consumers save approximately \$420 million over the 10 year depreciation period.

“This settlement was proposed by certain parties, including consumer groups, at a time that the record of the proceeding was sufficiently developed and the CPUC could examine the reasonableness and prudence of the proposal,” said CPUC Commissioner Mike Florio, the Commissioner assigned to the proceeding. “The CPUC determined today that the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.”

When considering a settlement the CPUC reviews a number of factors, including whether the settlement reflects the risks, expense, complexity, and likely duration of further litigation; whether it fairly and reasonably resolves the disputed issues and conserves public and private resources; and whether the agreed-upon terms fall clearly within the range of possible outcomes had the parties fully litigated the dispute.

The settlement directs the utilities to develop a multi-year project associated with the University of California or UC-affiliated entities, funded by shareholder dollars, to spur immediate, practical, technical development of devices, methodologies, and processes to reduce emissions at existing and future California power plants tasked to replace the lost San Onofre generation. “Our decision should lead to greater attention to greenhouse gas in Southern California through a cooperative effort of the two utilities, the University of California, and local and regional governments,” said Commissioner Florio.

The proposal voted on is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M142/K994/142994640.PDF>.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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