

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Alliance for Nuclear Responsibility, Complainant)
vs.)
Southern California Edison Company (U238E), Defendant)
_____)

CASE _____

COMPLAINT

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Date: February 18, 2013

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ALLIANCE FOR NUCLEAR RESPONSIBILITY

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PUBLIC UTILITIES COMMISSION
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Alliance for Nuclear Responsibility, Complainant)
vs.)
Southern California Edison Company (U238E), Defendant)
_____)

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COMPLAINT

I. Introduction.

Pursuant to Cal. Pub. Util. Code § 2101 and Rule 4.1 of the California Public Utilities Commission (“Commission” or “CPUC”) Rules of Practice and Procedure, the Alliance for Nuclear Responsibility (“A4NR”) hereby files its complaint against Southern California Edison Company (“SCE”):

- alleging multiple violations of California and federal securities laws by intentionally, recklessly, or negligently misrepresenting, by as much as \$100 million, the amount of CPUC-authorized inflation adjustment for the San Onofre Steam Generator Replacement Project (“SGRP”) in written filings with the United States Securities and Exchange Commission (“SEC”) and a conference call briefing to investment analysts by Theodore F. Craver, Jr., chairman, president, and chief executive officer of Defendant SCE’s holding company, Edison International (“EIX”);

- alleging multiple violations of the Commission’s Rule 1.1 by Defendant SCE in the undisclosed use of unauthorized inflation adjustments for the San Onofre SGRP in its Advice Letters 2355-E, 2521-E, 2648-E-A, and 2834-E;
- alleging multiple violations of California and federal false claims statutes by Defendant SCE knowingly including such unauthorized inflation adjustments for the San Onofre SGRP in utility bills sent to Defendant SCE’s public sector customers, and certain of their contractors and grantees;
- alleging multiple violations of California’s “Unfair Competition Law” by Defendant SCE’s unlawful, unfair, or fraudulent practices regarding the inflation adjustments for the San Onofre SGRP;
- asking the Commission to: 1) consolidate the consideration of this complaint with its investigation of the San Onofre SGRP in I.12-10-013; 2) determine whether there is sufficient evidence to warrant the Commission exercising its authority under Cal. Pub. Util. Code §§ 2101 or 2102 to bring suit in the name of the People of the State of California; 3) determine whether there is sufficient evidence to warrant the Commission exercising its authority under Cal. Pub. Util. Code § 2101 to request the aid of the Attorney General or the district attorney of the proper county or city and county to institute and prosecute appropriate actions or proceedings; 4) issue an order to show cause why Defendant SCE, EIX, and the individuals making the misrepresentations alleged herein should not be found in contempt of the Commission under Cal. Pub. Util. Code § 2113; and 5) provide such other relief as the Commission deems appropriate.

A4NR recognizes that the Commission may consider some of the misconduct alleged herein to be outside the ambit of its ability to remedy on its own, but is mindful that the California Supreme Court has determined that the Commission may, and indeed sometimes must, consider areas of law outside of its jurisdiction in fulfilling its duties. *Northern California Power Agency v. Public Util. Com.* (1971) 5 Cal 3d 370 Moreover, application of the judicial doctrine of primary jurisdiction strongly argues for engagement of the Commission’s special expertise in the factual matters underlying this complaint – and would likely stay a court’s decisionmaking pending Commission resolution of those matters. *Wise v. Pacific Gas & Electric Co.* (1999) 77 Cal.App.4th 287

II. Factual Allegations.

1. Complainant A4NR is a 501c(3) corporation which represents both residential and small business customers on nuclear energy issues before California and Federal regulatory agencies, the Legislature, and Congress. A regular participant in CPUC nuclear-related proceedings, it is eligible to file this complaint pursuant to Rule 4.1.(a)(1) of the Commission’s Rules of Practice and Procedure. A4NR’s business address is P.O. Box 1328, San Luis Obispo, CA 93406-1328. Its telephone number is (858) 337-2703.
2. Defendant SCE is a public utility electrical corporation subject to the jurisdiction of the Commission. Its mailing address is 2244 Walnut Grove Avenue, Rosemead, CA 91770. Its telephone number is (626) 302-3119.
3. Complainant A4NR is a party in I.12-10-013 and its Data Request #7 in that proceeding asked for copies of minutes of all meetings of the San Onofre Board of Review (“BOR”) since

January 1, 2001 where the subject of replacement steam generators was discussed. The San Onofre BOR is comprised of the several utility co-owners of the San Onofre Nuclear Generating Station.

4. In response to Complainant A4NR's Data Request #7 in I.12-10-013, Defendant SCE provided redacted minutes from the May 8, 2008, August 7, 2008, November 14, 2008, May 2, 2011, and July 28, 2011 meetings, among others, of the San Onofre BOR.

5. The unredacted portions of the minutes of the San Onofre BOR meetings identified in paragraph 4 above contain the only identifiable references to SGRP inflation adjustments or escalation factors in the post-January 1, 2001 time period covered by A4NR's Data Request #7 in I.12-10-013.

6. The entire discussion of SGRP inflation adjustments or escalation factors reported in the unredacted portions of the minutes of the San Onofre BOR meetings identified in paragraph 4 above is quoted in the italicized type of paragraphs 7, 9, 10, 12, and 13 below.

7. The unredacted portion of the minutes of the May 2, 2011 meeting of the San Onofre BOR reports the following exchange between Defendant SCE's Senior Project Manager Craig Harberts, Defendant SCE's Senior Vice President and Chief Nuclear Officer Peter T. Dietrich, and San Diego Gas & Electric Senior Vice President James P. Avery:

*"Mr. Harberts then reviewed the SGRP budget status through March 2011. Mr. Avery asked that if the total SGRP costs were under \$670M, would a reasonableness review be required. Mr. Harberts responded that a reasonableness review would not be required in that case. Mr. Avery asked what the cost of the project was in today's dollars. **Mr. Dietrich explained that if SCE used CPI as an escalation factor the project would be \$25M over the \$670M target, but if SCE used the Handy-Whitman index, the SGRP would be \$75M under the \$670M target.** Mr. Dietrich said that SCE asked for more specificity from the CPUC on the escalation issue. **Mr. Avery responded this was not his recollection, SCE was insistent on being vague during the original filing.**" (emphasis added)*

A copy of the redacted May 2, 2011 minutes provided by Defendant SCE in response to Complainant A4NR's Data Request #7 is attached to this complaint as Exhibit A.

8. Complainant A4NR is informed and believes that Mr. Dietrich's reference to "the \$670 million target" was to the SGRP's complete cost, and not merely to Defendant SCE's 78.21% ownership share.

9. Based on the unredacted portions of the minutes of the San Onofre BOR, the significance of applying an inflation adjustment to "the \$670 million target" was recognized by SONGS co-owner SDG&E as early as mid-2008. The unredacted portion of the minutes of the May 8, 2008 meeting of the San Onofre BOR reports the following briefing by Defendant SCE's Manager of SGRP Project Controls, David Opitz, and the response of SDG&E's James P. Avery:

"Dave provided an update on the Steam Generator Replacement Project contracts. The total SGRP costs in 2004\$ is \$670.8M, with \$400.7M being contract costs and \$270.1M being other costs. The \$400.7M contract costs include \$157.2M in fixed price contracts, \$2.5 in fixed price contracts with escalation, \$1.0M in cost reimbursable contracts with no escalation, and \$207.4M in cost reimbursable contracts with escalation. Future allowance for contracts and subcontracts is \$32.6M. The Bechtel Contract incorporated a \$2.2M increase since the last Co-Owner update. Bechtel Change Order 7 includes: 2008 escalation on non-manual labor, award of polar crane evaluation and polar crane inspection contracts, deletion of distribution transformer, and OLS runway pier evaluation. To offset the Bechtel Change Order and other trends offset by 2007 Edison under runs, the contingency was reduced by \$0.5M since the last Co-Owner update. This concluded Dave's presentation.

*"Jim Avery requested a breakdown of SGRP costs by both 2004\$'s and nominal by component with the escalation updated. **Jim is concerned about the escalation approval hazard at the CPUC.** Jim is requesting this tracking at all future BOR's." (emphasis added)*

A copy of the redacted May 8, 2008 minutes provided by Defendant SCE in response to Complainant A4NR's Data Request #7 is attached to this complaint as Exhibit B.

10. The unredacted portion of the minutes of the August 7, 2008 meeting of the San Onofre BOR describes the following report from Defendant SCE's Mr. Opitz:

*"Dave gave an update on the CPUC Cost Estimate Variances. The application cost estimate was \$680 million in 2004\$, \$785 million in YOES. The current cost estimate was \$671 million in 2004\$, \$785 million in YOES. This is based on actual escalation rates through 2006, **updated 2007-2011 projections to Handy-Whitman escalation tables trended as of 9/2007**, with a reduction for deletion of HP Turbine Diaphragm work. This concluded Dave's presentation on the SGRP Cost Performance Update."* (emphasis added)

A copy of the redacted August 7, 2008 minutes provided by Defendant SCE in response to Complainant A4NR's Data Request #7 is attached to this complaint as Exhibit C.

11. Complainant A4NR is informed and believes that "YOES" refers to year-of-expenditure-dollars.

12. The unredacted portion of the minutes of the November 14, 2008 meeting of the San Onofre BOR reflect co-owner SDG&E's continued interest in the inflation adjustment topic:

*"Jim Avery asked about escalation as SGRP was approved in \$2004 dollars. Jim was told that Paul Hunt in Treasury group was working **on a composite index of the appropriate escalation factors to apply to SGRP costs. SCE believes it will be able to support the escalation factors used** to apply to the SGRP costs."* (emphasis added)

A copy of the redacted November 14, 2008 minutes provided by Defendant SCE in response to Complainant A4NR's Data Request #7 is attached to this complaint as Exhibit D.

13. The unredacted portion of the minutes of the July 28, 2011 meeting of the San Onofre BOR reflect the regulatory significance of the \$100 million difference embedded in the choice of inflation adjustment index:

*"Mr. Dietrich reminded the Board that **the issue of escalation rates has not been finalized**. In SCE's filings with the California Public Utilities Commission (CPUC), Handy-Whitman escalation rates are always used to calculate escalation for long-term capital projects. However, **if the CPUC requires a different escalation methodology be used, such as the Consumer Price Index, this would put the project into jeopardy of not***

***coming in at or under budget** and a reasonableness review would be required if the budget was exceeded by \$100 million, but the impact of using a different escalation methodology wasn't expected to reach this threshold.*" (emphasis added)

A copy of the redacted July 28, 2011 minutes provided by Defendant SCE in response to Complainant A4NR's Data Request #7 is attached to this complaint as Exhibit E.

14. A transcript of the July 31, 2012, EIX second quarter earnings conference call conducted with 11 investment analysts, quotes EIX CEO Theodore F. Craver, Jr., as saying the following in his opening remarks:

*"Turning to the regulatory review at the state level, there are several mechanisms in place for the California Public Utilities Commission to provide oversight and review the reasonableness of expenditures related to the outage. First, the steam generator project cost remains subject to a CPUC reasonableness review once SCE submits final cost for the project. As of June 30, SCE has spent \$593 million on the project **compared to the inflation-adjusted authorized spend of \$665 million**, or SCE's 78% ownership share."* (emphasis added)

This transcript is accessible at <http://seekingalpha.com/article/767301-edison-international-management-discusses-q2-2012-results-earnings-call-transcript>. Mr. Craver's prepared remarks are available on the investor relations page of the EIX web site.

15. Mr. Craver's quantification of a \$665 million "authorized" inflation-adjusted amount for SCE's ownership share of the SGRP was untrue. The CPUC's 2005 decision had not authorized an inflation-adjusted amount and had specifically deferred that determination. Nevertheless, EIX had made a similar misrepresentation in its 10-K filing with the SEC dated February 29, 2012 which stated:

*"**In 2005, the CPUC authorized expenditures of approximately \$525 million (\$665 million when adjusted for inflation)** for SCE's 78.21% share of San Onofre to purchase and install new generators and remove their predecessors. Those expenditures remain subject to CPUC review upon submission of SCE's final costs for the overall project. SCE expects to file an application with the CPUC setting forth final project costs in the third or fourth quarter of 2012."* (emphasis added)

Exhibits 31.1 and 31.2 to the EIX 10-K, contained the respective certifications of Mr. Craver, as Chief Executive Officer, and W. James Scilacci, as Chief Financial Officer, that

“Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report”

Exhibit 32 to the EIX 10-K contained the joint certification of Mr. Craver and Mr. Scilacci required by 18 U.S.C. § 1350, as enacted by § 906 of the Sarbanes-Oxley Act of 2002. The EIX 10-K and its exhibits are available on the investor relations page of the EIX web site.

16. The SCE 10-K filing with the SEC dated February 29, 2012 contained the identical description of the authorized SGRP expenditures as the EIX 10-K of the same date, as well as certifications identical to those of Mr. Craver and Mr. Scilacci from SCE President Ronald L. Litzinger and SCE Chief Financial Officer Linda G. Sullivan. The SCE 10-K and its exhibits are available on the investor relations page of the EIX web site.

17. The 10-Q reports EIX and SCE filed separately with the SEC dated May 2, 2012; July 31, 2012; and November 1, 2012 each described the \$665 million “authorized” inflation-adjusted amount for SCE’s ownership share of the SGRP in the same way:

“In 2005, the CPUC authorized expenditures of approximately \$525 million (\$665 million when adjusted for inflation) for SCE’s 78.21% share of San Onofre to purchase and install the four new steam generators in Units 2 and 3 and remove and dispose of their predecessors.” (emphasis added)

The requisite certifications for each EIX filing were made by Mr. Craver and Mr. Scilacci, and for each SCE filing by Mr. Litzinger and Ms. Sullivan. Each of the 10-K reports and its exhibits are available on the investor relations page of the EIX web site.

18. Cal. Pub. Util. Code § 816, *et seq.* confers broad authority on the Commission to exercise the power of supervision, regulation, restriction, and control of the issuance of securities by public utilities. Continued access to the capital markets by public utilities regulated by the Commission requires faithful adherence to California and federal securities laws. The Commission has a particularly strong interest in assuring Defendant SCE's compliance, especially in matters relating to the representations about Commission decisions.

19. Contrary to Mr. Craver's statement in the July 31, 2012 quarterly earnings call, and contrary to the similar representations by EIX and SCE in eight separate 10-K or 10-Q filings with the SEC, the CPUC actually went to considerable length in its 2005 decision approving the SGRP, D.05-12-040, to emphasize that it was not authorizing a particular adjustment for inflation at that time. As discussed in D.05-12-040's Ordering Paragraphs:

"13. The selection of the appropriate inflation adjustment to convert the 2004 dollars adopted herein to nominal dollars will be addressed in SCE's application to include SGRP costs permanently in rates."

"15. The selection of the appropriate inflation adjustment to convert future O&M costs and capital additions as shown in Attachment A from 2004 dollars to the appropriate future year dollars shall be determined in the proceedings specified in Ordering Paragraph 12."¹

20. Although superficially of two minds about the type of Commission proceeding in which the appropriate inflation adjustment should eventually be selected, the Conclusions of Law in D.05-12-040 conclusively established that such selection had not yet been made:

"46. The selection of the appropriate inflation adjustment applicable to recorded SGRP costs should be addressed in SCE's application to include SGRP costs permanently in rates."

¹ Complainant A4NR believes this to be a typographical error, since Ordering Paragraph 12 discusses depreciation rather than proceedings, and believes the intended reference is to Ordering Paragraph 13.

“68. Since the inflation adjustment was not addressed in the record, the selection of the appropriate inflation adjustment applicable to the costs shown in Attachment A should be considered in proceedings such as GRCs where revenue requirements and rates are set.”

21. The Findings of Fact in D.05-12-040 provided additional insight into the Commission’s thinking. The only example cited in the entire decision of a specific index that might be used for future inflation adjustments was the Consumer Price Index – which, as described in Paragraph 7 above, by March, 2011 had produced an authorized cost level \$100 million below the amount calculated by Defendant SCE using the Handy Whitman Index:

“146. In this decision, costs are expressed in 2004 dollars.

“147. Actual costs will be expressed in nominal dollars when they are recorded.

“148. A meaningful comparison of recorded SGRP costs with the costs specified herein will require all costs to be converted to equivalent year dollars by an inflation adjustment.

“149. The inflation adjustment should be made based on reliable publications such as the Consumer Price Index published by the U.S. Bureau of Labor Statistics.

“150. The record is not sufficient to address how the inflation adjustment should be made.”

22. Defendant SCE filed its Advice Letter 2521-E with the Commission November 1, 2010 to recover \$56.694 million in 2011 for completion of the installation of the Unit 2 replacement steam generators. According to SCE Advice Letter 2521-E, the requested amount

“includes estimated depreciation, property taxes, income taxes, return on rate base, and Franchise Fees and Uncollectibles consistent with Preliminary Statement, Part Z.”

The reference to Preliminary Statement, Part Z related to the SONGS 2&3 Steam Generator Replacement Balancing Account approved earlier by the Commission’s Energy Division Director pursuant to SCE Advice Letter 2355-E. Neither SCE Advice Letter 2521-E, nor Preliminary

Statement, Part Z, made any mention of an inflation adjustment. SCE Advice Letter 2521-E was approved by the Commission's Energy Division Director December 7, 2010.

23. Defendant SCE filed its Advice Letter 2648-E-A with the Commission on December 27, 2011 to recover \$57.540 million in 2012 for completion of the installation of the Unit 3 replacement steam generators, as well as \$57.699 million in 2012 for the Unit 2 replacement steam generators. No explanation for the \$1.005 million increase from 2011 to 2012 in the Unit 2 amount was offered. According to SCE Advice Letter 2648-E-A,

"The total 2012 forecast SONGS 2&3 steam generators revenue requirement is estimated to be \$115.239 million and includes estimated depreciation, taxes, return on rate base, plus FF&U, consistent with Preliminary Statement, Part Z."

The reference to Preliminary Statement, Part Z related to the SONGS 2&3 Steam Generator Replacement Balancing Account approved earlier by the Commission's Energy Division Director pursuant to SCE Advice Letter 2355-E. Neither SCE Advice Letter 2648-E-A, nor Preliminary Statement, Part Z, made any mention of an inflation adjustment. SCE Advice Letter 2648-E-A was approved by the Commission's Energy Division Director June 13, 2012.

24. Pursuant to the approval by the Commission's Energy Division Director of SCE Advice Letter 2521-E and SCE Advice Letter 2648-E-A, Defendant SCE included cumulative revenue requirements of \$171,933,000 in its rates and charges for 2011 and 2012 for its share of the SGRP costs recorded in Preliminary Statement, Part Z, without disclosing what inflation adjustment, if any, was used in determining these revenue requirements.

25. Defendant SCE filed its Advice Letter 2834-E on December 31, 2012 to recover \$ 112.843 million in 2013 for replacement of the Unit 2 and Unit 3 steam generators, but the request

remains pending. SCE Advice Letter 2834-E makes no mention of whether an inflation adjustment was used to calculate the amount requested, which

“includes estimated depreciation, taxes, return on rate base, plus FF&U, consistent with D.05-12-040 and Preliminary Statement Part Z.”

26. Defendant SCE knows that the Commission has not yet authorized a particular inflation adjustment for Defendant SCE’s share of SGRP costs recorded in Preliminary Statement, Part Z.

27. Complainant A4NR is informed and believes that Defendant SCE used an inflation adjustment for the SGRP costs addressed in Defendant SCE’s Advice Letters 2355-E, 2521-E, 2648-E-A, and 2834-E.

28. Complainant A4NR is informed and believes that Defendant SCE used an inflation adjustment, most likely the Handy Whitman Index or a composite of different indexes, to calculate the portion of its share of SGRP costs to include in its 2011, 2012 and proposed 2013 rates and charges.

III. Causes of Action.

FIRST CAUSE OF ACTION

Violation of Cal. Corp. Code § 25400(d)

Incorporating by reference paragraphs 1 through 28 herein, Complainant A4NR alleges the following:

29. On multiple occasions, Defendant SCE intentionally, recklessly, or negligently made untrue statements of material facts regarding the Commission’s authorization of a specific

inflation adjustment for Defendant SCE's share of the cost of the SGRP. These occasions include but are not limited to:

- a) the February 29, 2012 filing of SCE's 10-K with the SEC;
- b) the February 29, 2012 filing of EIX's 10-K with the SEC;
- c) the May 2, 2012 filing of SCE's 10-Q with the SEC;
- d) the May 2, 2012 filing of EIX's 10-Q with the SEC;
- e) the July 31, 2012 filing of SCE's 10-Q with the SEC;
- f) the July 31, 2012 filing of EIX's 10-Q with the SEC;
- g) the July 31, 2012 conference call with investment analysts;
- h) the November 1, 2012 filing of SCE's 10-Q with the SEC;
- i) the November 1, 2012 filing of SCE's 10-Q with the SEC.

30. On multiple occasions, Defendant SCE intentionally, recklessly, or negligently omitted to state material facts, regarding the Commission's D.05-12-040 treatment of SGRP cost inflation adjustment, necessary to make the statements Defendant SCE did make, in light of the circumstances under which they were made, not misleading. These occasions include but are not limited to:

- a) the February 29, 2012 filing of SCE's 10-K with the SEC;
- b) the February 29, 2012 filing of EIX's 10-K with the SEC;
- c) the May 2, 2012 filing of SCE's 10-Q with the SEC;
- d) the May 2, 2012 filing of EIX's 10-Q with the SEC;
- e) the July 31, 2012 filing of SCE's 10-Q with the SEC;
- f) the July 31, 2012 filing of EIX's 10-Q with the SEC;

- g) the July 31, 2012 conference call with investment analysts;
- h) the November 1, 2012 filing of SCE's 10-Q with the SEC;
- i) the November 1, 2012 filing of SCE's 10-Q with the SEC.

31. The certifications described in paragraphs 15 through 17 above were each knowingly or willfully made with regard to Commission authorization of a specific inflation adjustment for Defendant SCE's share of the cost of the SGRP

32. Defendant SCE's conduct violated Cal. Corp. Code § 25400(d).

SECOND CAUSE OF ACTION

Violation of 15 U.S.C. § 77q(a) and 15 U.S.C. § 78j(b)

Incorporating by reference paragraphs 1 through 32 herein, Complainant A4NR alleges the following:

33. Defendant SCE's conduct alleged in paragraphs 29 through 31 above violated Section 17(a) of the federal Securities Act of 1933, codified as 15 U.S.C. § 77q(a), and Section 10(b) of the federal Exchange Act of 1934, codified as 15 U.S.C. § 78j(b) and is subject to potential enforcement action by the SEC.

THIRD CAUSE OF ACTION

Violation of 20 CCR § 1.1

Incorporating by reference paragraphs 1 through 33 herein, Complainant A4NR alleges the following:

34. Defendant SCE's use of an inflation adjustment for the SGRP costs addressed by its Advice Letters 2355-E, 2521-E, 2648-E-A, and 2834-E was an artifice or false statement of fact or law which misled or attempted to mislead the Commission or its staff and violated Rule 1.1 of the CPUC Rules of Practice and Procedure.

35. Defendant SCE's failure to disclose its use of an inflation adjustment for the SGRP costs addressed by its Advice Letters 2355-E, 2521-E, 2648-E-A, and 2834-E was an artifice or false statement of fact or law which misled or attempted to mislead the Commission or its staff and violated Rule 1.1 of the CPUC Rules of Practice and Procedure.

36. Pursuant to Cal. Pub. Util. Code § 2108, each violation of Rule 1.1 by Defendant SCE's Advice Letters 2355-E, 2521-E, 2648-E-A, and 2834-E is a continuing violation, and each day's continuance thereof is a separate and distinct offense.

FOURTH CAUSE OF ACTION

Violation of Cal. Gov. Code § 12650, *et seq.*

Incorporating by reference paragraphs 1 through 36 herein, Complainant A4NR alleges the following:

37. To the extent Defendant SCE's 2011 and 2012 rates and charges included any inflation adjustment for its share of SGRP costs recorded in Preliminary Statement, Part Z, such inflation adjustment was knowingly included by Defendant SCE.

38. To the extent that Defendant SCE's 2011 and 2012 rates and charges included any inflation adjustment for its share of SGRP costs recorded in Preliminary Statement, Part Z, and were submitted in Defendant SCE's billings to California state agencies or political subdivisions,

they violated the California False Claims Act, Cal. Gov. Code § 12650, *et seq.* Defendant SCE knowingly made, used, or caused to be made or used, false records or statements to get false claims paid or approved by California state agencies or political subdivisions and knowingly made, used, or caused to be made or used, false records or statements material to false or fraudulent claims.

39. Defendant SCE is liable for a claim of treble damages to such California state agencies and political subdivisions, as well as for penalties and costs, in a specific amount to be determined at trial in court.

40. The information upon which this complaint is based is in the public domain, and A4NR is not seeking to be a *qui tam* plaintiff or relator under Cal. Gov. Code § 12650, *et seq.*

FIFTH CAUSE OF ACTION

Violation of 31 U.S.C. § 3279, *et seq.*

Incorporating by reference paragraphs 1 through 40 herein, Complainant A4NR alleges the following:

41. To the extent that Defendant SCE's 2011 and 2012 rates and charges included any inflation adjustment for its share of SGRP costs recorded in Preliminary Statement, Part Z, and were submitted in Defendant SCE's billings to an officer, employee, or agent of the United States federal government ("Federal Government"); or submitted to a contractor or grantee of the Federal Government using funds provided by the Federal Government or reimbursable by the Federal Government to advance a Federal Government program or interest, and such funds were used to pay Defendant SCE's billings; Defendant SCE's billings

violated the federal False Claims Act, 31 U.S.C. § 3279, *et seq.* Defendant SCE knowingly made, used, or caused to be made or used, false records or statements to get false claims paid or approved by the Federal Government or its contractors or grantees and knowingly made, used, or caused to be made or used, false records or statements material to false or fraudulent claims.

42. Defendant SCE is liable for a claim of treble damages to the Federal Government, and to certain of its contractors and grantees, as well as for penalties and costs, in a specific amount to be determined at trial in court.

43. The information upon which this complaint is based is in the public domain, and A4NR is not seeking to be a *qui tam* plaintiff or relator under 31 U.S.C. § 3279, *et seq.*

SIXTH CAUSE OF ACTION

Violation of Cal. Bus. & Prof. Code § 17200, *et seq.*

Incorporating by reference paragraphs 1 through 43 herein, Complainant A4NR alleges the following:

44. Defendant SCE has engaged in, and continues to engage in, unlawful, fraudulent, or unfair acts or practices in the conduct of a business, which acts or practices constitute unfair competition, as that term is defined in Cal. Bus. & Prof. Code § 17200. Such acts or practices include, but are not limited to, the following:

- a) violating Cal. Corp. Code § 25400(d) as described in the First Cause of Action above;

- b) violating 15 U.S.C. § 77q(a) and 15 U.S.C. § 78j(b) as described in the Second Cause of Action above;
- c) violating 20 CCR § 1.1 as described in the Third Cause of Action above;
- d) violating Cal. Gov. Code § 12650, *et seq.*, as described in the Fourth Cause of Action above; and
- e) violating 31 U.S.C. § 3279, *et seq.*, as described in the Fifth Cause of Action above.

45. Defendant SCE is liable for restitution, costs and civil penalties in a specific amount to be determined at trial in court.

IV. Prayer for Relief

WHEREFORE, Complainant A4NR respectfully asks the Commission to

(1) consolidate the consideration of this complaint, pursuant to Rule 7.4 of the Commission's Rules of Practice and Procedure, with its investigation of the San Onofre SGRP in I.12-10-013;

(2) determine whether there is sufficient evidence to warrant the Commission exercising its authority under Cal. Pub. Util. Code §§ 2101 or 2102 to bring suit in the name of the People of the State of California;

(3) determine whether there is sufficient evidence to warrant the Commission exercising its authority under Cal. Pub. Util. Code § 2101 to request the aid of the Attorney General or the district attorney of the proper county or city and county to institute and prosecute appropriate actions or proceedings;

(4) issue an order to show cause why SCE, EIX, and the individuals making the misrepresentations alleged herein should not be found in contempt of the Commission under Cal. Pub. Util. Code § 2113; and

(5) provide such other relief as the Commission deems appropriate.

V. Contact Information.

All pleadings, correspondence, and other communications concerning this complaint should be directed to Complainant A4NR's attorney as follows:

John L. Geesman

DICKSON GEESMAN LLP
1999 Harrison Street, Suite 2000
Oakland, CA 94612
Telephone: (510) 899-4670
Facsimile: (510) 899-4671
E-Mail: john@dicksongeesman.com

VI. Scoping Information and Proposed Schedule.

Complainant A4NR requests that this matter be categorized as an adjudicatory proceeding and expects the need for any evidentiary hearing to be determined by the content of Defendant SCE's answer. If Defendant SCE proffers evidence that it did not include any inflation adjustment in calculating its billings, or that it had express Commission authorization for the inflation adjustment which it used, the need for hearing is conceivable and can be accommodated within the currently scheduled Phase 1 hearings in I.12-10-013. Otherwise, what is at issue are questions of law that can be resolved through briefing in Phase 1 of I.12-10-

013, well within the 12 months allowed for adjudicatory proceedings by Rule 4.2(a) of the Commission's Rules of Practice and Procedure. The specific issues to be decided are whether there is sufficient evidence that Defendant SCE's conduct constituted violations of law, as alleged in the complaint's six causes of action, to warrant the initiation of court proceedings and/or findings by the Commission of contempt regarding Defendant SCE, EIX, and the individuals making the misrepresentations alleged herein.

Respectfully submitted,

By: /s/ John L. Geesman

JOHN L. GEESMAN
DICKSON GEESMAN LLP

Date: February 18, 2013

Attorney for
ALLIANCE FOR NUCLEAR RESPONSIBILITY

VERIFICATION

I, John L. Geesman, declare under penalty of perjury:

I am an attorney licensed to practice before the courts of the State of California. I represent complainant, Alliance for Nuclear Responsibility (“A4NR”), in this matter before the California Public Utilities Commission. A4NR is absent from the county in which my office is located, and therefore I verify this document on their behalf.

I have read the foregoing Complaint and know the contents thereof, and declare the contents of the document are true to my own knowledge, except for those matters that are stated on information or belief, and as to those matters I believe them to be true.

Executed this 18th day of February, 2013, at Oakland, California.

/s/ John L. Geesman

JOHN L. GEESMAN

EXHIBIT A

Board of Review (BOR) Meeting

Date: May 2, 2011
Re: Meeting Minutes – BOR, held in San Onofre Nuclear Generating Station
(SONGS) Mezzanine Conference Room

Attendees:

City of Anaheim: Russell Dowell

City of Riverside: Gary Nolff, Bob Tang

San Diego Gas & Electric (SDG&E): Jim Avery, Erik Daley, Mike De Marco, Tim Curtis, Paul Acosta, Matthew Vanderbilt

Southern California Edison (SCE): Pete Dietrich, Paul McGregor, Kim Murray, Lindsay Anderson, Jean Lewis, Joe Pennino, Jonathan Kim, Owen Thomsen, Rich St. Onge, Tim Clepper, Craig Harberts, Maria Charca, Maureen Coveney, Jill Corral, Ray Sutton, Jose Perez

Opening Statements:

[Redacted]

[Redacted]

[Redacted]

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[Redacted]

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[Redacted]

2011-010 SCE will discuss steam generator output based upon Units 2 & 3 SGRPs and the resulting effect on SONGS Capability Factor. Ray Sutton will answer questions on capability factor vs. capacity factor at today's BOR meeting.

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SGRP Update
Craig Harberts
Manager, SGRP

Craig Harberts presented a status of the remaining work on the SGRP. The steam generator performance testing was completed on April 8, 2011, with steam generators meeting all warranty testing. The original steam generator (OSG) segmentation is in progress, with the first shipment planned for mid-June and the last shipment to begin in October. After the middle of November, shipping would no longer be feasible during 2011 due to winter weather concerns. SCE still needed the DOT permit which was scheduled to be approved by 4/22/11 and because of the events in Japan, the permit approval would be delayed until 5/13/11.

Mr. Dietrich stated that it is SONGS goal to close out the disposal phase of the project by year-end to stop costs from escalating. Mr. Nolf asked if there are liquidated damages for the subcontracting company responsible for segmenting the OSGs if they are behind schedule. Mr. Dietrich stated that he would look into this.

Mr. Harberts then reviewed the SGRP budget status through March 2011. Mr. Avery asked that if the total SGRP costs were under \$670M, would a reasonableness review be required. Mr. Harberts responded that a reasonableness review would not be required in that case. Mr. Avery asked what the cost of the project was in today's dollars. Mr. Dietrich explained that if SCE used CPI as an escalation factor the project would be \$25M over the \$670M target, but if SCE used the Handy-Whitman index, the SGRP would be \$75M under the \$670M target. Mr. Dietrich said that SCE asked for more specificity from the CPUC on the escalation issue. Mr. Avery responded that this was not his recollection, SCE was insistent on being vague during the original filing.

Mr. Harberts continued by answering a question posed in the Engineering & Operations Board (EOB) meeting where SCE was asked if the fixed price contract with Bechtel to replace the steam generators during the Unit 3 refueling outage was greater than the cost for the cost based contract with Bechtel to replace the steam generators during the Unit 2 refueling outage. It was determined that the fixed price contract resulted in higher costs, but there was also a 13 day improvement in schedule duration and there were also fewer injuries.

Action Items:

SCE will determine if the subcontracting company responsible for segmenting the OSGs is subject to penalties for schedule delays and provide this information to the co-owners. This concluded the meeting.

The meeting was adjourned at 1:00 p.m.

BOARD OF REVIEW MEETING MINUTES

May 2, 2011

AGREED TO:

P. Dietrich
Board of Review Member
Southern California Edison Company

Date

J. Avery
Board of Review Member
San Diego Gas & Electric Company

Date

G. Nolff
Board of Review Member
City of Riverside

Date

S. Sciortino
Board of Review Member
City of Anaheim

Date

EXHIBIT B

Board of Review Meeting (BOR)

Date: May 8, 2008

RE: Meeting Minutes: BOR, held in the Mezzanine Conference Room at San Onofre Nuclear Generating Station (SONGS)

Attendees:

Anaheim: No attendees

Riverside: Gary Nolff

SDG&E: Mike De Marco, Tim Curtis, Jim Avery

SCE: Richard Rosenblum, Jose Perez, Todd Adler, Russell Harding, David Opitz, Tina Okonkwo, Eureka Thomas, Paul McGregor, Mark Mihalik, Clay Williams



SONGS Overview

Jose Perez

Manager, Business & Financial Services

Jose provided an overview of SONGS goals, management updates, and current events.

SONGS 2008 goals focus on: [redacted] 2) successfully completing the Steam Generator Replacement outages; [redacted]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The SGRP budget year-end is forecast to be on target.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Steam Generator Replacement Project (SGRP)
Mark Mihalik
Senior Nuclear Engineer, Strategic Issue Project

Mark provided an update on the Replacement Steam Generators (RSG); Major Design and Installation Activities; and 2008 SGRP Goals.

Mark provided an update on the status of the RSGs. Preparations for a secondary hydro test on RSG 2A (2E089) have started; the feedwater and main steam hydro cap welding has been completed, and inspection port covers have been received and installation has begun. The steam dryer vane removal on RSG 2B (2E088) has been completed and the upper internal assembly continues. Divider plate fabrication on RSG 3B (3E089) has begun and helium task testing on RSG 3B (3E088) is complete.

Mark discussed the RSG Dryer damage. The D and G bank jacking plates came loose and they have been recovered; the C-H bank jacking mechanism tilted; and the A & B banks are slightly tilted. The Dryer Vane damage on C bank vane at 90° shows central bank deformation and the E bank vane has approximately 10-15 deformed pieces.

Bechtel – Installation

The work package preparation for Unit 3 N-1 outage has been completed. Bechtel's evaluation of the impact of the additional 32 tendons has been completed and the cost is estimated to be between \$10.0M - \$12.0M. Bechtel's assessment of the complex outside lift system has been submitted and is being reviewed by SCE.

RSG Transport

The initial revision of the Transportation Plan and project execution has been delivered and is under review. All Land Haul Route planning is based on the beach route. The contractor continues to plan RSG transportation by ship. The Coastal Commission will require mitigation for the beach route. SCE will have to replace eel grass destroyed by the beach move.

OSG Packaging, Disposal, Transport

The Old Steam Generator (OSG) transport will begin negotiations later this month. We are also developing costs for segmentation and onsite storage. Monthly OSG Transport Update bulletins continue to be published by the Steam Generator Replacement project. The first quarterly corporate OSG briefing was held on April 16, 2008.

SCE Engineering Scope

The Engineering Division is continuing to work with Security and Licensing on the plan for implementing compensatory measures that are necessary along the east road in the Protected Area. There will be changes to the Security Plans that had prior approval by the NRC approval.

Permits/EIR

The initial resolution to the comments against the first draft of the NEPA Environmental Assessment (EA) are being reviewed by all commenters with the final Environmental Assessments scheduled to be issued after the California Coastal

Commission (CCC) comments are finalized. A field walk down was conducted of the beach and road route with the California Coastal Commission (CCC) biologist. The project received the CCC staff recommendation of "Approved with Conditions" for the Coastal Development Permit (CDP) application. CCC Hearing for permit approval is scheduled today, May 8, 2008.

2008 SGRP Goals and Objectives

Mark continued by providing the 2008 SGRP Goals and Objectives and their year-to-date status:

- Achieve a total project schedule performance index of ≥ 97 , currently at 0.98.
- Achieve a total project cost performance index of ≥ 1.0 , currently at 1.01.
- Achieve zero lost time and INPO/OSHA recordable injuries, currently at 0.0.
- Complete Unit 2 RSG fabrication by September 30, 2008, currently on track.
- Unit 2 RSGs shipped from Japan such that they arrive in Long Beach by December 31, 2008, currently on track.
- Obtain the necessary permits and approvals for the transportation of RSG by December 1, 2008, currently on track.
- Unit 2 SGRO Engineering ECPs completed by November 11, 2008, currently on track.
- Implement SGRP communication plan and obtain site engagement in SGRP, currently on track.
- Unit 3 N-1 preparations completed in accordance with the SONGS plan and milestones, currently on track.
- Successfully complete Unit 3 N-1 outage activities, currently on track.
- Pre-SGRO activities completed per plan, currently on track.
- Required licensing submittals completed and submitted by October 1, 2008, currently on track.
- Unit 2 Pre-Outage Logistics Plan completed by September 1, 2008, currently on track.
- Developing the SGRO schedule and approve it as a draft by October 1, 2008, currently on track.

This concluded Mark's presentation on the SGRP.

See attachment 4 from presentation

Steam Generator Replacement Project Cost Performance Update

David Opitz

Manager, SGRP Project Controls

Dave provided an update on the Steam Generator Replacement Project contracts. The total SGRP costs in 2004\$ is \$670.8M, with \$400.7M being contract costs and \$270.1M being other costs. The \$400.7M contract costs include \$157.2M in fixed price contracts, \$2.5 in fixed price contracts with escalation, \$1.0M in cost reimbursable contracts with no escalation, and \$207.4M in cost reimbursable contracts with escalation. Future allowance for contracts and subcontracts is \$32.6M. The Bechtel Contract incorporated a \$2.2M increase since the last Co-Owner update. Bechtel Change Order 7 includes: 2008 escalation on non-manual labor, award of polar crane

evaluation and polar crane inspection contracts, deletion of distribution transformer, and OLS runway pier evaluation. To offset the Bechtel Change Order and other trends offset by 2007 Edison under runs, the contingency was reduced by \$0.5M since the last Co-Owner update. This concluded Dave's presentation.

Jim Avery requested a breakdown of SGRP costs by both 2004\$'s and nominal by component with the escalation updated. Jim is concerned about the escalation approval hazard at the CPUC. Jim is requesting this tracking at all future BOR's.

See attachment 5 from presentation

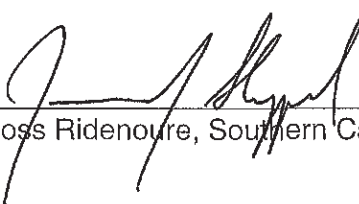




BOARD OF REVIEW MEETING MINUTES

May 8, 2008

APPROVED:

 for R. Ridenoure

Ross Ridenoure, Southern California Edison
Date 9/20/10



Jim Avery, San Diego Gas & Electric
Date 1/27/10



Gary Nolf, City of Riverside
Date 1/27/10

N/A – NO ATTENDEES

Steve Sciortino, City of Anaheim
Date _____

EXHIBIT C

Board of Review Meeting (BOR)

Date: August 7, 2008

RE: Meeting Minutes: BOR, held in the Mezzanine Conference Room at San Onofre Nuclear Generating Station (SONGS)

Attendees:

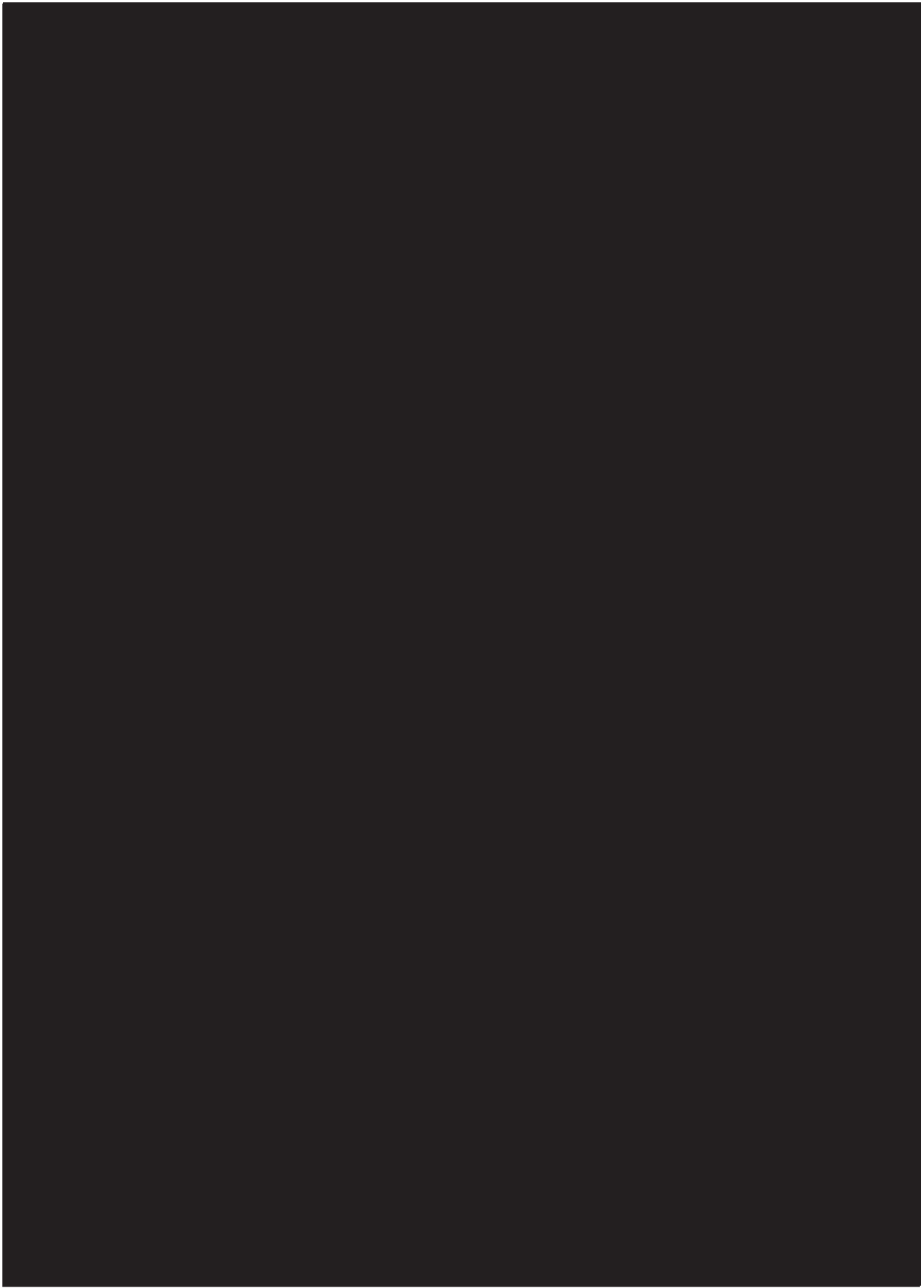
Anaheim: No attendees

Riverside: Gary Nolf

SDG&E: Jim Avery, Frank Thomas, Mike De Marco, Tim Curtis

SCE: Jim Reilly, Jose Perez, John Custer, Russell Harding, Jerry Hammond, David Opitz, Russ Harding, Tina Okonkwo, Paul McGregor, Eureka Thomas, Dennis Legere, Steve Sparks, Clay Williams







Steam Generator Replacement Project (SGRP)

Mark Mihalik

Manager, SGRP Project Controls

Mark provided an update on the Replacement Steam Generator (RSG) fabrication status, the status of Major Design and Installation Activities, and the SGRP 2008 Goals.

2A (2E089) - continues pre-service inspection. 2B (2E088) - began preparation (buffing) of electro-polishing for primary side. 3A (3E089) channel head - continued machining of drain holes and bolt holes in support skirt. 3B (3E088) lower shell assembly - completed one-step mechanical roller expansion for tube-to-tubesheet joints. Started welding of divider plate on channel head. Started welding of key brackets on upper shell assembly.

Major Design and Installation Activities Status

Bechtel – Installation

Work package preparation for the Unit 3 N-1 outage has been completed. Bechtel's assessment of the complex outside lift system has been submitted and is being reviewed by SCE.

RSG Transport

Comments on the Project Execution Plan and the Transportation Plan are being resolved by the contractor. The contractor is continuing to complete the Caltrans permit approval process and has begun the refurbishment of the crawlers to ensure safe, compliant operation when put in use for the RSG transport.

The SGRP is near completion of the detailed planning for transporting the RSGs to SONGS. The route by which the RSGs will travel is called the Beach/Road Route.

Old Steam Generator (OSG) Packaging, Disposal, Transport

The SGRP is in the final stages of conforming the OSG Transport specification, which will be immediately followed by the issuance of a P.O. to the leading contractor. Development of costs for segmentation and on-site storage continue as a contingency plan.

Major Design and Installation Activities – Dave Opitz

SCE Engineering Scope

Engineering is continuing to work with Security and Licensing on the plan for implementing compensatory measures necessary along the east road in the Protected Area. Security changes are planned prior to the NRC approval.

Permits/EIR

The final NEPA Environmental Assessment has been issued following the USMC sign-off of the Record of Non-Applicability (RONA) and the Finding of No Significant Impact (FONSI). The Coastal Development Permit has been issued with no significant changes to the conditions included in the CCC Staff's original recommendation. The Project is working with Corporate Environmental Affairs to develop strategies for meeting the conditions. The 401 permit from the San Diego Regional Water Quality Control Board was issued by default. The SGRP project continues to work with the USMC for the issuance of the U2 RSG Transport Real Estate License, and with the Army Corps of Engineers for approval of the project.

Dave discussed the 2008 Goals and Objectives for SGRP. Goal is to have Unit 2 RSG fabrication completed on September 30, 2008. Ship Unit 2 RSGs from Japan such that they arrive in Long Beach on December 31, 2008. Complete the Unit 3 N-1 preparations in accordance with the SONGS milestone plan by October 14, 2008.

See Attachment 3

SGRP Cost Performance Update

David Opitz

Manager, SGRP Project Controls

Dave provided an update on the SGRP cost performance. The contingency reduction since last update is \$.6 million. The current budgeted contingency is \$55.7 million (\$28.2 reserved and \$27.5 unreserved).

Dave gave an update on the CPUC Cost Estimate Variances. The application cost estimate was \$680 million in 2004\$, \$785 million in YOES. The current cost estimate was \$671 million in 2004\$, \$785 million in YOES. This is based on actual escalation rates through 2006, updated 2007-2011 projections to Handy-Whitman escalation tables trended as of 9/2007, with a reduction for deletion of HP Turbine Diaphragm work. This concluded Dave's presentation on the SGRP Cost Performance Update.

See Attachment 4







[REDACTED]

[REDACTED]

[REDACTED]

2008 Expenditure Update
Jose Perez
Manager, Business & Financial Services

[REDACTED]

Jose discussed SONGS SGRP. The contingency budget not used. The contingency was \$0.6 million underrun. The total SGRP is underrun at \$2.4 million. Jose Perez concluded his presentation.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]


BOARD OF REVIEW MEETING MINUTES

August 7, 2008

APPROVED:


Ross Ridenoure, Southern California Edison

Date 9/20/10


Jim Avery, San Diego Gas & Electric

Date 11/27/10


Gary Nolf, City of Riverside

Date 1/27/10

N/A – NO ATTENDEES

Steve Sciortino, City of Anaheim

Date

EXHIBIT D

Board of Review Meeting (BOR)

Date: November 14, 2008

RE: Meeting Minutes: BOR, held in the Mezzanine Conference Room at San Onofre Nuclear Generating Station (SONGS)

Attendees:

Anaheim: No attendees

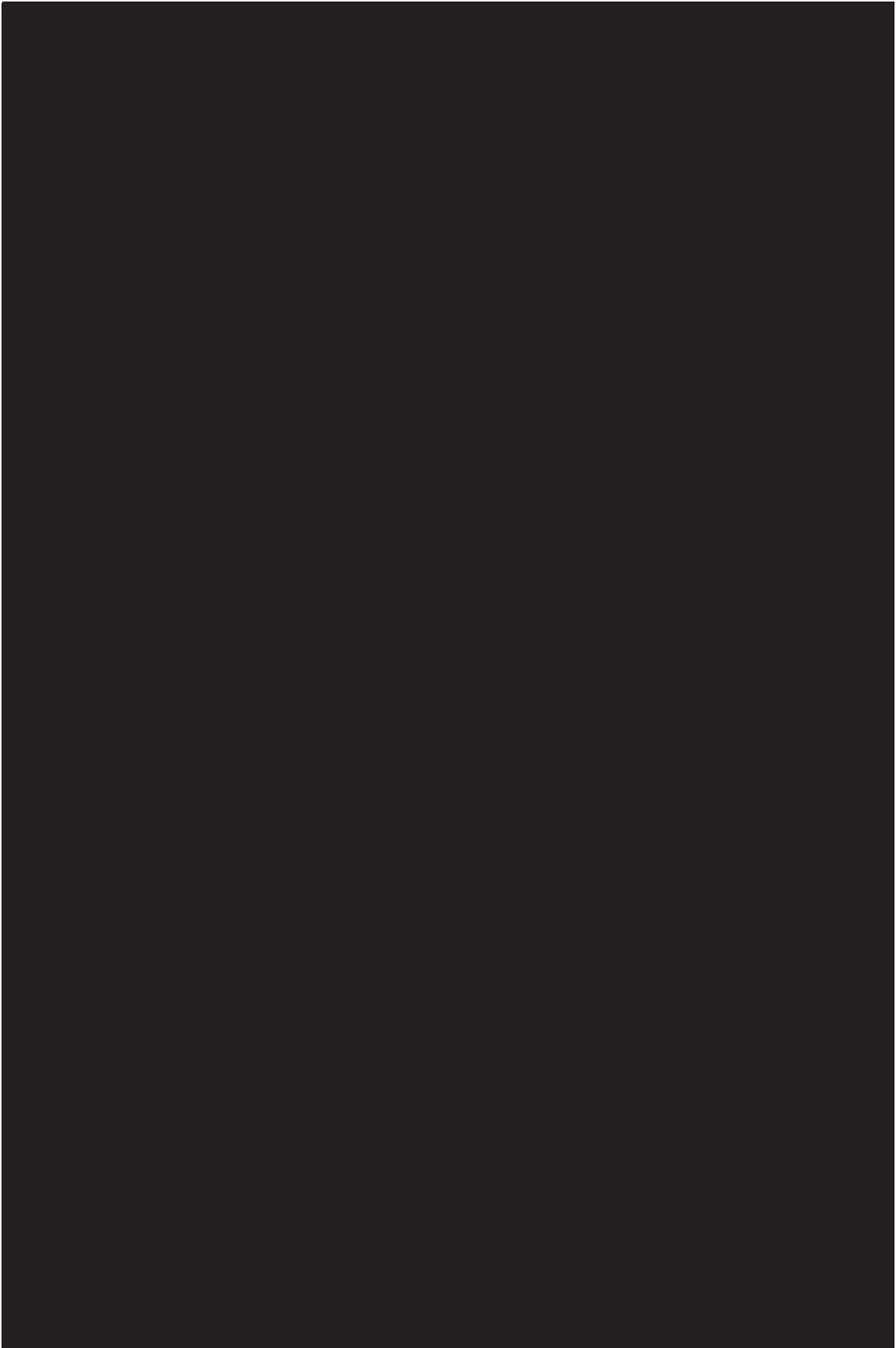
Riverside: Gary Nolff

SDG&E: Mike De Marco, Tim Curtis, Jim Avery

SCE: Ross Ridenoure, Ed Scherer, Bob Corbett, Mark Mihalik, Dave Opitz, Jorge Morales, Paul McGregor, Russ Harding, Eureka Thomas, Lindsay Anderson, Jean Lewis









Steam Generator Replacement Project (SGRP)

Mark Mihalik

Senior Nuclear Engineer, Strategic Issues Project

Mark provided an update on the status of the Replacement Steam Generators (RSG), the RSG shipping ceremony, the INPO SGRP assist visit, and major design and installation activities.

Mark stated that RSG 2A (2E089) and RSG 2B (2E088) are prepared for shipping. We are doing final paper close out and quality checks. The current delivery date is December 11, with an estimated arrival in Long Beach, Ca. on December 22. We have completed the installation of the moisture separator to the RSG 3A upper shell assembly. We have completed the machining of small nozzles, secondary manway, and key brackets on the RSB 3B (3E088) upper shell assembly.

On October 7, in Kobe, Japan Mitsubishi conducted a special shipping ceremony for the 2A Replacement Steam Generator. SONGS steam generators are the biggest SG that have ever been built by Mitsubishi. This was a major undertaking for Mitsubishi. The Japanese conduct special ceremonies for such events. SCE's Chairman and CEO, Al Fohrer, was among the SCE representatives that attended the ceremony along with Ross Ridenoure and other SONGS personnel.

Mark continued with the INPO assist visit that was completed during the week of October 6 - 9. The final report was released October 24, with 6 recommendations and 9 suggestions. Response is due by November 24. The recommendations being implemented include: (1) establishing an Executive Oversight Committee to be headed up by Mike Short and Marc Goettel to show how we are being responsive to getting the site ready for SGRP; (2) develop "Loss of Offsite Power" scenarios for SGRO configurations; (3) establish a single action item list; (4) identify a comprehensive set of outage related procedures, we need to benchmark others to ensure our procedures are pristine; (5) key managers should benchmark upcoming SGRO's at other stations, we need to get managers to other stations and have Operations and Maintenance learn how to support the SGRP, and (6) plan to identify and mitigate risks with defense in depth.

The Unit 3 N-1 outage (outage before replacement) is in progress and scaffolding is being set up. Electrical cable testing is in progress and 300 cables have been identified so when the cables are cut during the Steam Generator Replacement, they can be put back together. Jim Avery asked if scaffolding was set up when we had the Unit 2 outage and Mark indicated it had.

Dredging of the Del Mar Boat Basin at Camp Pendleton for the RSG transport has been completed. The project execution plan is complete with final comments on the Final Transportation Plan being incorporated by the contractor. The contractor is working with Edison to complete the CalTrans permit approval process. The final permit includes using the I-5 freeway at Las Pulgas to SONGS. The contractor is continuing refurbishment of crawlers and load testing is scheduled for later this month.

The Purchase Order for hauling the Old Steam Generator (OSG) has been issued, and structural evaluation and load drop analysis of the OSGs in their shipping configuration is in progress. Unit 3 C15 Refueling Outage (RFO) radiological information is being obtained to make a final decision on the need for OSG shielding.

Engineering, Licensing and Security have finalized the compensatory measures plan for having additional security officers at the containment hole and perimeter. The NRC license submittal will be sent to the NRC.

The Unit 2 RSG Transport Real Estate License from the U.S. Department of Navy has been issued and the Army Corps of Engineers project approval has been received. As noted above, the CalTrans permit is still being negotiated. The CPUC is still reviewing the EIR petition to modify. Mark concluded his presentation.

See attachment 4 from presentation.

Steam Generator Replacement Project Cost Performance Update
David Opitz
Manager, SGRP Project Controls

Dave started by providing an update of the Steam Generator Replacement Project Cost Performance changes since the last EOB meeting in October. Overall the SGRP total before contingency has increased by \$1.3M for a total of \$616.4M. There was a \$3.0M increase in the RSG installation contract due to a SAP change order; this was a scope transfer with the Bechtel contract. The RSG transport contract has increased by \$1.8M to a total of \$5.9M due to the addition of a crawler that was not initially included in the contract. SCE's construction costs have decreased by \$3.6M to a total of \$76.1M due to an under run in the eddy current contract. Dave stated that everything looks clean so we won't have as much waste. This concluded Dave's presentation on the SGRP Cost Performance Update.

See attachment 5 from presentation.

Jim Avery asked about escalation as SGRP was approved in \$2004 dollars. Jim was told that Paul Hunt in Treasury group was working on a composite index of the appropriate escalation factors to apply to SGRP costs. SCE believes it will be able to support the escalation factors used to apply to the SGRP costs.



[REDACTED]

[REDACTED]

2008 Expenditure Update
Russ Harding
Manager, Co-Owners & Regulatory Affairs

O&M

[REDACTED]

and \$1.3M for SGRP support on O&M.

[REDACTED]

[REDACTED]

Capital

[REDACTED]

[REDACTED]

The Steam Generator Replacement Project year-to-date budget of \$59.1M is \$6.9M over run. This is primarily due to RSG fabrication late invoices for engineering reports budgeted in 2007 but not paid until 2008 for a \$3.0M overrun, and an early start of U3 SGRO engineering work, craft labor, and SAP impacts for a \$4.9M overrun. The year-end SGRP expenditures are forecast to be on budget at \$59.1M. This concluded Russ's presentation.

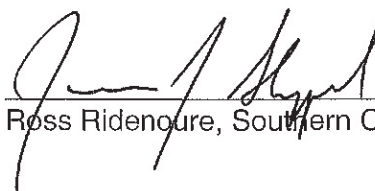
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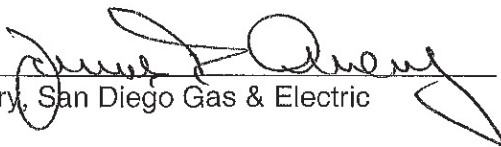
BOARD OF REVIEW MEETING MINUTES

November 14, 2008

APPROVED:

 For R. Ridenoure
Ross Ridenoure, Southern California Edison

Date 9/20/10


Jim Avery, San Diego Gas & Electric

Date 11/27/10


Gary Nolf, City of Riverside

Date 1/27/10

N/A – NO ATTENDEES

Steve Sciortino, City of Anaheim

Date

EXHIBIT E

Board of Review (BOR) Meeting

Date: July 28, 2011
Re: Meeting Minutes – BOR, held in San Onofre Nuclear Generating Station (SONGS) Mezzanine Conference Room

Attendees:

City of Anaheim: Steve Sciortino, Russell Dowell

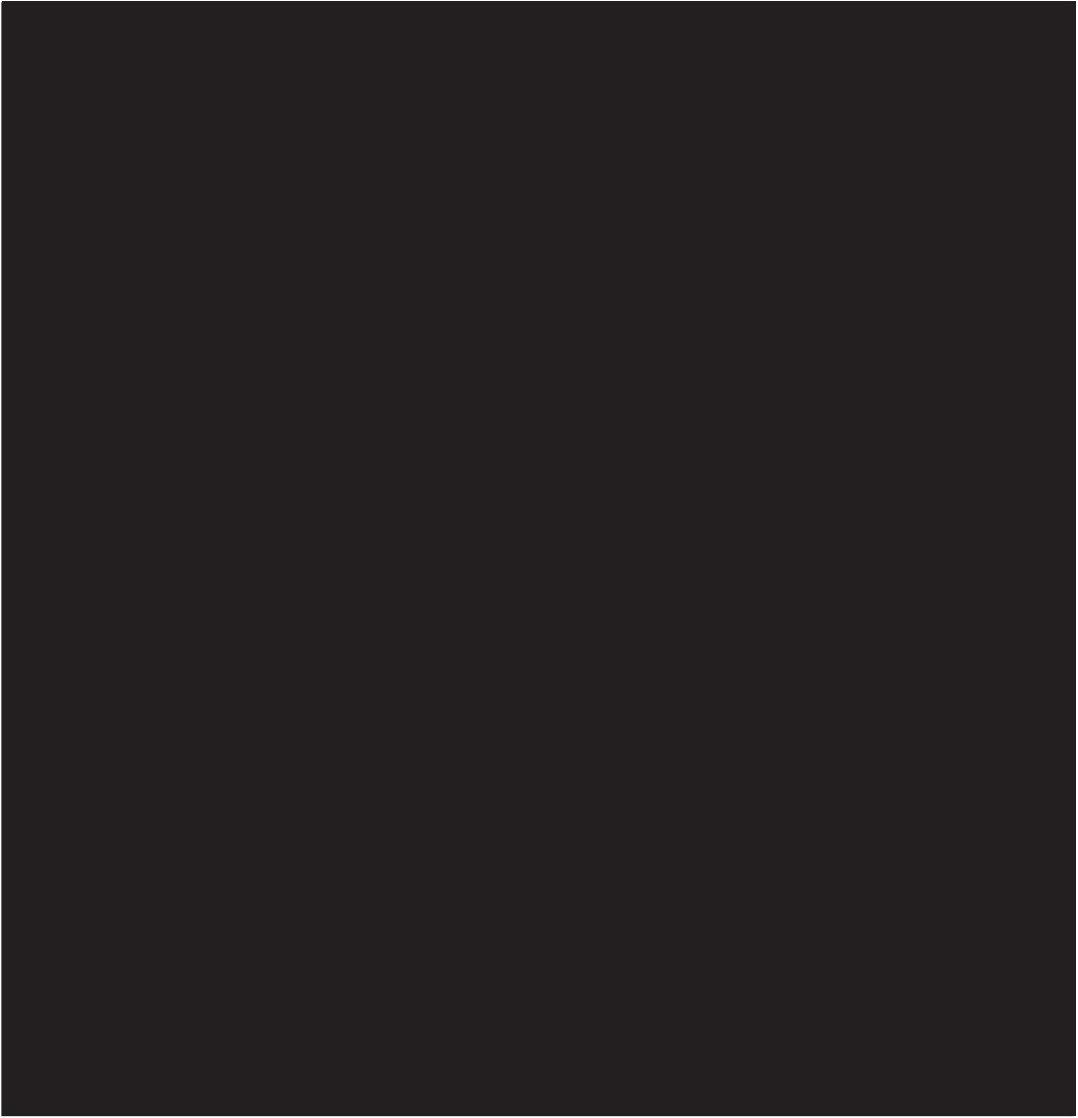
City of Riverside: Gary Nolff, Bob Tang, Anthony Beaumon

San Diego Gas & Electric (SDG&E): Jim Avery, Frank Thomas, Erik Daley, Mike De Marco, Tracy Dallu, Matthew Vanderbilt, Jim Walsh

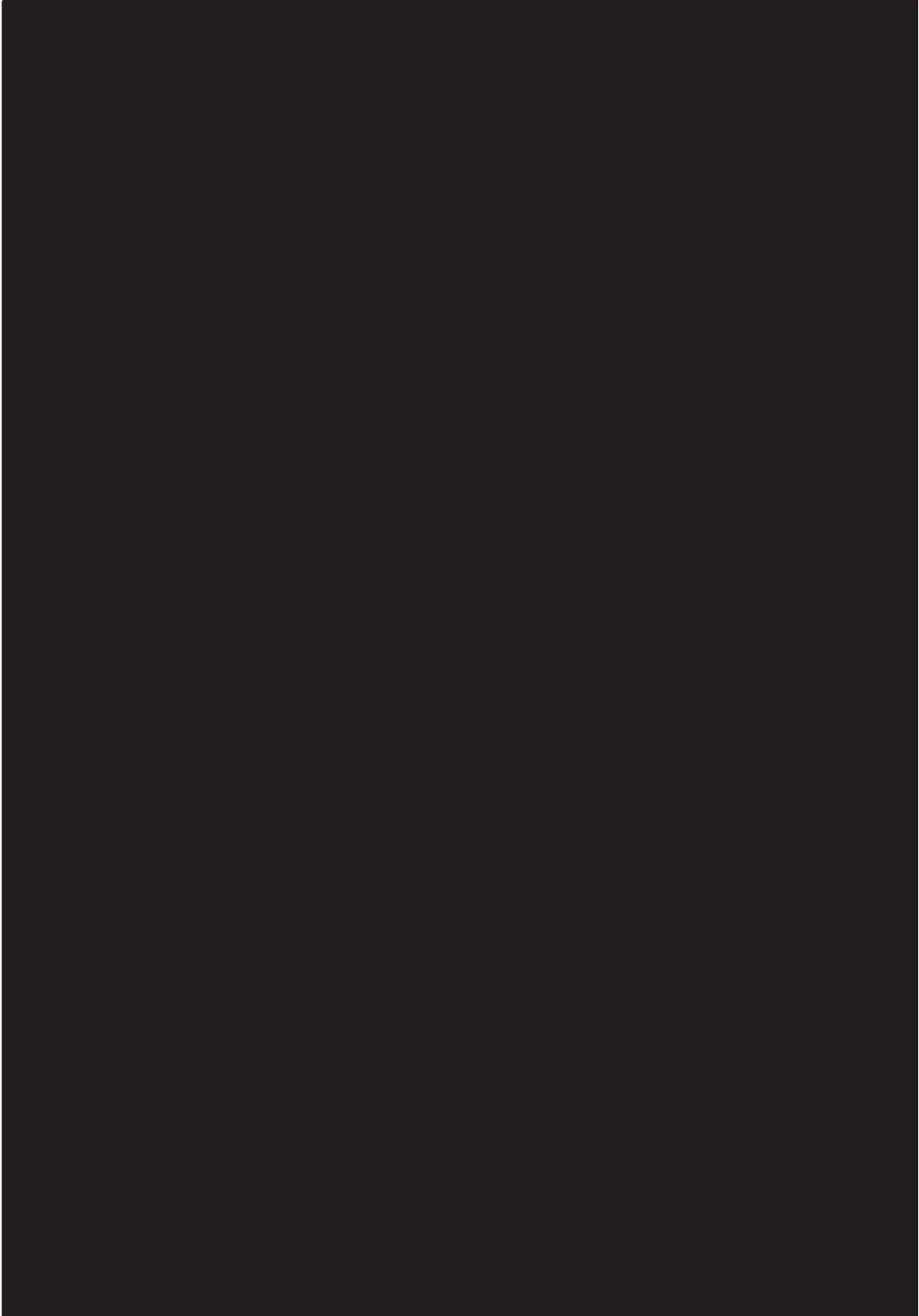
Southern California Edison (SCE): Pete Dietrich, Brian Winn, Kim Murray, Lindsay Anderson, Jean Lewis, Jonathan Kim, Rich St. Onge, Bob Sholler, George Murray, Craig Harberts, Jill Corral, Walker Matthews, Doug Porter, Connor Flanigan



















SGRP Update
Craig Harberts
Manager, SGRP

Craig Harberts presented a status of the remaining work on the SGRP. Both of the Unit 2 original steam generators (OSGs) have been segmented, and the lower assemblies are ready to transport. Work will begin the first week of August to cut up the Unit 2 steam domes and the Unit 3 OSGs. The segmentation and transportation project is on track to be completed by the end of 2011. Mr. Harberts reviewed several photographs of the OSGs in the segmentation and loading for transportation phases.

Mr. Harberts provided the status of the lower shell transportation, with the first load scheduled to leave SONGS on July 31, 2011. This is a delay from the originally estimated date of shipment of the first load. The schedule slipped due to delays in the permitting process. The overall schedule will be assessed once the first transport cycle is complete.

Mr. Nolff asked if SONGS' liability for the OSG segments ends upon arrival at the Utah facility. Mr. Harberts and Mr. Dietrich both confirmed that the Utah facility will assume liability for the segments once they are accepted at delivery.

Mr. De Marco questioned whether or not the SGRP project was still within budget due to the decision to now segment the OSG domes and ship them to Utah for burial rather than decontaminating the domes and free releasing them to a recycling plant. Mr. Harberts explained that the two disposal alternatives for the domes were evaluated during the planning for the project and funding was placed in contingency to support the potential decision to section and ship the domes to Utah. Because of this foresight, the necessary funding was taken out of the contingency fund and the project remained under budget.

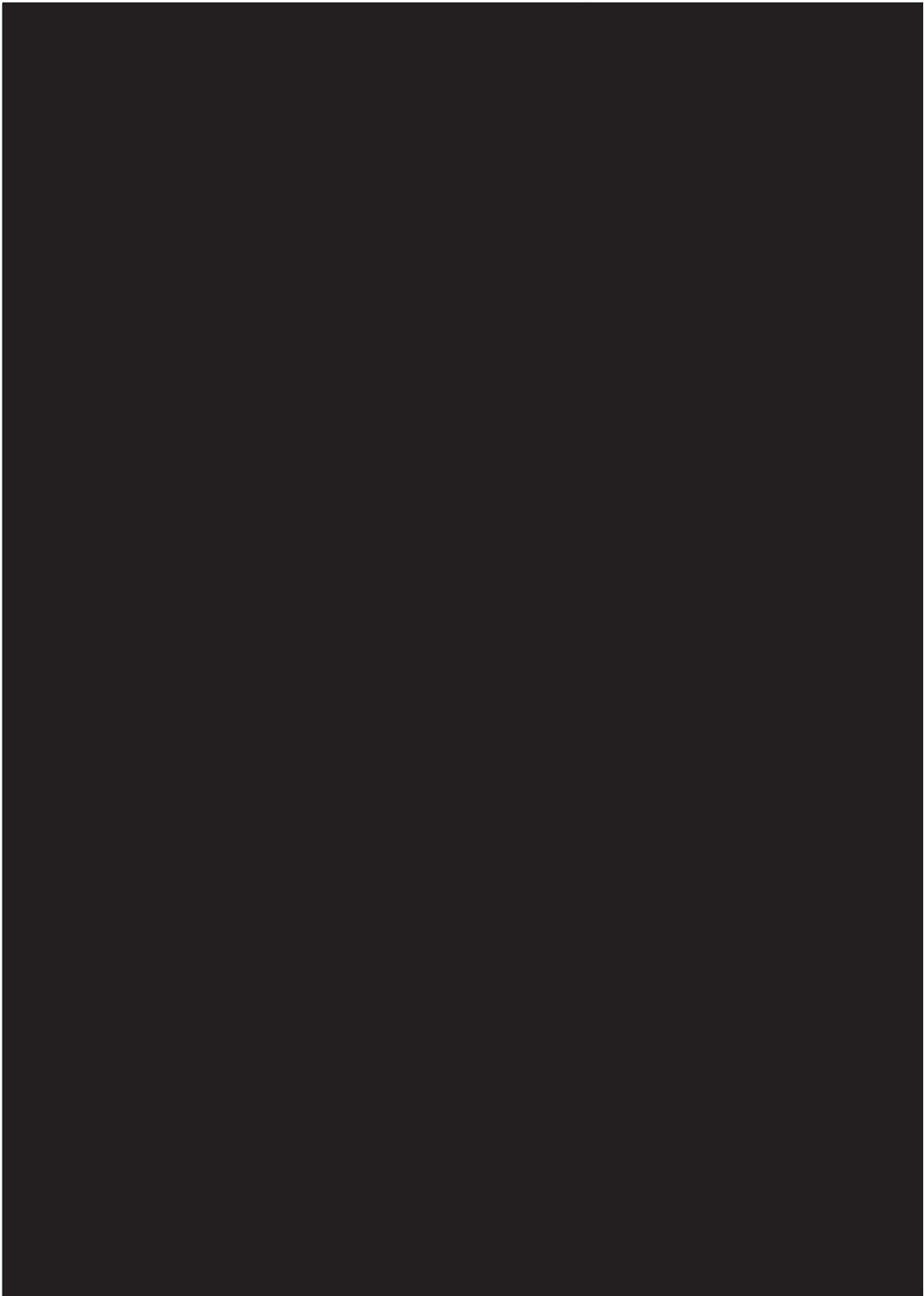
Mr. Dietrich reminded the Board that the issue of escalation rates has not been finalized. In SCE's filings with the California Public Utilities Commission (CPUC), Handy-Whitman escalation rates are always used to calculate escalation for long-term capital projects. However, if the CPUC requires a different escalation methodology be used, such as the Consumer Price Index, this would put the project into jeopardy of not coming in at or under budget and a reasonableness review would be required if the budget was exceeded by \$100 million, but the impact of using a different escalation methodology wasn't expected to reach this threshold.

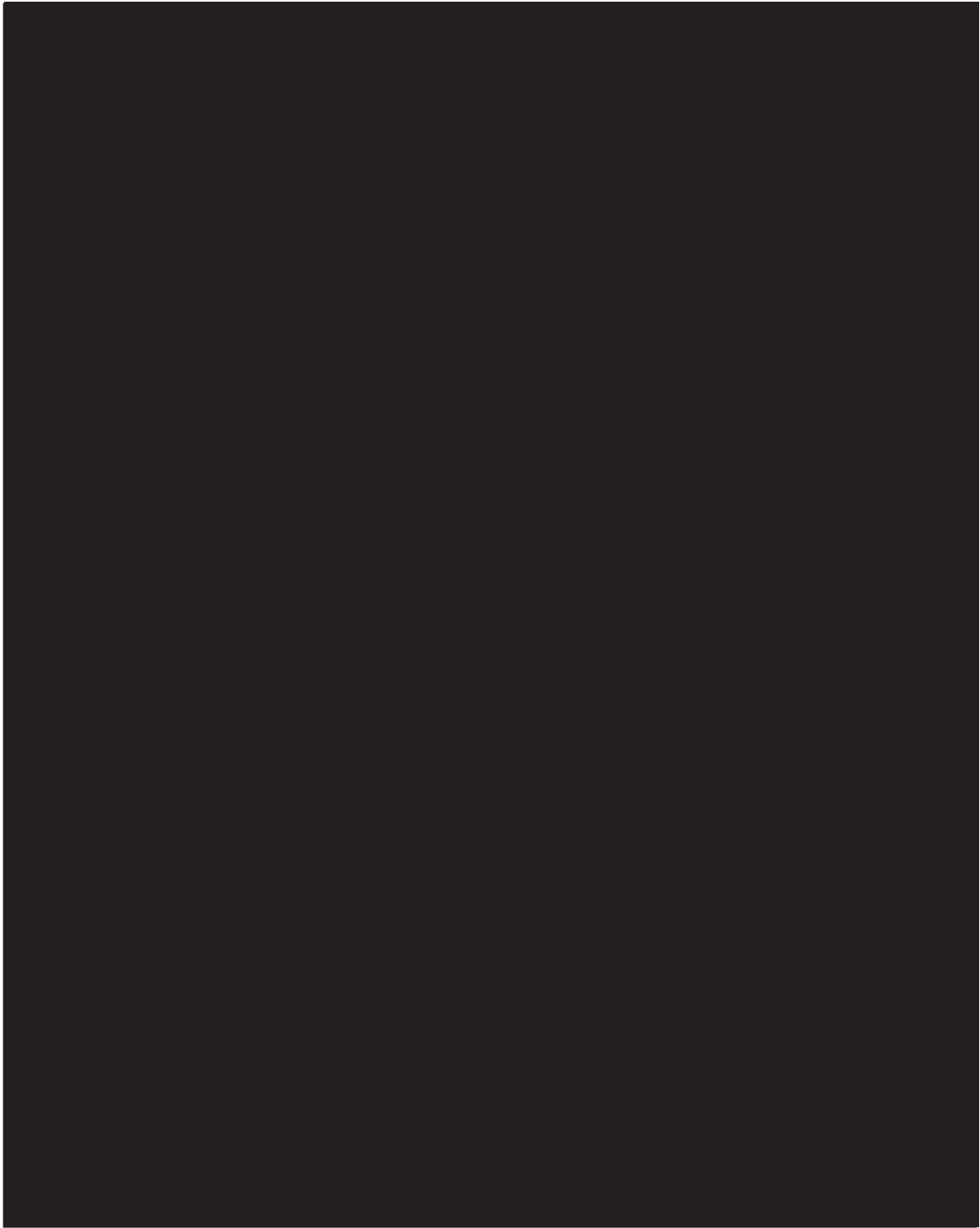
Action Item:

No action items noted during Mr. Harberts' presentation.





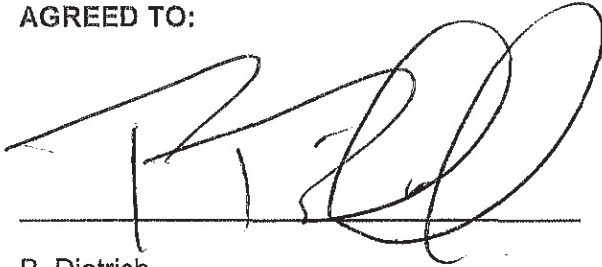




BOARD OF REVIEW MEETING MINUTES

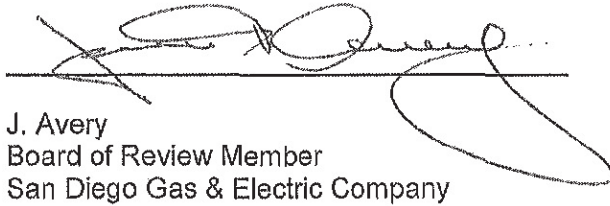
July 28, 2011

AGREED TO:



P. Dietrich
Board of Review Member
Southern California Edison Company

1/12/12
Date



J. Avery
Board of Review Member
San Diego Gas & Electric Company

1/3/12
Date

G. Nolff
Board of Review Member
City of Riverside

Date

S. Sciortino
Board of Review Member
City of Anaheim

Date

BOARD OF REVIEW MEETING MINUTES

July 28, 2011

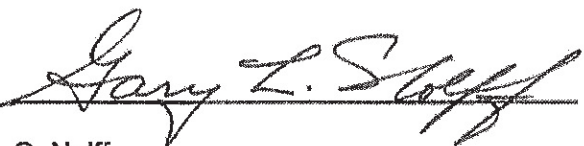
AGREED TO:

P. Dietrich
Board of Review Member
Southern California Edison Company

Date

J. Avery
Board of Review Member
San Diego Gas & Electric Company

Date


G. Nolf
Board of Review Member
City of Riverside

12/15/11
Date

S. Sciortino
Board of Review Member
City of Anaheim

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BOARD OF REVIEW MEETING MINUTES

July 28, 2011

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P. Dietrich
Board of Review Member
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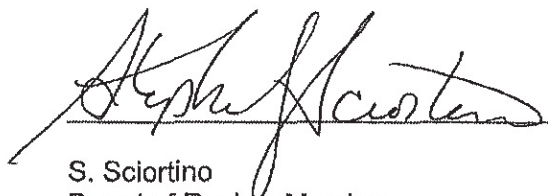
Date

J. Avery
Board of Review Member
San Diego Gas & Electric Company

Date

G. Nolf
Board of Review Member
City of Riverside

Date



S. Sciortino
Board of Review Member
City of Anaheim

7/5/12

Date