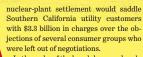








MORGAN LEE . U-T



jections of several consumer groups who In the wake of the breakdown and early

retirement of the San Onofre Nuclear Generating Station, the proposed settlement was initially promoted as a chance for utility customers to save \$1.4 billion.

The complex deal is under the microscope as utilities, state regulators and a prominent consumer advocacy group push for a quick resolution that might shortcut years of litigation.

At issue is whether it is fair to charge customers for both replacement power and plant operation expenses over the months that operator Southern California Edison struggled to repair and restart the facility.

Customers also are being asked to pay off the remaining investment in the moribund plant, although at a lower rate of return for investors.

"Ratepayers are shouldering about \$3.3 billion, while

At issue is whether utility customers instead of corporate investors - should pay big San Onofre charges in settlement proposal

> The breakdown **\$1.36**B Profits due to investors \$940M Plant operation expenses \$517M Replacement power \$482M

> > Unused nuclear fuel

investors are largely made whole," said Ray Lutz, representing the Coalition to Decommission San Onofre that includes San Clemente Green.

The settlement proposal is built upon one crucial concession by utility investors. Edison and minority plant owner San Diego Gas & Electric would forgo about 80 percent of the \$768.5 million they had expected to charge customers for a failed steam generator replacement project, by returning any funds collected after the plant's initial breakdown.

Crippled by the rapid degradation of its steam generators, San Onofre stopped producing power on Jan. 31, 2012. Edison chose to retire San Onofre for good in June of last year, leaving the California Public Utilities Commission to decide who should pay - utility customers or corporate stockholders - for an assortment of leftover costs, from unused nuclear fuel to severance packages for laid-off plant workers.

After at least five months of secretive negotiations, a settlement proposal was announced in March by the plant's owners and consumer advocates at the utilities commission and The Utility Reform Network, both based in San Francisco

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