BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company and San Diego Gas and Electric Company Associated with the San Onofre Nuclear Generating Station Units 2 and 3.	Investigation 12-10-013 (Filed October 25, 2012)
And Related Matters.	Application 13-01-016 Application 13-03-005 Application 13-03-013 Application 13-03-014

JOINT MOTION FOR ADOPTION OF SETTLEMENT AGREEMENT

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I. Introduction

Pursuant to Article 12 of the Commission's Rules of Practice and Procedure ("Rules"), Southern California Edison Company (U 338-E) ("SCE"), San Diego Gas & Electric Company (U 902 E) ("SDG&E"), the Alliance for Nuclear Responsibility ("A4NR"), the California Large Energy Consumers Association ("CLECA"), California State University ("CSU"), Citizens Oversight dba Coalition to Decommission San Onofre ("Citizens Oversight"), the Coalition of California Utility Employees ("CUE"), the Direct Access Customer Coalition ("DACC"), Ruth Henricks, the Office of Ratepayer Advocates ("ORA"), The Utility Reform Network ("TURN"), and Women's Energy Matters ("WEM") (collectively "Settling Parties") jointly move that the Commission adopt the Settlement Agreement ("Agreement"), which is appended to this Joint Motion as Attachment 1.

Pursuant to Rule 12.1(a), this motion contains statements of factual and legal considerations sufficient to advise the Commission and other parties not expressly joining the Settlement Agreement of its scope and of the grounds on which approval is urged.

Moreover, the Agreement resolves the issues in this Order Instituting Investigation ("OII"), is reasonable in light of the record, comports with applicable law, and is in the public interest. The Commission should adopt the Agreement in its entirety without change.

II. Background

Decision ("D.") 05-12-040 authorized replacement of the four steam generators at the San Onofre Nuclear Generating Station ("SONGS") Units 2 and 3. The Commission reserved the option to undertake a reasonableness review of costs even if within the accepted cost cap.[1]

Mitsubishi Heavy Industries ("MHI") designed and manufactured the Replacement Steam Generators ("RSGs") on behalf of SCE. The Unit 2 RSGs went online in January of 2010 and the Unit 3 RSGs went online in January of 2011. On January 10, 2012, Unit 2 was taken out of service for a scheduled refueling outage. Unit 3 was taken offline on January 31, 2012, after operators detected a radiation leak in a steam generator tube. On June 7, 2013, SCE announced it would not restart either SONGS unit.[2]

The Commission issued this OII on October 25, 2012, pursuant to Public Utilities Code section 455.5.[3] After Phases 1, 1a and 2 were litigated, but prior to the commencement of Phase 3, SCE, SDG&E, ORA, CUE, Friends of the Earth ("FOE") and TURN sought adoption of a settlement agreement to resolve this proceeding. Other parties objected to the proposed agreement. That agreement, incorporating some amendments proposed by the assigned ALJ and Commissioner, was adopted by the Commission in D.14-11-040 (the "2014 Agreement"). On December 18, 2014, Ruth Henricks and Citizens Oversight filed an Application for Rehearing.

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[1] D.14-11-040, at 7 (*citing* D.05-12-040 at Ordering Paragraph ("OP") 11, as modified by D.11-05-035.)

[2] See, e.g., D.14-11-040, at 9.

[3] See *Order Instituting Investigation Regarding San Onofre Nuclear Generating Station Units 2 and 3* (October 25, 2012).

Subsequently, as observed in a recent Ruling:

> On February 9, 2015, SCE late-filed a Notice of *Ex Parte* Communication concerning a meeting that occurred on or about March 26, 2013 between SCE's then Executive Vice President Stephen Pickett and then Commission President Michael Peevey at an industry conference in Warsaw, Poland regarding ratemaking treatment of SONGS Units 2 & 3 post shutdown costs.[4]

On April 10, 2015, the service list in this proceeding received a copy of the notes associated with the meeting in Poland, which are referred to as the "Bristol Notes." On April 27, 2015, A4NR filed a Petition for Modification ("PFM").[5] On June 24, 2015, TURN filed a response supporting A4NR's PFM. ORA filed its PFM on August 11, 2017. On December 8, 2015, the Commission issued D.15-12-016, finding that SCE committed eight violations of Rule 8.4 and two violations of Rule 1.1 of the Commission's Rules. The Commission imposed a $16,740,000 fine on SCE for those violations. No violations were alleged to have been committed by SDG&E; no penalties were assessed on SDG&E.

On May 9, 2016, Commissioner Sandoval and ALJ Bushey issued a ruling reopening the record in the OII and ordering briefing on whether the 2014 Agreement met the Commission's standard for approving such agreements under Rule 12.1 of the Commission's Rules. Parties to this proceeding, including A4NR, CSU, WEM, ORA, CUE, TURN, Ruth Henricks, and FOE, briefed those issues accordingly.

On December 13, 2016, Commissioner Sandoval and ALJ Houck issued a ruling ordering the Utilities and the other parties to the OII to meet and confer to discuss potential future procedural actions, and see whether a broad range of parties can reach

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[4] *Ruling of Assigned Commissioner and Administrative Law Judge Setting Schedule and Clarifying Issues for Evidentiary Hearings* (January 8, 2018), at 3.

[5] The A4NR PFM was modified on May 26, 2015.

agreement on proposed modifications to D.14-11-040.[6] Though the Settling Parties did meet and confer pursuant to that ruling, no settlement was reached at that time.

On October 10, 2017, President Picker and ALJ Houck issued a ruling proposing a process for the Commission to reconsider whether the 2014 Agreement satisfied Rule 12.1 of the Commission's Rules, as well as a process for additional testimony, evidentiary hearings, and briefing regarding cost allocation between ratepayers and shareholders should the Commission conclude that the 2014 Agreement should not be retained.

On January 8, 2018, President Picker and ALJ Houck issued a ruling setting a schedule for further proceedings pursuant to the October 10, 2017 ruling and describing the scope of remaining issues for written testimony and hearings before the Commission.

On January 10, 2018, SCE, on behalf of the Settling Parties, notified the ALJ, with a copy to the service list, that: "[t]he Parties have continued their mediated settlement discussions and anticipate serving a notice of settlement conference pursuant to Rule 12.1(b) within 15 days." On January 23, 2018, parties to I.12-10-013 were notified of an upcoming Settlement Conference. On January 30, 2018, a Rule 12.1(b) Settlement Conference was held in San Francisco, with a video simulcast to Los Angeles. Shortly afterwards the Settling Parties signed the attached Agreement.

III. Summary of Agreement

Short summaries of the major terms of the Agreement are provided below. To the extent that there is any conflict between this Joint Motion and the Agreement, the Agreement controls.

A. Cessation of Collections

The Agreement provides that after a certain "Cessation Date", SCE and SDG&E (the "Utilities") "will cease collecting in rates the revenue requirement associated with all

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[6] *Joint Ruling Of Assigned Commissioner And Assigned Administrative Law Judge Directing Parties To Provide Additional Recommendations For Further Procedural Action And Substantive Modifications To Decision 14-11-040* (December 13, 2016), at Ruling Paragraph 2.

costs and amounts authorized to be recovered under the existing 2014 Agreement."[7] The Cessation Date occurs when the combined remaining balance of the SONGS regulatory assets of the Utilities equals $775 million (excluding deferred tax assets). The Cessation Date will be affected by the Commission's decision in A.16-04-001 (SCE's ERRA Compliance Review proceeding), in which SCE has requested that the Commission approve the application of $71.555 million from a settlement with the United States Department of Energy ("DOE") to reduce SCE's SONGS regulatory assets. ORA, which is the only other party to A.16-04-001, did not oppose this request on the record of that proceeding. Because the Agreement resolves only the issues in I.12-10-013, the Agreement does not constrain the Commission's action in A.16-04-001. If the Commission approves SCE's request in A.16-04-001 to apply $71.555 million in DOE proceeds to reduce the SONGS regulatory asset, the Cessation Date is estimated to be December 19, 2017. However, if the Commission does not approve this request, the Cessation Date is estimated to be April 21, 2018.

With a Cessation Date of December 19, 2017, SCE's regulatory assets will equal $624 million (excluding deferred tax assets) and SDG&E's regulatory assets will equal $151 million. With a Cessation Date of April 21, 2018, SCE's regulatory assets will equal $636 million (excluding deferred tax assets) and SDG&E's regulatory assets will equal $139 million. Under either scenario, the combined remaining regulatory assets would equal $775 million as of the Cessation Date.[8] The Agreement explains that "[t]he deferred tax asset recorded by SCE, which is estimated to be $23 million as of the Cessation Date, is in addition to the SONGS Costs and also will not be recovered in rates."[9]

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[7] Agreement, Term 3.2(a).

[8] See Agreement, Recital 1.8.

[9] Agreement, Term 3.2(b).

The Agreement notes that "[u]nder the 2014 Settlement, the Utilities' estimated SONGS Revenue Requirement from December 19, 2017, to February 1, 2022, is $873 million" in nominal dollars.[10]

The Agreement provides that the Utilities will retain SONGS costs, and other amounts related to SONGS, that were collected in rates prior to the Cessation Date.[11] The Agreement further provides for no changes to SCE Advice Letters 3367-E and 3139-E, and SDG&E Advice Letters 2859-E and 2672-E.[12] As such:

> The Utilities will retain the amounts set forth in those Advice Letters to offset their SONGS Litigation Costs, as well as the 5% of the negative balance in the NEIL Outage Memorandum Subaccount pursuant to Section 4.11(c)(ii) of the 2014 Agreement. The Utilities will retain all amounts received from MHI in 2017 pursuant to the award issued on March 13, 2017, by the International Chamber of Commerce International Court of Arbitration ("ICC") in ICC Arbitration Case No. 19784/AGF/RD, with the exception of the SDG&E ratepayer credit as shown in Table 1 of SDG&E Advice Letter 3127-E. The Utilities have previously credited customers approximately $5 million in proceeds received from MHI.[13]

Unlike the 2014 Agreement, the Agreement would allow the Utilities to retain all proceeds from the sale of nuclear fuel, but not recover Nuclear Fuel Investment in rates after the Cessation Date.[14] The Agreement does not impact the Nuclear Decommissioning Trusts, non- SONGS costs, or SONGS-related costs that were not authorized via the 2014 Agreement.[15]

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[10] Agreement, Definition 2.23.

[11] See Agreement, Term 3.2(c).

[12] See Agreement, Term 3.2(d).

[13] Agreement, Term 3.2(d).

[14] See Agreement, Term 3.2(e).

[15] See Agreement, Term 3.2(f).

B. Implementation of Rate Changes

Within 45 days of Commission approval, the Utilities will file Tier 2 advice letters detailing the rate changes resulting from the Agreement.[16] While the Utilities will continue collecting rates until after the Commission approves the Agreement (and it is implemented), the Utilities will refund ratepayers any overcollections after the Cessation Date.[17] Additional parameters of these advice letters and the timing of the rate changes are discussed in Term 3.3(c).

C. Greenhouse Gas Research Contributions and Program

The Agreement provides for a new shareholder-funded grant of $12.5 million ($2 million annually for five years for SCE, and $500,000 annually for five years for SDG&E) to be allocated "on the basis of a competitive grant proposal process to campuses and research institutes of California State University located in Southern California."[18] The Agreement notes that:

> Eligible proposals will focus on development of new technologies, methodologies and/or design modifications to reduce or avoid greenhouse gas ("GHG") emissions and/or to mitigate the effects of GHG emissions, as well as research on the integration of renewable resources in rural and/or disadvantaged communities.[19]

The prior $25 million contribution to the University of California is cancelled. Further parameters of the program are outlined in Term 3.4.

D. Other Terms

The Agreement provides for no adjustments in rates after the Cessation Date regarding costs incurred due to SONGS non-operation, including foregone sales.[20] Further, "after the Cessation Date, customers will not pay in rates any amounts in respect

[16] See Agreement, Term 3.3(a).

[17] See Agreement, Term 3.3(c).

[18] Agreement, Term 3.4(b). See Term 3.4 generally.

[19] Agreement, Term 3.4(b).

[20] See Agreement, Term 3.5(a).

of property taxes, financing of the regulatory assets, or M&S, and for such periods no disallowances, adjustments, credits or offsets of any kind shall be made to rates."[21] Moreover, the Agreement provides for no adjustments related to "any amounts that the Utilities claimed, or could have claimed, but did not receive from NEIL and/or MHI."[22] Also, the Agreement provides for no adjustments related to "any amounts the Utilities could have received or avoided, but did not receive or avoid, in respect of the acquisition, sale or other disposition of Nuclear Fuel Investment or M&S."[23] The Agreement also reserves non-utility parties' rights to oppose proposals for recovery in future proceedings for decommissioning costs and certain SONGS-related costs, and to propose treatment for future proceeds from spent fuel litigation with the DOE.[24]

The Agreement addresses capital structure similar to the 2014 Agreement.[25] The Agreement further provides that the Utilities may exclude from their ratemaking capital structure the after-tax charge to equity resulting from the implementation of the Agreement.[26] Also, the Utilities will close certain identified ratemaking accounts.[27]

Further, "equitable and symmetrical benefits" for bundled service and departing load customers are preserved, pursuant to the Agreement's affirmation of the SONGS DA Consensus Ratemaking Protocol, as approved by the Commission in D.14-05-003.[28]

The Agreement notes that "[e]xcept as expressly provided in this Agreement, the terms and conditions of the 2014 Agreement remain in full force and effect."[29]

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[21] Agreement, Term 3.5(b).

[22] Agreement, Term 3.5(c).

[23] Agreement, Term 3.5(d).

[24] See Agreement, Terms 3.5(e) –(f).

[25] See Agreement, Term 3.6.

[26] See Agreement, Term 3.6(a).

[27] See Agreement, Term 3.8.

[28] Agreement, Term 3.7. See D.16-09-044.

[29] Agreement, Term 3.10.

E. Other Agreements

The Agreement identifies a separate federal court agreement among "SCE, Citizens Oversight, Ruth Henricks et al., dated January 30, 2018, to effectuate the dismissal with prejudice and conclusively resolve the actions styled as *Citizens Oversight, Inc., et al.* v. *CPUC, et al.,* No 15-55762 (9th Cir. 2015) and *Citizens Oversight, Inc., et al.* v. *California Public Utilities Commission, et al.,* No. 3:14-cv-02703 (S.D. Cal. 2014)."[30] That agreement is not being submitted to the Commission pursuant to the instant motion but will be publicly filed with the Ninth Circuit.

The Agreement also identifies an "agreement between SCE and SDG&E (and their respective parent companies), dated January 10, 2018, which allocates responsibility for the financial provisions of this Agreement between SCE shareholders and SDG&E shareholders."[31] That agreement is not being submitted to the Commission pursuant to the instant motion, but shall be provided to the service list of this docket via a separate filing for informational purposes. The Agreement notes that: "[i]n the event that the Commission takes an action that has the effect of invalidating the Utility Shareholder Agreement, SDG&E may, in its discretion, withdraw from this Agreement, in which case SCE shall remain a Party to this Agreement but this Agreement shall be terminated as to SDG&E."[32]

F. Other Provisions

The Agreement describes in more detail certain factual recitals (at Section 2), and commitments between the Settling Parties (at Term 3.1 and Section 4).

IV. The Agreement Complies with Rule 12.1(d)

Rule 12.1(d) states that: "[t]he Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record,

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[30] Agreement, Definition 1.14.

[31] Agreement, Definition 1.34.

[32] Agreement, Term 3.9(b).

consistent with law, and in the public interest."[33] The Agreement meets all elements of this test.

In applying these standards, the Commission has considered (1) the risk, expense, complexity and likely duration of further litigation; (2) whether the settlement negotiations were at arms-length; (3) whether major issues were addressed; and (4) whether the parties were adequately represented.[34] The Agreement meets these criteria. The Settling Parties were represented by experienced Commission practitioners. The Agreement was reached through good faith negotiations, aggressive bargaining, facilitation by highly-regarded and experienced mediators, and, ultimately, compromise by each of the Settling Parties to reach consensus. By resolving all issues in the OII, the Agreement allows the parties and the Commission to avoid continued complex litigation.

A. The Agreement is Tantamount To An All-Party Settlement, and As Such Should Be Afforded A Presumption of Reasonableness

The Settling Parties believe that the Agreement is tantamount to an all-party settlement and hence should be afforded a presumption of reasonableness. When reviewing an all-party settlement, the Commission must be satisfied that the settlement:

> a. commands the unanimous sponsorship of all active parties to the instant proceeding;
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> b. that the sponsoring parties are fairly reflective of the affected interests;
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> c. that no term of the settlement contravenes statutory provisions or prior Commission decisions; and,
>
> d. that the settlement conveys to the Commission sufficient information to permit us to discharge our future regulatory obligations with respect to the parties and their interests.[35]

"Fulfillment of those criteria creates, in effect, a rebuttable presumption of the reasonableness of the settlement, although [the Commission] would still need to find that

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[33] Rule 12.1(d).

[34] See, e.g., D.88-12-083, 30 CPUC 2d 189, 221-23.

[35] D.92-12-019, 46 CPUC 2d 538, 550-51.

the settlement is consistent with the law and in the public interest."[36] The Settling Parties believe that these considerations are satisfied here.

First, the Settling Parties represent a wide range of interests and are all of the parties who have been actively and materially engaged in this proceeding since 2014. Except for FOE (which, for example, filed a brief on July 7, 2016, reiterating its support for the 2014 Agreement), the Settling Parties "embrace the totality of the active parties to [this] Phase . . . of the proceeding."[37] The Settling Parties were the only parties to file briefs on July 7, 2016, status conference and recommendations statements on August 15, 2017, and status conference statements on October 30, 2017.

The Settling Parties acknowledge that there are other parties on the OII service list, but note that those parties have not been active in the most recent "re-opening" phase of this proceeding. The failure of such parties to join the Agreement should not disqualify the Agreement from being considered an "all party" Agreement. The Commission previously has concluded that the failure of one party to join a settlement does not always deprive the agreement of "all party" status, such as when that party has entered the proceeding for a limited purpose.[38] Similarly, other parties to this proceeding have chosen not to take substantive positions in the OII or to participate only at earlier stages. Thus, the Agreement is tantamount to a "settlement . . . predicated on 'all party sponsorship.'"[39] This conclusion is particularly warranted if no party opposes this motion for approval of the proposed settlement.

Second, the fact that all of the parties that previously recommended that the Commission rescind or modify the 2014 Agreement are now signatories to this Agreement demonstrates the Agreement's broad support from a wide array of interests, and the reasonableness of the compromise reached. The Settling Parties include both Utilities (SCE and SDG&E); many diverse ratepayer advocate groups experienced in

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[36] D.96-09-097, 68 CPUC 2d 333, 338-39.

[37] D.92-12-019, 46 CPUC 2d 538, 554.

[38] *Id.* at 763, n.2.

[39] *Id.* at 554.

Commission practice, including groups representing residential and small business ratepayers as well as industrial and commercial bundled and departing load customers (CLECA, DACC, ORA, TURN, and WEM); a ratepayer advocate group that focuses on nuclear energy issues (A4NR); an individual citizen and proprietor of a non-profit association (Ruth Henricks); a public benefit corporation that encourages public participation to reduce waste, fraud, and abuse in government (CDSO); a labor group that represents hundreds of SONGS employees affected by the events giving rise to this OII (CUE); and a public university system (CSU). As such, the Settling Parties fairly reflect the affected interests.

Third, as discussed in more detail below in Section IV.C, the Agreement is consistent with all applicable law and prior Commission decisions.

Fourth, the Agreement includes specific and detailed provisions for implementing the Agreement that will enable the Commission to discharge its future regulatory duties.

As such, the Settling Parties believe that, consistent with the enumerated criteria, the Agreement effectively comes before the Commission as an all-party settlement with a presumption of reasonableness.

B. The Agreement is Reasonable in Light of the Whole Record

In a ruling dated December 13, 2016 ("December 13, 2016 Ruling"), the Utilities were ordered to "notice at least two meet and confer sessions inviting all parties to discuss potential further procedural actions, and whether a broad range of parties can reach agreement on proposed modifications to D. 14-11-040."[40] Subsequently, a ruling dated January 8, 2018 ("January 8, 2018 Ruling"), observed that "[t]he settling parties no longer have a meeting of the minds and the ratepayer advocacy parties no longer support the Settlement as adopted."[41] That same Ruling opined that "[g]iven the circumstances now before the Commission, we have serious concerns as to whether the adopted

[40] December 13, 2016 Ruling, at 42.

[41] January 8, 2018 Ruling, at 5.

Settlement meets the requirements of Rule 12.1(d)."[42] The attached Agreement is reasonable in light of this aspect of the record.

While testimony has not yet been submitted in this phase, the January 8, 2018 Ruling identifies the areas under consideration:

- Whether to disallow recovery of a percentage of base plant, and if so what percent and the basis for such disallowance.
- Whether to refund costs related to the SGRP collected in rates prior to February 2012.
- Whether to allow for a rate of return on any base plant eligible for recovery in customer rates. Should the rates authorized in the settlement remain as adopted, something less, or 0%?
- Whether an additional $86.95 million in refunds relating to 2012 expenses incurred at SONGS should be recovered by ratepayers.
- Whether the utilities should be directed to provide refunds for foregone sales revenues associated with SONGS between February 2012 and June of 2013.
- Whether to credit ratepayers for the book value of $592 million, or a portion of this amount, of the unsold nuclear fuel.
- Whether the utilities should be required to compensate ratepayers for the amount MHI was found to be liable under the replacement steam generator contractor ($138 million).
- Whether SCE and SDG&E should be responsible for the award of legal costs to MHI and its own legal costs for the International Chamber of Commerce (ICC) arbitration award.[43]

The potential scope of these issues places the ratepayer benefit of the Agreement within the range of likely litigated outcomes. It has been observed that the "Commission favors settlements because they generally support worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties

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[42] January 8, 2018 Ruling, at 6.

[43] January 8, 2018 Ruling, at 9-10.

to reduce the risk that litigation will produce unacceptable results."[44] The Agreement appropriately balances the Settling Parties' respective litigation risks.

Moreover, the record of this proceeding consists of numerous rounds of testimony, reports and briefings. Through these written exchanges the contentions of the parties are well- known. This assisted the Settling Parties in ascribing appropriate weight to the respective arguments, and thus determining a reasonable settlement.

Thus, the Agreement is reasonable in light of the whole record.

C. The Agreement is Consistent with Law

The Agreement complies with all applicable laws and Commission precedents. Pursuant to Public Utilities Code sections 451 and 455.5, the Commission is authorized to disallow certain SONGS costs, as SONGS was out of service for more than nine consecutive months. However, section 455.5 provides that the Commission "may" disallow such costs, which thereby allows for recovery in rates, if warranted.[45] The Agreement appropriately provides for a Cessation Date after which SONGS Costs are no longer collected in rates.

Further, the Settling Parties know of no legal impediment for the $12.5 million shareholder-funded allocation to CSU.

Thus, the Agreement is consistent with law.

D. The Agreement is in the Public Interest

The Agreement is in the public interest as it provides substantial benefits to ratepayers. After the Cessation Date, ratepayers will no longer pay for the SONGS Costs (defined in the Agreement as "Base Plant, M&S Investment, Nuclear Fuel Investment, and CWIP authorized to be recovered under the 2014 Agreement"[46]).

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[44] See, e.g., D.10-06-031, at 12 (affirmed as modified in D.14-04-023).

[45] See Pub. Util. Code section 455.5.

[46] See Agreement, Definition 1.28.

Further, this Agreement has been vetted by a "broad range of parties" as contemplated by the December 13, 2016 Ruling.[47] The Commission has determined that a settlement, like the instant Agreement, that "commands broad support among participants fairly reflective of the affected interests" meets the "public interest" criterion.[48] Parties representing a wide range of perspectives in this proceeding fully participated in the subject mediation. This helped the Settling Parties to better understand the relevant contentions, and develop a resolution that benefits the public interest. The Agreement represents a compromise of strongly-held views.[49]

The Agreement also resolves all disputed issues and eliminates need for further litigation. This provides for an efficient use of resources.

Moreover, the Settling Parties intend that the $12.5 million shareholder-funded allocation to CSU will be beneficial to the public interest, by assisting in the development of new approaches to issues regarding the mitigation of GHG emissions and the integration of renewables in rural or disadvantaged communities.

Thus, the Agreement is in the public interest.

V. The Settlement Should Be Approved Without Modification

The Agreement is presented as a whole, and the Settling Parties request that it be reviewed and adopted as a whole. Modifying any one provision would upset the balance of interests and compromises that the Settling Parties, after thirteen months of effort, were able to achieve. As the Commission has recognized:

> In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the

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[47] See December 13, 2016 Ruling, at 42.

[48] D.10-06-015, 2010 WL 2543052, at *6 (June 3, 2010) (*citing* D.92-12-019, 46 CPUC 2d 538, 552-54).

[49] The Commission has noted that there is a public policy favoring the settlement of disputes to avoid costly and protracted litigation. D.88-12-083, 30 CPUC2d 189, 221.

> settlement as a whole produces a just and reasonable outcome.[50]

VI. The Agreement Complies with Rule 12.1(b)

Rule 12.1(b) requires that:

> Prior to signing any settlement, the settling parties shall convene at least one conference with notice and opportunity to participate provided to all parties for the purpose of discussing settlements in the proceeding. Notice of the date, time, and place shall be served on all parties at least seven (7) days in advance of the conference. Notice of any subsequent settlement conferences may be oral, may occur less than seven days in advance, and may be limited to prior conference attendees and those parties specifically requesting notice. Attendance at any settlement conference shall be limited to the parties and their representatives.[51]

Pursuant to the Rule, on January 23, 2018, parties to I.12-10-013 were notified of the Settlement Conference via email. The Settlement Conference was held on January 30, 2018, at 1 pm, at the Munger, Tolles & Olson LLP offices located in San Francisco, with a video simulcast to its offices in Los Angeles. The Agreement was discussed at the Settlement Conference. The Agreement was not signed by the Settling Parties until the Settlement Conference concluded.

The Settling Parties complied with Rule 12.1(b).

VII. Conclusion

For the foregoing reasons, and pursuant to Term 4.1(a)(i), the Settling Parties jointly request that the Commission approve this Agreement in its entirety without change.

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[50] D.11-05-018, 2011 WL 12863722, at *8.

[51] Rule 12.1(b).

Respectfully submitted,

/s/ EDWARD MOLDAVSKY

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[52] Pursuant to Rule 1.8(d), I certify that I am authorized by the parties listed in Section I of this pleading to sign and tender this document on their behalf. Those parties' representatives are listed in Attachment 2.