

**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

**MOTION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)  
AND SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)  
TO ENTER UTILITY SHAREHOLDER AGREEMENT INTO THE RECORD AS  
REFERENCE DOCUMENT**

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Attorneys for SOUTHERN CALIFORNIA EDISON COMPANY

Dated: February 1, 2018

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Pursuant to Rule 11.1 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), San Diego Gas & Electric Company ("SDG&E") and Southern California Edison Company ("SCE") (collectively, the "Utilities") move for a ruling entering the Utility Shareholder Agreement (provided as Attachment A), into the record as a reference document in this proceeding.

On January 30, 2018, the Utilities and certain other parties entered into an agreement to settle this proceeding, subject to the Commission's approval ("2018 Settlement Agreement"). On the same day, the parties to the 2018 Settlement Agreement filed a Joint Motion for Adoption of the Settlement Agreement ("Joint Motion") and attached that Agreement as Exhibit 1 to that filing. The 2018 Settlement Agreement refers to the existence of a separate agreement between

the Utilities (and their respective parent companies), defined therein as the Utility Shareholder Agreement.<sup>1</sup> The 2018 Settlement Agreement further provides that, in the event the Commission takes an action that has the effect of invalidating the Utility Shareholder Agreement, SDG&E may, in its discretion, withdraw from the 2018 Settlement Agreement, in which case SCE shall remain a Party to that Agreement but the Agreement shall be terminated as to SDG&E.<sup>2</sup> The Joint Motion also briefly summarizes the references to the Utility Shareholder Agreement in the 2018 Settlement Agreement.<sup>3</sup>

Because the 2018 Settlement Agreement and the Joint Motion refer to the Utility Shareholder Agreement, the Utilities file the Utility Shareholder Agreement in order to provide the Commission a complete record to consider the 2018 Settlement Agreement.

In general terms, the Utility Shareholder Agreement allocates responsibility between SCE shareholders and SDG&E shareholders for the financial effect of the 2018 Settlement Agreement on SDG&E, assuming the 2018 Settlement Agreement is approved by the Commission. The payments that SCE will make to SDG&E under the Utility Shareholder Agreement will not be recovered from SCE's customers.

The Utilities are submitting the Utility Shareholder Agreement for information purposes only.<sup>4</sup> The Utilities respectfully request that the Commission take no action with respect to the Utility Shareholder Agreement, which concerns the interest of the Utilities' shareholders, not

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<sup>1</sup> 2018 Settlement Agreement, § 1.34.

<sup>2</sup> *Id.*, § 3.9(b).

<sup>3</sup> Joint Motion at 9.

<sup>4</sup> *See* Joint Motion at 9 (noting that the Utility Shareholder Agreement “shall be provided to the service list of this docket via a separate filing for informational purposes.”).

their customers. Specifically, the Utilities are not requesting Commission review or approval of the Utility Shareholder Agreement.

Respectfully submitted,

Date: February 1, 2018

/s/ Emma D. Salustro

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**ATTACHMENT A**

**UTILITY SHAREHOLDER AGREEMENT**

**AGREEMENT**

This (“Agreement”) is made by and among (a) Southern California Edison Company (“SCE”), a California corporation; (b) Edison International, the parent company of SCE (“EIX”); (c) San Diego Gas & Electric Company (“SDG&E”), a California corporation and (d) Sempra Energy, the parent company of SDG&E (“Sempra Energy”). SCE, SDG&E, EIX, and Sempra Energy are referred to herein jointly as the “Parties,” and separately as a “Party.” SCE and SDG&E are respondents in I.12-10-013, which, together with related proceedings A.13-01-016, A.13-03-005, A.13-03-013, and A.13-03-014, is referred to herein as the “OII.”

**Recitals**

**WHEREAS**, SCE and SDG&E each own a share of San Onofre Nuclear Generating Station (“SONGS”);

**WHEREAS**, on November 25, 2014, the CPUC issued a decision approving an amended and restated settlement agreement (the “2014 Settlement”) among SCE, SDG&E, and other parties to the OII which set forth a resolution of all issues related to the OII;

**WHEREAS**, the Parties believe that the rates established by the 2014 Settlement were and remain just and reasonable;

**WHEREAS**, on February 9, 2015, SCE filed a Notice of *Ex Parte* Communication regarding a March, 2013, meeting that occurred in Warsaw, Poland, between Stephen Pickett and the CPUC’s then-president, Michael Peevey (the “Warsaw Meeting”);

**WHEREAS**, on December 8, 2015, the CPUC issued a decision imposing a fine on SCE for eight alleged violations of the CPUC’s Rules of Practice and Procedure in connection with alleged *ex parte* communications between SCE and the CPUC;

**WHEREAS**, on May 9, 2016, the assigned Commissioner and Administrative Law Judge

issued a ruling reopening the record in the OII “in light of” the CPUC’s December 8, 2015, ruling regarding *ex parte* communications;

**WHEREAS**, on December 13, 2016, the assigned Commissioner and Administrative Law Judge issued a ruling directing SCE and SDG&E “to meet and confer with the other parties” to the OII “to further consider and provide additional recommendations regarding the issues set forth in” the May 9, 2016, ruling referenced above;

**WHEREAS**, SDG&E has paid SCE the sum total of \$3.4 million for refabrication, storage, consultants, and transaction expenses in connection with nuclear fuel as of November 30, 2017;

**WHEREAS**, SCE, SDG&E, and other parties to the OII intend to execute a revised settlement agreement (the “Revised Settlement”), which sets forth a resolution of all issues related to the OII, including all issues related to any SONGS-related *ex parte* communications between SCE and the CPUC;

**WHEREAS**, the Parties understand that the CPUC has the authority to set rates for SCE’s and SDG&E’s customers;

**WHEREAS**, the intent of this Agreement is for SCE to compensate SDG&E and Sempra Energy for the revenue requirement amounts SDG&E would have recovered under the 2014 Settlement that will no longer be recovered by SDG&E as a result of the Revised Settlement, including certain costs related to nuclear fuel, as more fully detailed in paragraphs 19 and 20 of this Agreement, and thereby have SCE’s shareholders, rather than SDG&E’s shareholders, bear the cost of the lower rates to be paid by SDG&E’s customers.

**NOW THEREFORE**, for and in consideration of the mutual promises, release of claims, and undertakings herein set forth, the Parties agree as follows:

Definitions<sup>1</sup>

1. **Base Plant:** As defined by Section 2.6 of the 2014 Settlement.
2. **Cessation Date:** The date on which the combined remaining balance of the SONGS regulatory assets of SCE and SDG&E will be \$775 million (\$623 million for SCE and \$152 million for SDG&E). The Cessation Date is estimated to be December 20, 2017.
3. **CPUC Approval or CPUC Approved Revised Settlement:** A decision of the CPUC that entirely resolves the OII, including all issues pertaining to the amounts paid or to be paid in rates by customers with respect to SONGS, via one of the following two procedural paths:
  - 3.1 A decision of the CPUC that approves the Revised Settlement, without modification, as a complete and final resolution of the OII; *or*
  - 3.2 A decision of the CPUC that approves the Revised Settlement, as modified by the parties to the Revised Settlement following a CPUC decision requesting or suggesting one or more modification(s), as a complete and final resolution of the OII.
4. **CWIP:** As defined by Section 2.13 of the 2014 Settlement.
5. **Effective Date:** The date CPUC Approval occurred.
6. **Greenhouse Gas Research:** As defined by Section 4.16 of the 2014 Settlement and modified by the forthcoming Revised Settlement.
7. **M&S Investment:** As defined by Section 2.21 of the 2014 Settlement.
8. **Nuclear Fuel Investment:** As defined by Section 2.30 of the 2014 Settlement.
9. **Refabrication Cost:** The amounts paid by SDG&E to SCE for refabrication of nuclear fuel, storage of nuclear fuel, consultant and transaction expenses in connection with the

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<sup>1</sup> Capitalized terms that are not defined in these Definitions have the meanings set forth in the Recitals to this Agreement.

sale of nuclear fuel, which amounts SDG&E would have offset against the proceeds of the sale of nuclear fuel under the 2014 Settlement as described in Section 2.18(a) and (b). As of November 30, 2017, SDG&E has paid \$3.4 million in Refabrication Cost. SDG&E will calculate the Refabrication Cost as of the Effective Date and include that amount in the first Quarterly Payment paid by SCE to SDG&E. SCE will cease billing SDG&E for Refabrication Cost as of the Effective Date.

10. **Revenue Requirement:** The revenue that SDG&E would have collected from customers in connection with the amortization of the SDG&E Regulatory Asset (includes Base Plant, CWIP, M&S Investment and Nuclear Fuel Investment), plus a return on such amounts, pursuant to the terms of the 2014 Settlement.

11. **SDG&E Loss:** The sum of 1) the Revenue Requirement from the Cessation Date through February 1, 2022, and 2) the Refabrication Cost balance as of the Effective Date.

12. **SDG&E Regulatory Asset:** The unamortized balance of SDG&E's regulatory asset pursuant to the 2014 Settlement as of the Cessation Date.

13. **SONGS Issues:** All issues related to or regarding the following, with the exception of the matters addressed in Paragraphs 15.4, 15.5, 15.6, 15.7, and 15.8:

13.1 The Order Instituting Investigation Regarding San Onofre Nuclear Generating Station Units 2 and 3 (I. 12-10-013) ("the OII");

13.2 The Replacement Steam Generators installed in SONGS Unit 2 and Unit 3 in January 2010 and January 2011, respectively;

13.3 The Replacement Steam Generator Project approved in D.05-12-040 and D.06-11-026;

13.4 SONGS operational costs, including but not limited to all costs, fees and

expenses of any kind and of any nature incurred prior to the Shutdown;

13.5 The permanent retirement of SONGS Units 2 and 3 announced by SCE on June 7, 2013;

13.6 Costs resulting from the outages and Shutdown, including replacement power costs, as well as O&M costs and capital investments at SONGS;

13.7 Any *ex parte* communication between SCE and any CPUC decision maker regarding the 2014 Settlement, the OII, the Replacement Steam Generator Project, the Shutdown and costs relating thereto (including but not limited to the Warsaw Meeting), and any decision by SCE regarding whether to report or disclose that *ex parte* communication to any party in the OII (including but not limited to SDG&E);

13.8 The 2014 Settlement (including but not limited to claims that the 2014 Settlement or its negotiation was affected in any way by *ex parte* communications between SCE and the CPUC);

13.9 The case 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);

13.10 The arbitration between SCE, SDG&E, and City of Riverside on the one hand, and Mitsubishi Nuclear Energy Systems, Inc., and Mitsubishi Heavy Industries, Ltd., on the other hand, regarding the Replacement Steam Generators (the “Mitsubishi Arbitration”), including the award issued on March 13, 2017, by the International Chamber of Commerce International Court of Arbitration (“ICC”) in ICC Arbitration Case No. 19784/AGR/RD;

13.11 The claims submitted by SCE to Nuclear Electric Insurance Limited under the following insurance policies: Accidental Outage Insurance Policy, No. E11-040;

Primary Property and Decontamination Liability Insurance Policy, No. P11-032; and Decontamination Liability, Decommissioning Liability and Excess Property Insurance Policy, No. X 11-040 (collectively, the “NEIL Claims”);

13.12 The October 22, 2015, settlement of the NEIL Claims;

13.13 All attorney’s fees, consultant fees, ICC fees, arbitrator and mediator fees and expenses, expert fees, arbitration-related costs incurred, and in-house counsel costs, through and including the Effective Date, incurred by SCE, SDG&E, or any corporate affiliate of SCE or SDG&E, in connection with the OII, NRC review following the Shutdown, the investigation of the Replacement Steam Generator leak and potential repairs to or the replacement of the Replacement Steam Generators, the Mitsubishi Arbitration, the NEIL Settlement, or the NEIL Claims;

13.14 The NRC Findings, including but not limited to the letters sent by the NRC to SCE on September 20, 2013, and December 23, 2013, respectively regarding “NRC Confirmatory Action Letter Response Inspection 05000361/2012009 and 05000362/2012009” and “Final Significance Determination of White Finding and Notice of Violation, NRC Inspection Report 05000361/2012009 and 05000362/2012009” S;

13.15 The March 27, 2012, the Nuclear Regulatory Commission (“NRC”) Confirmatory Action Letter (“CAL”) issued to SCE, SCE’s October 3, 2012, a response to the NRC regarding the CAL , and any other communication between SCE and the NRC related to SONGS;

13.16 The License Amendment Request submitted to the NRC on April 5, 2013; *and*

13.17 Claims, rights, obligations, and duties under the Second Amended San

Onofre Operating Agreement (“Operating Agreement”) in respect of events occurring before the date of execution of this Agreement.

Agreement

14. **Effective Date.** No provision of this Agreement shall be effective unless and until the Effective Date occurs.

15. **Mutual Release of Claims.**

15.1 To the broadest extent permitted by law, SCE and EIX, on behalf of themselves and their respective present and former parents, subsidiaries, affiliates, shareholders, successors, and assigns, by operation of law or otherwise (collectively, “Edison Releasers”), hereby release, acquit, and forever discharge any and all claims, expenses, debts, attorney’s fees, expert fees, demands, costs, contracts, liabilities, obligations, actions, and causes of action of every nature, under any theory under the law, whether common, constitutional, statutory, tort, contractual or other of any jurisdiction, foreign or domestic, whether known or unknown, whether in law or in equity, which any of such Edison Releasers has or had or may claim to have based on the facts that exist as of the execution of this Agreement, against SDG&E, Sempra Energy, or their respective present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, members, agents, representatives, permitted successors, and permitted assigns, arising from or pertaining to the SONGS Issues, or any of them.

15.2 To the broadest extent permitted by law, SDG&E and Sempra Energy, on behalf of themselves and their respective present and former parents, subsidiaries, affiliates, shareholders, successors, and assigns, by operation of law or otherwise (collectively, “SDG&E Releasers”), hereby release, acquit, and forever discharge any and all claims, expenses, debts,

attorney's fees, expert fees, demands, costs, contracts, liabilities, obligations, actions, and causes of action of every nature, under any theory under the law, whether common, constitutional, statutory, tort, contractual or other of any jurisdiction, foreign or domestic, whether known or unknown, whether in law or in equity, which any of such SDG&E Releasors has or had or may claim to have based on the facts that exist as of the execution of this Agreement, against SCE, EIX, or their respective present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, members, agents, representatives, permitted successors, and permitted assigns, arising from or pertaining to the SONGS Issues, or any of them.

15.3 The claims released by the Parties as set forth in subparagraphs 15.1, 15.2, and 16 specifically include, but are not limited to, claims for negligence, breach of contract, breach of fiduciary duty, breach of the duty of loyalty, fraud, negligent misrepresentation, intentional misrepresentation, constructive fraud, promissory estoppel, and unfair competition arising from or pertaining to the SONGS Issues, or any of them.

15.4 The claims released by the Parties as set forth in subparagraphs 15.1, 15.2, and 16 do not include the obligations and duties owed by SCE to the SONGS co-owners including SDG&E related to the spent fuel litigation and settlement agreement between SCE and the United States arising from litigation commenced by SCE against the United States in the United States Court of Federal Claims, Case No. 11-870C.

15.5 The claims released by the Parties as set forth in subparagraphs 15.1, 15.2, and 16 do not include the obligations and duties owed by SCE and SDG&E to each other pertaining to the decommissioning of SONGS, the Decommissioning Agreement, any related agreements, and/or disputes arising out of the Decommissioning Agreement.

15.6 The claims released by the Parties as set forth in subparagraphs 15.1, 15.2, and 16 do not include obligations and duties created by this Agreement, the Revised Settlement, and/or the provisions of 2014 Settlement that survive and remain unmodified and unaffected by the CPUC Approved Revised Settlement.

15.7 The claims released by the Parties as set forth in subparagraphs 15.1, 15.2, and 16 do not include obligations and duties created by the Agreement of Settlement and Release among SCE, SDG&E, the City of Riverside and the City of Anaheim, dated on or about March 19, 2015, relating to results sharing and A&G.

15.8 The claims released by the Parties as set forth in subparagraphs 15.1, 15.2, and 16 do not include (i) pending or future third-party claims for personal injury or property damage arising out of the operation of SONGS; (ii) claims relating to marine mitigation; and/or (iii) claims relating to conditions of employment, including worker's compensation and employment law claims.

16. **Waiver of Unknown Claims.** Except as provided herein, with respect to the SONGS Issues only, the Parties expressly waive any and all rights under Section 1542 of the Civil Code of the State of California, and any like provision or principle of common law in any foreign jurisdiction. Section 1542 provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIM OR HER SETTLEMENT WITH THE DEBTOR.

The Parties expressly acknowledge that, notwithstanding the provisions of Section 1542,

and for the purpose of implementing a full and complete release and discharge, this Agreement is intended to include in its effect, without limitation, claims and causes of action arising out of the SONGS Issues which the Parties do not know of or suspect to exist in their favor at the time of execution hereof and that this Agreement contemplates extinguishment of all such claims and causes of action.

Notwithstanding the waiver of Civil Code section 1542, however, the Parties acknowledge and agree that the releases provided for in this Agreement specifically relate to the SONGS Issues only and are not intended to create general releases as to any other lawsuits, claims, or potential claims between or among the Parties.

17. **Covenant to Support Revised Settlement.** In addition to the representations and warranties made in the Revised Settlement, and subject to paragraph 18, the Parties also represent and warrant that they will support the Revised Settlement as a complete and final resolution of all claims by the Parties' customers in the OII, and will take no position (either publicly, in statements to the CPUC, or otherwise) that advocates for SCE or SDG&E to provide any customer with any compensation that goes beyond or above the compensation set forth in the Revised Settlement.

18. **Disclosure to CPUC / Termination.** The Parties agree to disclose this Agreement to the CPUC in connection with a motion for approval of the Revised Settlement, but the Parties shall not ask the CPUC to approve this Agreement. If the CPUC nevertheless takes an action that has the effect of invalidating or materially modifying this Agreement, SDG&E may, exercising its sole and unfettered discretion, withdraw from the Revised Settlement, in accordance with its terms, in which case the Revised Settlement Agreement shall be terminated as to SDG&E but shall continue as to SCE. If the CPUC takes an action that has the effect of

materially modifying this Agreement, the Parties will meet and confer to discuss such modification; following such discussions, either Party may, exercising its sole and unfettered discretion, terminate this Agreement, in which case the releases set forth in Paragraph 15.1, 15.2 and 16 will become null and void, and SCE's and SDG&E's litigation positions relating to the SONGS Issues shall be restored as of the date that this Agreement is executed and any applicable statutes of limitations will be deemed equitably tolled for the benefit of both Parties on the date that this Agreement is executed until ninety days (90) after SDG&E's rights under this Paragraph are invoked.

19. **Consideration.** In exchange for the release of claims described in paragraphs 15.1, 15.2 and 16 above, and the covenant described in paragraph 17 above, SCE agrees to pay SDG&E the entire SDG&E Loss through quarterly installments commencing on the First Due Date (defined below) and continuing until the SDG&E Loss is paid in full, but by no later than April 30, 2022. SDG&E shall calculate each installment of the SDG&E Loss for the applicable period (the "Quarterly Payment Amount") according to the calculation methodology set forth in subparagraph 19.2. SDG&E shall present its calculations to SCE in accordance with the invoice methodology set forth in subparagraph 19.3. SCE shall pay each Quarterly Payment Amount according to the payment methodology set forth in subparagraph 19.4.

19.1 **First Quarterly Payment Amount:** The first Quarterly Payment Amount (a) will be increased by the Refabrication Cost amount; and (b) will be reduced by \$2.5 million to reflect the reduction in SDG&E's contributions to the Greenhouse Gas Research program pursuant to the Revised Settlement.

19.2 **Calculation Methodology:** Each Quarterly Payment Amount shall be equal to the Revenue Requirement for the "Relevant Time Period" (as defined below in

subparagraph 19.2.1), except that the first Quarterly Payment Amount shall differ from that amount as set forth in paragraph 19.1.

19.2.1 Definition of “Relevant Time Period”:

(a) The Relevant Time Period for the first Quarterly Payment Amount is the time period between the Cessation Date, and the last day of the fiscal quarter in which the Effective Date occurs.

(b) The Relevant Time Period for each Quarterly Payment Amount following the first Quarterly Payment Amount shall be the full fiscal quarter that precedes the due date for that Quarterly Payment Amount.

19.3 Invoice Methodology:

19.3.1 Within 15 days after the end of each fiscal quarter following the Effective Date, SDG&E shall present SCE with an invoice reflecting SDG&E’s calculation of the Quarterly Payment Amount (if any) for the Relevant Time Period.

19.3.2 Every invoice shall include wiring instructions.

19.3.3 If SCE determines that SDG&E has not accurately calculated a Quarterly Payment Amount per the calculation methodology set forth in subparagraph 19.2, SCE shall promptly present SDG&E with SCE’s own calculation (also per the calculation methodology set forth in subparagraph 19.2) of the Quarterly Payment Amount and an explanation, in narrative form, of why SCE believes that its own calculation is correct. Unless SCE and SDG&E agree otherwise, SCE shall pay the amount set forth in its own calculation of the Quarterly Payment Amount by the due date for that Quarterly Payment Amount. By accepting that payment, SDG&E does not waive any claim for the difference between SDG&E’s and SCE’s respective calculations of the Quarterly Payment Amount, which SDG&E may seek

through all means of legal recourse pursuant to this Agreement.

19.4 Payment Methodology:

19.4.1 The First Due Date shall be thirty days after the last day of the fiscal quarter in which the Effective Date occurred.

19.4.2 No amounts shall be due to SDG&E until the First Due Date. The first Quarterly Payment Amount shall be due on the First Due Date. Each Quarterly Payment Amount thereafter shall be due thirty days after the last day of each fiscal quarter following the First Due Date. The last Quarterly Payment Amount shall be due on April 30, 2022 (i.e., thirty days after the last day of the first fiscal quarter of 2022).

19.4.3 On the First Due Date, and every due date thereafter, SCE shall pay to SDG&E the full amount of the applicable Quarterly Payment Amount per the wiring instructions set forth in the applicable invoice.

20. **Nuclear Fuel Sales.** In exchange for the consideration set forth in paragraph 19 above, the Parties agree that SCE will retain the proceeds of any sale of SONGS nuclear fuel consummated after the Effective Date. SDG&E shall have no further liability to SCE for the nuclear fuel or related Refabrication Cost after the Effective Date. If SCE consummates any sale of SONGS nuclear fuel before the Effective Date, SCE will track SDG&E's portion of the proceeds in a memorandum account. After the Effective Date, SCE will eliminate the memorandum account and will retain the proceeds tracked in that account. If the Revised Settlement is terminated, SCE shall eliminate the memorandum account and pay SDG&E's portion of the fuel proceeds to SDG&E.

21. **Application for Rehearing or Court Challenge.** In the event that the Revised Settlement is approved by the CPUC but is challenged through an Application for Rehearing or a

court challenge, such pending challenge shall not affect the Effective Date of this Agreement. If an Application for Rehearing or court challenge results in an alteration to the terms of the Revised Settlement that materially and adversely affects the fundamental intents, purposes, terms, and/or conditions of the financial obligations set forth in this Agreement (“Material Change”), the Parties will meet and confer to discuss what effect the Material Change has on the financial obligations of on this Agreement. Following such discussions, either Party may invoke the arbitration provisions set forth in Paragraph 28, and the arbitration panel will decide whether a Material Change has occurred, what effect such Material Change has on the financial obligations of this Agreement and whether a refund should be issued to SCE. If the arbitration panel finds that a Material Change has occurred and orders a refund, then either Party may elect to terminate this Agreement. If this Agreement is terminated, SDG&E will refund to SCE the amount ordered to be refunded by the arbitration panel; the releases in Paragraphs 15.1, 15.2 and 16 will become null and void; and SCE’s and SDG&E’s litigation positions relating to the SONGS Issues shall be restored as of the date that this Agreement is executed, with any applicable statutes of limitations deemed equitably tolled for the benefit of both Parties on the date that this Agreement is executed until ninety days (90) days after SDG&E pays any refund amounts pursuant to this Paragraph.

22. **No Other Payments.** Other than as expressly provided in paragraphs 19 and 20 above, nothing in this Agreement requires any Party to pay or reimburse any amount of money to any person or entity whatsoever. For the avoidance of doubt, this Agreement does not require any reimbursement of funds that have already been exchanged between or among the Parties in respect of the SONGS Issues, or any of them.

23. **Consultation with Counsel.** The Parties represent and warrant, on their own

behalf, that they have been advised to and have discussed this Agreement with their own counsel, that they have carefully read and fully understood all of the provisions of this Agreement, that they had a reasonable period of time within which to consider the Agreement, and that they are entering into this Agreement voluntarily.

24. **SCE Does Not Admit Liability or Duty.** It is understood and agreed by the Parties that nothing in this Agreement constitutes an admission or concession of liability by SCE with respect to any claim or potential claim by SDG&E or any of its affiliates, including but not limited to claims by SDG&E for attorney's fees or litigation costs (including costs associated with expert witnesses) related to NRC review following the Shutdown, the Mitsubishi Arbitration, the NEIL Settlement, the NEIL Claims, or the OII. It is also understood and agreed by the Parties that nothing in this Agreement constitutes an admission or concession by SCE that SCE owed any duty of care to SDG&E whatsoever.

25. **SDG&E Does Not Admit Liability or Duty.** It is understood and agreed by the Parties that nothing in this Agreement constitutes an admission or concession of liability by SDG&E with respect to any claim or potential claim by SCE or any of its affiliates, including but not limited to claims by SCE for attorney's fees or litigation costs (including costs associated with expert witnesses) related to NRC review following the Shutdown, the Mitsubishi Arbitration, the NEIL Settlement, the NEIL Claims, or the OII. It is also understood and agreed by the Parties that nothing in this Agreement constitutes an admission or concession by SDG&E that SDG&E owed any duty of care to SCE whatsoever.

26. **Covenant Not to Sue.** The Parties represent and warrant that they have not filed, to date, any type of administrative or legal action arising out of claims waived and/or released by this Agreement and that the Parties will not sue or pursue or become party to any litigation

arising out of claims waived and/or released by this Agreement.

27. **Assignment of Claims.** The Parties hereby represent and warrant that they have not heretofore assigned or transferred or purported to assign or transfer to anyone or any entity any claims, assertions of claims, demands, actions, causes of action, or suits based upon, arising out of, pertaining to, concerning or connected with any other matters herein released.

28. **Governing Law / Construction / Venue.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California. The language of this Agreement shall not be construed for or against any particular party. The language of this Agreement shall in all cases be construed as a whole, according to its fair meaning. The headings used herein are for reference only and shall not affect the construction of this Agreement. Any dispute, claim, or controversy arising out of or relating to this Agreement shall be determined by final and binding arbitration in Orange County, California, or any other place agreed upon at the time by the Parties, before a panel of three arbitrators. The arbitration shall be administered by JAMS pursuant to its comprehensive arbitration rules and procedures. The arbitrator is not authorized to award punitive or exemplary damages, and the Parties waive any right to recover such damages. Judgment on the award may be entered in any court of competent jurisdiction. The prevailing party shall be entitled to attorney's fees and costs reasonably incurred in any arbitration arising out of or relating to this Agreement.

29. **No Oral Modification.** No amendments or modifications to this Agreement shall be binding unless made in a writing specifically referencing this Agreement and signed by the Parties.

30. **Integration.** This Agreement is the only, sole, entire, and complete agreement of the Parties relating in any way to the subject matter hereof. No statements, promises, or

representations have been made by any Party to any other, or relied upon, and no consideration has been offered, promised, expected, or held out other than as may be expressly provided herein. None of the Parties is relying on any representations, warranties, undertakings, agreements, or understandings except as expressly set forth in this Agreement.

31. **Severability.** If any term of this Agreement is held to be illegal, invalid, or incapable of being enforced, such part shall be severed and excluded to the extent of such illegality, invalidity or unenforceability. All other terms herein shall remain in full force and effect. This severability provision shall not be applied if its application would materially and adversely affect the fundamental intents, purposes, terms, and/or conditions of this Agreement. For the avoidance of doubt, a non-exclusive list of paragraphs that *cannot* be severed without affecting the fundamental intent of this Agreement is as follows: Paragraphs 14-20.

32. **Authority.** The individuals executing this Agreement on behalf of the Parties represent and warrant that they are authorized to enter into and execute this Agreement on behalf of the Parties, respectively, that, to the extent required, the appropriate corporate resolutions or other consents have been passed and/or obtained, and that this Agreement will be binding on the Parties.

33. **Counterparts.** This Agreement may be executed and delivered in four or more counterparts, each of which when so executed and delivered shall be the original, but such counterparts together shall constitute but one and the same instrument.

EXECUTION VERSION - January 10, 2018

READ AND AGREED TO:

DATED: January \_\_, 2018

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Southern California Edison Company

DATED: January \_\_, 2018

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Edison International

DATED: January \_\_, 2018

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San Diego Gas & Electric Company

DATED: January \_\_, 2018

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Sempra Energy

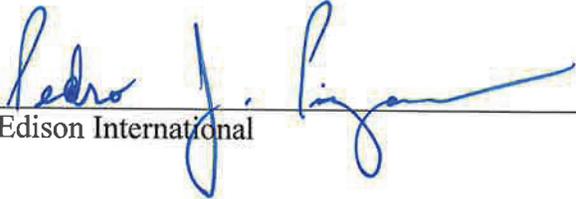
EXECUTION VERSION - January 10, 2018

READ AND AGREED TO:

DATED: January \_\_, 2018

\_\_\_\_\_  
Southern California Edison Company

DATED: January 10, 2018

  
\_\_\_\_\_  
Edison International

DATED: January \_\_, 2018

\_\_\_\_\_  
San Diego Gas & Electric Company

DATED: January \_\_, 2018

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Sempra Energy

EXECUTION VERSION - January 10, 2018

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Southern California Edison Company

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San Diego Gas & Electric Company

DATED: January \_\_, 2018

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Sempra Energy

EXECUTION VERSION - January 10, 2018

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DATED: January \_\_, 2018

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Southern California Edison Company

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Edison International

DATED: January \_\_, 2018

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San Diego Gas & Electric Company

DATED: January 10, 2018

  
\_\_\_\_\_  
Sempra Energy, Chief Regulatory Officer

EXECUTION VERSION - January 10, 2018

READ AND AGREED TO:

DATED: January 10, 2018

  
\_\_\_\_\_  
Southern California Edison Company

DATED: January \_\_, 2018

\_\_\_\_\_  
Edison International

DATED: January \_\_, 2018

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San Diego Gas & Electric Company

DATED: January \_\_, 2018

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Sempra Energy