August 25, 2015

Advice Letter 3193-E

Russell G. Worden  
Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, CA 91770

SUBJECT: Request for 1) Authorization of Disbursements from the San Onofre Master Trusts (Nuclear Generating Station); 2) Designation of Trust Amounts Set Aside for NRC License Termination

Dear Mr. Worden:

Advice Letter 3193-E is effective as of July 23, 2015, per Resolution E-4678 Ordering Paragraphs.

Sincerely,

Edward Randolph  
Director, Energy Division
ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name: Southern California Edison Company
Utility No./Type: 39/Electric
Advice Letter No. 3193-E
Date AL filed: March 18, 2015
Utility Contact Person: Darrah Morgan
Utility Phone No. 626-302-2086

Date Utility Notified: 4/9/15
E-Mail to: Darrah.Morgan@sce.com
Fax No.: N/A
ED Staff Contact: Eric Greene
ED staff Phone No: 415-703-5560

For Internal Purposes Only:
Date Calendar Clerk Notified ___/___/_______
Date Commissioners/Advisors Notified ___/___/_______

[x] INITIAL SUSPENSION (up to 120 DAYS)
This is to notify that the above-indicated AL is suspended for up to 120 days beginning April 18, 2015 for the following reason(s) below. If the AL requires a Commission resolution and the Commission’s deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

[X] A Commission Order may be required in a resolution to address the advice letter.

[ ] Advice Letter Requests a Commission Order

[X] Advice Letter Requires Staff Review

Expected duration of initial suspension period: 120 days

[ ] FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)
The AL requires a Commission resolution and the Commission’s deliberation on the resolution prepared by Energy Division have extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Eric Greene at (415) 703-5560 (eg1@cpuc.ca.gov):

cc: EDTariffUnit
AdviceTariffManager@sce.com
John Geesman for A4NR

* Note: reference – Decision D.02-02-049, dated February 21, 2002, and Rule 4.6 appended to D.05-01-032.
March 18, 2015

ADVICE 3193-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Request for (1) Authorization of Disbursements from the Master Trusts for San Onofre Nuclear Generating Station; and (2) Designation of Trust Amounts Set Aside for NRC License Termination

I. PURPOSE AND INTRODUCTION

Pursuant to General Order (GO)96-B, Southern California Edison Company (SCE) respectfully submits this Tier 3 Advice Letter (AL) requesting that the California Public Utilities Commission (Commission or CPUC) authorize disbursements from the San Onofre Nuclear Generating Station Unit Nos. 2&3 (SONGS 2&3) nuclear decommissioning trusts (NDTs). As described below, SCE specifically seeks disbursements for its share of 2013 and 2014 SONGS 2&3 decommissioning expenses.¹ SCE also requests the Commission designate the amount in the NDTs to be set aside for license termination, consistent with the direction provided by the United States Nuclear Regulatory Commission (NRC).

¹ The SONGS decommissioning participants are SCE, San Diego Gas & Electric Company (SDG&E), City of Anaheim (Anaheim), and City of Riverside (Riverside). The participants' respective shares of the decommissioning costs for SONGS 2&3 are governed by Section 22 of the Second Amended Operating Agreement for SONGS. SCE's and the City of Anaheim's shares of these decommissioning costs are also governed by the Settlement Agreement Relating to SONGS by and between SCE and the City of Anaheim, dated December 20, 2005. The participants' respective decommissioning shares will also be set forth in a decommissioning agreement among the parties once executed. Based on these agreements, SCE's share is approximately 76 percent of the costs.
II. BACKGROUND

A. SONGS STATUS

SONGS 2&3 was a 2250 megawatt nuclear generation facility consisting of two pressurized water reactors (Units 2 and 3) that commenced operation in 1983 and 1984 respectively. On June 7, 2013, SCE announced plans to permanently retire SONGS 2&3. On June 12, 2013, SCE submitted a Certification of Permanent Cessation of Power Operations to the NRC, certifying that SCE had permanently ceased power operations of SONGS 2&3, surrendering SCE’s authority to operate the Units. SCE submitted to the NRC a Certification of Permanent Removal of Fuel for Unit 3 on June 28, 2013, and for Unit 2 on July 23, 2013. As a result of these submittals, SCE now holds an NRC license that does not permit power operations, but does authorize the possession of the SONGS facilities and licensed nuclear material. SCE has begun the decommissioning planning process for SONGS.

B. CPUC REGULATORY ISSUES PENDING

On December 10, 2014, SCE filed Application (A.)14-12-007 and submitted the SONGS 2&3 decommissioning cost estimate (DCE) for the Commission’s review. SCE requested in the application that the Commission, among other things: (1) find that the $4.411 billion SONGS 2&3 DCE is reasonable; and (2) approve SCE’s request to eliminate its annual contributions to the NDTs based upon the current DCE and level of funding of the NDTs, projected escalation rates, and financial market conditions known at this time. On January 30, 2014, as ordered by the Commission in Decision (D.)14-11-040, SCE submitted A.15-01-014 to allow for a Commission reasonableness review of SONGS 2&3 expenses incurred in 2014. Both applications remain pending.

C. CPUC AUTHORITY TO APPROVE DISBURSEMENTS

The Commission’s authority to approve access to the NDTs, as requested in this Advice Letter, is governed by the Southern California Edison Company Nuclear Facilities Qualified and Non-qualified CPUC Decommissioning Master Trust Agreements for San Onofre and Palo Verde Nuclear Generating Stations (Master Trust Agreements), which the Commission approved in D.87-05-062. The Master Trust Agreements expressly provide that the advice letter process may be utilized for obtaining disbursements. Specifically, Section 2.01 of the Master Trust Agreements states:

The Trustee shall make payments of the Decommissioning Costs in accordance with the following procedures:...(4)(d) a CPUC Order authorizing either Interim Disbursements or Final Disbursements.

Section 1.01 (9) of the Master Trust Agreements further provides:
CPUC Order shall mean an order or resolution issued by the CPUC after the Company, the Committee, the CPUC Staff, the Trustee, and other interested parties have been given notice and an opportunity to be heard. The order may be issued with or without hearing or by the CPUC Advice Letter procedure or comparable procedure.” (emphasis added)

In addition, this Advice Letter is consistent with the direction provided by the Commission in D.11-07-003, which established the advice letter process and content requirements for Pacific Gas and Electric Company’s (PG&E) trust fund disbursement requests for the Humboldt Bay Power Plant (HBPP). The Commission further specified in D.14-02-024 additional information to be provided by PG&E when seeking disbursements. In D.14-12-082, the Commission expressly adopted the same process and requirements to be followed by SCE for obtaining trust fund disbursements for SONGS 2&3 decommissioning activities. Rule 8.2 of GO 96-B further provides that “a utility may submit an advice letter requesting approval, authorization, or other relief similar to that accorded another utility by Commission order.” By this Advice Letter, SCE seeks to utilize the same advice letter process approved by the Commission for PG&E.

### III. PRESENT REQUEST

The approval sought by this Advice Letter will authorize disbursements from the NDTs only for 2013 and 2014. The 2013 expenses were deemed reasonable under the multi-party settlement approved by the Commission in D.14-11-040, and disbursements for 2013 approved in this Advice Letter will not be subject to further review. Disbursements for 2014 expenses approved in this Advice Letter, however, will be subject to the Commission’s reasonableness review in A.15-01-014 referenced above. Finally, disbursements for 2015 and future periods will be determined in separate advice letters, and will be subject to future reasonableness reviews in the Nuclear Decommissioning Costs Triennial Proceeding (NDCTP) or other proceeding, as designated by the Commission.

SCE does not seek in this Advice Letter any rate increase or additional funding for the NDTs. The trusts have accumulated funds for more than 25 years, funded by the SCE customers pursuant to the Nuclear Facilities Decommissioning Act of 1985 (“Decommissioning Act”). Accordingly, SCE seeks to pay for SONGS 2&3 decommissioning expenses by utilizing the NDTs for their intended purposes.

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2 D.14-12-082, p. 40.
3 California Public Utilities Code, Section 8321, et seq.
A. DISBURSEMENTS FOR 2013 AND 2014 EXPENSES

During the decommissioning period June 7, 2013 through December 31, 2013, SCE expended $237.9 million $4 (2013 dollars, 100% level) for SONGS 2&3 decommissioning activities compared to an estimate of $280.4 million (2013 dollars, 100% level) contained in the SONGS 2&3 DCE submitted by SCE in A. 14-12-007. In 2014, SCE expended $210.8 million (2014 dollars, 100% level) for SONGS 2&3 decommissioning activities compared to the estimate of $265.6 million (2014 dollars, 100% level) contained in the DCE. SCE’s share of these expenses are $180.3 million and $159.7 million for 2013 and 2014 respectively.

In 2013, activities included initial SONGS staffing changes and decommissioning planning, which continued into in 2014. Throughout 2013 and 2014, SCE also prepared and submitted to the NRC a number of decommissioning-related filings, including requests for various changes or modifications to SONGS technical specifications, emergency planning and security requirements, and other NRC requirements, so that the specifications and requirements would be commensurate with SONGS status as a de-fueled facility in decommissioning. In September, 2014, SCE also submitted to the NRC the SONGS 2&3 DCE, Post-Shutdown Decommissioning Activities Report (PSDAR), and Irradiated Fuel Management Plan (IFMP), fulfilling NRC requirements for SCE to submit these documents within two years of SCE’s notice of the shutdown decision to the NRC. In 2014, the SONGS workforce also performed a number of decommissioning activities, which included maintaining certain original plant systems to meet existing license requirement and ensure the safe possession of nuclear fuel; retiring other SONGS systems and programs not needed for a decommissioning facility; completing security modifications as required by the NRC; and other related decommissioning prepatory activities.

In accordance with D.11-07-003 and D.14-02-024, SCE describes in further detail these activities, associated costs, and variance explanations against the DCE. The Energy Division has directed SCE to provide variance explanations against the DCE submitted in A.15-01-014.

Attachment 1 – Graph Tracking Total DCE Forecast and Actual Decommissioning Expenditures

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4 Consistent with Commission Resolution E-4066, which approved the Department of Energy Litigation Memorandum Account to record damages and other proceeds received from the federal government related to the Department of Energy spent fuel litigation, and consistent with CPUC D. 13-12-045, which approved the return through the Energy Resource Recovery Account, any proceeds SCE receives from this effort for related costs that were initially recovered from ratepayers will be returned to ratepayers as required by these two regulatory orders.
Attachment 2 – Description of Work Activities and Variance Explanations for 2013 Expenses with Reference to the DCE

Attachment 3 – Spreadsheets Identifying Actual and Forecast Expenditure by Cost Category and the DCE

Attachment 4 – Comparison of Actual to Forecast Annual Cash Flow

Attachment 5 – Summary Project Schedule

Attachment 6 – Expenditures on Ongoing Decommissioning Projects

B. DESIGNATION OF AMOUNTS FOR NRC-JURISDICTIONAL LICENSE TERMINATION

In accordance with Commission-approved ratepayer trust fund contribution levels set in the NDCTPs, SCE has accumulated funds in the NDTs for the following three categories of decommissioning activities: (1) license termination, (2) site restoration, and (3) used fuel management. The NRC allows a licensee to maintain a single, co-mingled trust fund for all three activities (which is what SCE has done), but requires that a licensee must be able to identify the individual amounts contained within the single trust. The NRC has further taken the position that, pursuant to 10 CFR 50.82(a)(8)(i)(A), the use of trust funds that include amounts collected for license termination is restricted solely to activities that fall within the definition of radiological decommissioning in 10 CFR 50.2. In the NRC’s view, this definition does not include used fuel management or non-radiological site restoration activities. Therefore, under the NRC’s rules, a licensee cannot use trust funds for used fuel management or site restoration unless a licensee obtains an NRC exemption from the rules or otherwise collects or identifies the individual amounts contained within the trust for each separate activity.

On February 13, 2014, SCE submitted a request to the NRC seeking an exemption that would allow the use of SONG 2&3 NDTs for purposes other than license termination (i.e. radiological decommissioning) activities. On September 5, 2014, the NRC granted the exemption request, finding that “SCE has demonstrated reasonable assurance that

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5 Please see supporting testimony submitted for A.15-01-014 for the description of work activities and variance explanations for 2014 expenses with reference to the DCE.

sufficient funding will be available for radiological decommissioning [i.e. license termination], irradiated [used] fuel management, and site restoration activities.” Accordingly, based on the granted exemption, SCE is allowed to use the NDTs for all three activities.

Notwithstanding the exemption, SCE continues to believe it is important for the Commission to identify the amount of the NDTs for SONGS 2&3 that should be set aside for NRC license termination activities, so that SCE fulfills NRC’s requirements to identify the individual amounts for each activity, as discussed above. Therefore, SCE requests that the Commission designate $728.4 million for SONGS 2 and $759.2 million for SONGS 3 as the NRC license termination amount for each respective unit, based on the DCE submitted in A.14-12-007. This will allow SCE to use the remaining portions of the trusts for spent fuel management and site restoration activities, subject to the Commission’s review and approval, as SCE proceeds with decommissioning activities. These amounts reflect the respective allocation for license termination, used fuel management, and site restoration contained in the DCE, as shown in Table 1 below.

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2 NRC letter to SCE, date September 5, 2014, with enclosure “Exemption, Southern California Edison, San Onofre Nuclear Generating Stations, Units 2 and 3, Docket Nos. 5-361 and 50-362,” available at the NRC website, ADAMS Accession No. ML14101A132.
As noted above, the remaining amounts in the NDTs would not be subject to the NRC restrictions applicable to the NRC license termination amounts, and would, therefore allow SCE to use the remaining amounts for site restoration and used fuel management without restriction by the NRC.

IV. REQUEST FOR RELIEF

For the reasons explained above, SCE requests that the Commission approve this Advice Letter by:

(1) Authorizing disbursements from the NDTs of up to $180.3 million (SCE Share) and $159.7 million (SCE Share) for 2013 and 2014 SONGS 2&3 decommissioning expenses respectively; and

Table 1
Designation of Decommissioning Costs by Category

<table>
<thead>
<tr>
<th></th>
<th>DCE 100% Level</th>
<th>SCE Share</th>
<th>Calculated Value (Rounded)</th>
<th>Breakdown of Trust Fund Using Calculated Value*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SONGS 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>License Termination</td>
<td>1,034,230</td>
<td>783,288</td>
<td>50%</td>
<td>728,377</td>
</tr>
<tr>
<td>Site Restoration</td>
<td>623,209</td>
<td>471,995</td>
<td>30%</td>
<td>438,907</td>
</tr>
<tr>
<td>Fuel Storage</td>
<td>423,297</td>
<td>320,589</td>
<td>20%</td>
<td>298,115</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,080,736</td>
<td>1,575,872</td>
<td>100%</td>
<td>1,465,400</td>
</tr>
<tr>
<td><strong>SONGS 3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>License Termination</td>
<td>1,078,016</td>
<td>816,570</td>
<td>46%</td>
<td>759,210</td>
</tr>
<tr>
<td>Site Restoration</td>
<td>652,987</td>
<td>494,621</td>
<td>28%</td>
<td>459,877</td>
</tr>
<tr>
<td>Fuel Storage</td>
<td>599,507</td>
<td>454,112</td>
<td>26%</td>
<td>422,213</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,330,510</td>
<td>1,765,303</td>
<td>100%</td>
<td>1,641,300</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>4,411,246</td>
<td>3,341,176</td>
<td></td>
<td>3,106,700</td>
</tr>
</tbody>
</table>

* 12/31/2014 trust balances
(2) Designating $728.4 million and $759.2 million, as the amounts to be set aside for NRC license termination activities for Unit 2 and Unit 3 respectively.

V. OTHER INFORMATION

TIER DESIGNATION

Pursuant to GO 96-B, Energy Industry Rule 5.3, this advice letter is submitted with a Tier 3 designation.

EFFECTIVE DATE

This advice filing will become effective upon Commission approval.

NOTICE

Anyone wishing to protest this advice letter may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice letter. Protests should be mailed to:

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Russell G Worden  
Managing Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: AdviceTariffManager@sce.com
Michael R. Hoover  
Director, State Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5544  
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B, A.12-12-013, I.12-10-013, A.14-12-007, and A.15-01-014 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the CPUC’s Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE’s corporate headquarters. To view other SCE advice letters filed with the CPUC, log on to SCE’s web site at https://www.sce.com/wps/portal/home/regulatory/advice-letters.

For questions, please contact Jose Perez at (626) 302-5124 or by electronic mail at Jose.Perez@sce.com

Southern California Edison Company

/s/ Russell G. Worden
Russell G. Worden

RGW:wam:dm
Enclosures
Attachment 1

Graph Tracking Total DCE Forecast and Actual Decommissioning Expenditures
Attachment 2

Description of Work Activities and Variance Explanations for 2013 Expenses with Reference to DCE
Reconciliation of SONGS 2&3 Decommissioning Expenses in 2013

Reconciliation to Decommissioning Cost Estimate

In SCE’s 2014 Decommissioning Cost Estimate (DCE) for SONGS 2&3, SCE estimated that it would incur expenses of $280.4 million from June 7, 2013 through December 31, 2013. SCE incurred $237.9 million, or $42.5 million less than estimated. In testimony supporting Application (A.) 14-12-007, which seeks Commission approval of the SONGS 2&3 decommissioning cost estimate (DCE), SCE explained that, “[d]ecommissioning costs recorded between June 7, 2013 and December 31, 2013 are included, with no added contingency dollars.” This could be misinterpreted to mean that the DCE precisely reflected 2013 recorded expenses. Although SCE’s initial intent was to use recorded expense, the DCE was not based entirely on recorded expenses.

<table>
<thead>
<tr>
<th>Summary Comparison Of 2013 Recorded Expenses To The DCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2013 Dollars In Millions, 100% Level)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>DCE</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1 License Termination</td>
</tr>
<tr>
<td>2 Distributed $9.9</td>
</tr>
<tr>
<td>3 Undistributed $42.4</td>
</tr>
<tr>
<td>4 Subtotal $52.3</td>
</tr>
<tr>
<td>5 Spent Fuel Management</td>
</tr>
<tr>
<td>7 Distributed $19.3</td>
</tr>
<tr>
<td>8 Undistributed $110.7</td>
</tr>
<tr>
<td>9 Subtotal $130.0</td>
</tr>
<tr>
<td>10 Site Restoration</td>
</tr>
<tr>
<td>12 Distributed $-</td>
</tr>
<tr>
<td>13 Undistributed $98.1</td>
</tr>
<tr>
<td>14 Subtotal $98.1</td>
</tr>
<tr>
<td>15 Total $280.4</td>
</tr>
</tbody>
</table>

SCE incurred $42.5 million less than estimated in the DCE for 2013. This variance occurred primarily because the estimated severance expenses for 2013 were based on the full amount of expenses accrued for severances. The recorded severance expenses reported in this submittal, however, were based only on the cash payouts that

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A.14-12-007 Exhibit SCE-01, p. 27.
were incurred during 2013. SCE’s decision to use the cash basis instead of the accrued amount reduced the recorded severance expenses by $27.4 million.

<table>
<thead>
<tr>
<th>Account Category DCE</th>
<th>2013</th>
<th>Recorded</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 License Termination</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Distributed Radioactive Material Disposal</td>
<td>$9.9</td>
<td>$8.1</td>
<td>$1.8</td>
</tr>
<tr>
<td>3 Subtotal Distributed</td>
<td>$9.9</td>
<td>$8.1</td>
<td>$1.8</td>
</tr>
<tr>
<td>4 Undistributed Labor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Undistributed Non-Labor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Subtotal Undistributed</td>
<td>$42.4</td>
<td>$69.8</td>
<td>$(27.4)</td>
</tr>
<tr>
<td>7 Total License Termination</td>
<td>$52.3</td>
<td>$77.9</td>
<td>$(25.6)</td>
</tr>
<tr>
<td>8 Spent Fuel Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Distributed ISFSI</td>
<td>$8.9</td>
<td>$8.5</td>
<td>$0.4</td>
</tr>
<tr>
<td>10 Distributed Regulatory Compliance</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>11 Distributed Security</td>
<td>10.3</td>
<td>5.0</td>
<td>5.3</td>
</tr>
<tr>
<td>12 Subtotal Distributed</td>
<td>$19.3</td>
<td>$13.6</td>
<td>$5.7</td>
</tr>
<tr>
<td>13 Undistributed Labor</td>
<td>108.3</td>
<td>62.1</td>
<td>46.2</td>
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<tr>
<td>14 Undistributed Non-Labor</td>
<td>2.4</td>
<td>2.3</td>
<td>0.1</td>
</tr>
<tr>
<td>15 Subtotal Undistributed</td>
<td>$110.7</td>
<td>$64.4</td>
<td>$46.3</td>
</tr>
<tr>
<td>16 Total Spent Fuel Management</td>
<td>$130.0</td>
<td>$78.0</td>
<td>$52.0</td>
</tr>
<tr>
<td>17 Site Restoration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Distributed Regulatory Compliance</td>
<td>$ -</td>
<td>$10.5</td>
<td>$(10.5)</td>
</tr>
<tr>
<td>19 Subtotal Distributed</td>
<td>$ -</td>
<td>$10.5</td>
<td>$(10.5)</td>
</tr>
<tr>
<td>20 Undistributed Labor</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>21 Undistributed Non-Labor</td>
<td>98.1</td>
<td>71.5</td>
<td>26.6</td>
</tr>
<tr>
<td>22 Subtotal Undistributed</td>
<td>$98.1</td>
<td>$71.5</td>
<td>$26.6</td>
</tr>
<tr>
<td>23 Total Site Restoration</td>
<td>$98.1</td>
<td>$82.0</td>
<td>$16.1</td>
</tr>
<tr>
<td>24 Grand Total</td>
<td>$280.4</td>
<td>$237.9</td>
<td>$42.5</td>
</tr>
</tbody>
</table>
A variance occurred due to a difference between how labor costs were estimated and allocated in the DCE versus how they were recorded in SCE’s accounting system. This variance involved several DCE line items and is explained below.

The DCE developed an estimate for labor that included non-labor costs. The DCE also assumed that 50% of the labor estimate was for security and mapped this estimate to the Security Guard Force line item (SFM-1-U-2.04; $69.9 million) in Spent Fuel Management. The remaining labor estimate was assigned to Utility Spent Fuel Staff (SFM-1-U-2.01; $38.4 million) and License Termination Utility Staff (LT-1-U-1.01; $30.0 million).

SCE did not record costs in the way assumed in the DCE. In accordance with its accounting practices, SCE correctly recorded non-labor expenses in non-labor accounts instead of the labor accounts used by the DCE. In addition, instead of being 50% of labor expenses as assumed in the DCE, Security labor was only approximately 20% of the total recorded labor.

These differences resulted in recorded expenses for License Termination labor and non-labor exceeding the DCE by $4.5 million and $22.9 million, respectively, and the recorded expense for Spent Fuel Management labor being less than the DCE by $46.2 million. The combined expenditure for these three major cost categories was $18.8 million less than estimated in the DCE. Thus, the effect of adjusting for the DCE assumptions resulted in an $18.8 million variance.
License Termination Expenses

For the period of June 7, 2013 through December 31, 2013, the estimated cost for License Termination-related expenses, as defined in DCE Decon Period 1, was $52.3 million. SCE incurred $77.9 million, or $25.6 million more than estimated. This variance occurred primarily due to the bookkeeping difference between the DCE and SCE’s decommissioning charging practices for Labor, as explained above. The variance is also attributable to four additional items; Disposition of Legacy Waste, Materials and Service, Non-process Computers, and Telecommunications.

After SCE announced the permanent retirement of SONGS 2&3 on June 7, 2013, SCE evaluated which functions would continue to be required to support the transition from plant operations to decommissioning. SCE reduced the SONGS workforce by approximately 1,000 utility workers by December 2013. The total labor expenses were allocated between License Termination and Spent Fuel Management based on the split assumed in the DCE. The remaining SONGS workforce was required to perform the decommissioning planning-related activities and to maintain certain plant systems needed to meet the license requirements.

In the DCE, the estimated License Termination Utility Staff (LT-1-U-1.01) cost for this period was $30.0 million. SCE expended $34.5 million, or $4.5 million more than estimated. This variance occurred because SCE recorded the labor expenses that were included in the DCE as Spent Fuel Management labor expenses as License Termination labor expenses, as explained above.

<table>
<thead>
<tr>
<th>DCE No.</th>
<th>Category</th>
<th>Description</th>
<th>2013</th>
<th>[A]</th>
<th>[B]</th>
<th>[C=A-B]</th>
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<td>1</td>
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<td>8.1</td>
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<td></td>
</tr>
<tr>
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<td>0.5</td>
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<td>14</td>
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<td>17</td>
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<tr>
<td>18</td>
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<td>(22.9)</td>
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<td>77.9</td>
<td>(25.6)</td>
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</table>

Detailed Comparison Of 2013 Recorded Costs To The DCE
(2013 Dollars In Millions, 100% Level)
When SONGS was operating prior to the retirement decision, SCE used many tools and equipment in radioactive areas of the plant to perform and support online maintenance activities and refueling outages. SCE also accumulated quantities of radioactive resins, mixed waste, and other legacy radioactive materials during plant operations. These materials did not require the demolition of any buildings or structures in order to be prepared for disposal. Beginning shortly after the permanent retirement of SONGS 2&3, SCE surveyed, packaged, and shipped many of these types of tools and materials to licensed disposal facilities for Class A, B, and C Low-Level Radioactive Waste (LLRW). These activities were necessary and reasonable to dispose of radioactive materials in a safe and responsible manner.

The estimated cost for this activity during 2013 was $9.9 million (LT-1-D-1.05). SCE incurred $8.1 million, or $1.8 million less than estimated. This variance occurred because SCE shipped less legacy waste in 2013 than forecast because SCE successfully employed volume reduction techniques and obtained lower LLRW disposal rates than were assumed in the forecast.

After the permanent retirement of SONGS 2&3 in June 2013, SCE incurred non-labor expenses related to License Termination for items such as NRC fees, environmental permits and fees, association fees and expenses, materials and services, energy, utilities, telecommunications, non-process computers, and insurance. The estimated cost in the DCE was $1.2 million for these items (LT-1-U-1.08; 1.20; & 1.21). SCE incurred $23.7 million, or $22.5 million more than estimated. This variance occurred primarily due to differences in cost mapping as explained above. The largest variance is related to the Materials & Services line item and is the result of cost mapping differences. In addition, SCE recorded Information Technology and Services (ITAS) expenses in the Non-Process Computers and Telecommunications line items, whereas these expenses were not included in the DCE.
Spent Fuel Management Expenses are incurred to support the safe storage of spent nuclear fuel at the SONGS site until it is accepted for permanent disposal and storage by the U.S. Department of Energy (DOE). In the DCE, the expenses related to spent fuel management from June 7, 2013 through December 31, 2013 were defined in SNF Period 1. The estimated cost in this category was $130.0 million. SCE incurred $78.0 million, or $52 million less than estimated, primarily because Security labor costs that were estimated as Spent Fuel Management labor were recorded as License Termination labor costs as explained in Section B above and because work on the SONGS Security Strategy was rescheduled from 2013 to 2014.

SCE activities that support the security of the SONGS 2&3 spent fuel include the SONGS Security Shutdown Strategy, which was SCE’s updated approach to complying with federal Security regulations with enhanced physical security features and a reduced Security Guard force.

SCE incurred $3.2 million in expenses associated with the SONGS Security Shut Down Strategy (SFM-1-D-7.01) in 2013 relative to an estimated cost of $8.4 million, or $5.2 million less than estimated. This variance occurred because a portion of the SONGS Security Strategy work (and associated costs) that was estimated to occur in 2013 was largely performed in 2014.

| SFM-1-D-7.02 | ISFSI | Design and Fabricate Spent Fuel Canisters | 8.9 | 8.5 | 0.4 |
| SFM-1-D-7.03 | REG Comp | Post Fukushima Modifications - U2 | 0.1 | 0.1 | 0.0 |
| SFM-1-D-7.01 | Security | Security Shut Down Strategy | 8.4 | 3.2 | 5.2 |
| SFM-1-D-7.05 | Security | Cyber Security Modifications | 1.9 | 1.8 | 0.1 |
| SFM-1-U-2.01 | LABOR | Utility Spent Fuel Staff | 38.4 | 44.2 | (5.8) |
| SFM-1-U-2.04 | LABOR | Security Guard Force | 69.9 | 18.0 | 51.9 |
| SFM-1-U-2.09 | NON-LBR | Emergency Preparedness Fees | 2.3 | 2.3 | 0.1 |
| SFM-1-U-2.10 | NON-LBR | Spent Fuel Maintenance | 0.0 | - | 0.0 |

Spent Fuel Management Expenses

| SFM Total | $130.0 | $78.0 | $52.0 |

| ISFSI Total | $8.9 | $8.5 | $0.4 |
| REG Comp Total | $0.1 | $0.1 | $0.0 |
| Distributed Total | $19.3 | $13.6 | $5.7 |
| LABOR Total | $108.3 | $62.1 | $46.2 |
| NON-LBR Total | $2.4 | $2.3 | $0.1 |
| Undistributed Total | $110.7 | $64.4 | $46.3 |
In the DCE, the estimated undistributed labor expenses associated with SNF Period 1 were $108.4 million. SCE expended $62.2 million for these types of expenses, or $46.2 million less than estimated. The variance is due to an underrun in Labor and Security Guard Force due to the labor allocation discussed above.

As noted above, after SCE announced the permanent retirement of SONGS 2&3 on June 7, 2013, SCE evaluated which functions would continue to be required to support the transition from plant operations to decommissioning. SCE reduced the SONGS workforce approximately 1,000 utility workers by December 2013. The total labor expenses were allocated between License Termination and Spent Fuel Management based on the split assumed in the DCE. The remaining workforce was required to perform the decommissioning planning-related activities and to maintain certain plant systems needed to meet the license requirements.

In the DCE, the estimated staffing cost for this period was $108.4 million (SFM-1-U-2.01 & 2.04). SCE expended $62.2 million, or $46.2 million less than estimated. This variance occurred because the DCE overestimated the portion of total SONGS labor that was related to Security labor expenses and therefore allocated a larger share of total SONGS labor expenses to Spent Fuel Management than SCE actually recorded to Spent Fuel Management, as explained above.

Site Restoration Expenses

<table>
<thead>
<tr>
<th></th>
<th>REG Comp Fuel Cancellation Expense</th>
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<th>(10.5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>REG Comp Total</td>
<td></td>
<td>-</td>
<td>$10.5</td>
</tr>
<tr>
<td></td>
<td>Distributed Total</td>
<td></td>
<td>-</td>
<td>$10.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(10.5)</td>
</tr>
<tr>
<td></td>
<td>NON-LBR Site Lease and Easement Expenses</td>
<td>0.3</td>
<td>1.1</td>
<td>(0.8)</td>
</tr>
<tr>
<td></td>
<td>NON-LBR Severance &amp; Results Sharing</td>
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<td>70.4</td>
<td>27.4</td>
</tr>
<tr>
<td></td>
<td>NON-LBR Total</td>
<td></td>
<td>$98.1</td>
<td>$71.5</td>
</tr>
<tr>
<td></td>
<td>Undistributed Total</td>
<td></td>
<td>$98.1</td>
<td>$71.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SR Total</td>
<td></td>
<td>$98.1</td>
<td>$82.0</td>
</tr>
<tr>
<td></td>
<td>Grand Total</td>
<td></td>
<td>$280.4</td>
<td>$237.9</td>
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</tbody>
</table>

9 In the DCE, Site Restoration expenses for the June 7, 2013 through June 30, 2015 period are included in SR Period 1. SCE, therefore, allocated SR Period 1 expenses throughout the June 7, 2013 through June 30, 2015 period based on the projected work schedule for those activities.
Site Restoration expenses are for all activities required in addition to license termination and spent fuel management activities, to complete SCE’s obligation to decommission both the onshore and offshore portions of the SONGS facility, terminate the site easements and leases, and return the site to the U.S. Navy. In addition to site lease and easement related payments, the expenses to terminate the pre-existing nuclear fuel purchase and fabrication contracts, as well as utility worker severance payments and performance incentive (results sharing) program payments are included in this category.

The estimated cost for Site Restoration activities for 2013 was $98.1 million. SCE incurred $82.0 million, or $16.1 million less than estimated, due primarily to changes in the costs incurred for nuclear fuel contract cancellations and for severance costs, as explained below.

Prior to the permanent retirement of SONGS 2&3, SCE executed several contracts with nuclear fuel suppliers for the purchase and fabrication of new fuel assemblies that would have been used in future SONGS 2&3 fuel cycles. After the permanent retirement, SCE no longer needed those new fuel assemblies, and therefore, terminated those contracts.

The DCE estimated that $0 would be expended for nuclear fuel contract termination expenses during 2013 and assigned all fuel contract termination costs (SR-1-D-14.04) to 2014. SCE incurred $10.5 million for these expenses in 2013, or $10.5 million more than estimated. The DCE, however, estimated that $17.7 million would be expended for this purpose in 2014. SCE incurred the remaining portion of this cost in 2014. SCE’s total incurred costs for fuel contract termination expenses during 2013 and 2014 was less than the estimated $17.7 million. SCE is continuing to terminate other fuel contracts, and will report these costs in future submittals, as directed by the Commission.

SCE’s severance package consisted of a lump sum payout based on each employee’s salary or wage level and time of service, re-employment placement services up to 90 days after termination, and educational benefits that could be expended up to three years after termination.

SCE incurred Site Restoration non-labor expenses in 2013 for severance and results sharing and for site lease and easement expenses. Severance expenses incurred were related to SONGS’ continuing workforce reductions. The site lease and easement expenses are the contractual amounts that SCE is required to pay the Navy to use the land the plant site is located upon.

The estimated undistributed expenses associated with Severance and Results Sharing during the June 7, 2013 through December 31, 2013 period were $97.8 million (SR-1-U-3.11). SCE expended $70.4 million for these types of expenses, or $27.4 million less than estimated. Nearly all of these expenses were for separation payments to severed utility workers. This variance occurred because, whereas the DCE included the full value of severance, including both the cash payouts and the accrued value of future benefits under the SCE severance program, SCE recorded only the cash payouts that were incurred in 2013. The remainder of this variance occurred because the DCE underestimated site easement and lease payments throughout SR Period 1.
Attachment 3

Spreadsheets Identifying Actual and Forecast Expenditure by Cost Category and the DCE
<table>
<thead>
<tr>
<th>DCE No.</th>
<th>Category</th>
<th>Description</th>
<th>[A]</th>
<th>[B]</th>
<th>[C=A-B]</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT-1-D-1.05</td>
<td>RAM</td>
<td>Disposition of Legacy Waste</td>
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<td>8.1</td>
<td>1.8</td>
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<tr>
<td></td>
<td>RAM Total</td>
<td></td>
<td>$9.9</td>
<td>$8.1</td>
<td>$1.8</td>
</tr>
<tr>
<td></td>
<td>Distributed Total</td>
<td></td>
<td>$9.9</td>
<td>$8.1</td>
<td>$1.8</td>
</tr>
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<td>Utility Staff</td>
<td>30.0</td>
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<td>(4.5)</td>
</tr>
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<td>LABOR Total</td>
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<td>$30.0</td>
<td>$34.5</td>
<td>$(4.5)</td>
</tr>
<tr>
<td></td>
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<td>6.4</td>
<td>(1.1)</td>
</tr>
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<td>$35.3</td>
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<td>$13.6</td>
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<td>$71.5</td>
<td>$26.6</td>
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<td>Undistributed Total</td>
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<td>$71.5</td>
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<td>SR Total</td>
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<td>$98.1</td>
<td>$82.0</td>
<td>$(16.1)</td>
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<td>Grand Total</td>
<td></td>
<td>$280.4</td>
<td>$237.9</td>
<td>$42.5</td>
</tr>
</tbody>
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**Detailed Comparison Of 2013 Recorded Costs To The DCE**

(2013 Dollars In Millions, 100% Level)
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**Cold and Dark Total** | $45.6 | $25.2 | $20.4 |

**LSA Total** | $8.8 | $2.8 | $6.0 |

**LSA Total** | $8.8 | $2.8 | $6.0 |

**GDC Prep Total** | $0.5 | $1.6 | (1.1) |

**HSA Total** | $8.8 | $2.8 | $6.0 |

**REG Comp Total** | $6.6 | $4.0 | $2.6 |

**Distributed Subtotal** | $82.1 | $41.5 | $40.6 |

**Cold and Dark Total** | $45.6 | $25.2 | $20.4 |

**Non-LBR Total** | $158.8 | $108.5 | $50.3 |
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Attachment 4

Comparison of Actual to Forecast Expenditure by Cost Category and the DCE
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Attachment 5

Schedule
Summary Schedule

DECON with Dry Storage, 2013 Shutdown and DOE Acceptance in 2024
Attachment 6

Expenditures on Ongoing Decommissioning Projects
## 2013-2014 Recorded Expenses
(Nominal Dollars In Millions, 100% Level)

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<tr>
<th>Account</th>
<th>Category</th>
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<tr>
<td>2 Distributed</td>
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<td>28 Distributed</td>
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Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:  
- ☑ ELC
- ☐ GAS
- ☐ PLC
- ☐ HEAT
- ☐ WATER

Contact Person: Darrah Morgan

Phone #: (626) 302-2086

E-mail: Darrah.Morgan@sce.com

E-mail Disposition Notice to: AdviceTariffManager@sce.com

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EXPLANATION OF UTILITY TYPE

<table>
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<th>ELC</th>
<th>Gas</th>
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<tbody>
<tr>
<td>Electric</td>
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Advice Letter (AL) #: 3193-E  
Tier Designation: 3

Subject of AL: Request for (1) Authorization of Disbursements from the Master Trusts for San Onofre Nuclear Generating Station; and (2) Designation of Trust Amounts Set Aside for NRC License Termination

Keywords (choose from CPUC listing): San Onofre Nuclear Generating Station, Nuclear

AL filing type:  
- ☑ Monthly  
- ☐ Quarterly  
- ☐ Annual  
- ☐ One-Time  
- ☑ Other  

See Advice Letter

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  
- ☑ Yes  
- ☐ No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required?  
- ☑ Yes  
- ☐ No

Requested effective date: Upon Commission Approval  
No. of tariff sheets: -0-

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed:

Pending advice letters that revise the same tariff sheets: None

---

1 Discuss in AL if more space is needed.
Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Russell G. Worden
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Michael R. Hoover
Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com
April 14, 2015

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

SUBJECT: Reply of Southern California Edison Company to the Alliance for Nuclear Responsibility’s Protest of SCE Advice 3193-E

Dear Energy Division Tariff Unit:

Pursuant to General Rule 7.4.3 of the California Public Utilities Commission’s (CPUC or Commission) General Order 96-B, Southern California Edison Company (SCE) hereby submits its reply to the protest of the Alliance for Nuclear Responsibility (A4NR) to SCE Advice 3193-E.

BACKGROUND

On March 18, 2015, SCE filed Advice 3193-E, requesting that the Commission authorize disbursements from the San Onofre Nuclear Generating Station Unit Nos. 2&3 (SONGS 2&3) nuclear decommissioning trusts (NDTs) for SCE’s share of SONGS 2&3 decommissioning expenses incurred in 2013 and 2014.¹

PROTEST AND DISCUSSION

On April 7, 2015, A4NR filed a protest to Advice 3193-E, objecting only to the portion of the request relating to nuclear fuel contract termination costs.² A4NR argues that there

¹ SCE also requested in Advice 3193-E that the Commission designate the amount in the NDTs to be set aside for license termination, consistent with the direction provided by the United States Nuclear Regulatory Commission (NRC). No party opposed this request.
² A4NR Protest, p. 1. A4NR identified these costs as $10.5 million for 2013 and $5.0 million for 2014, although these amounts are at the one-hundred percent level, not SCE’s share. However, SCE’s share of the termination costs is 78.21%. San Diego Gas & Electric’s share is 20%, and the City of Riverside’s share is 1.79%. The City of Anaheim, which has a share of certain decommissioning costs, was not a party to the nuclear fuel contracts in place at the time SCE permanently retired SONGS 2&3 and therefore does not have a share of the nuclear fuel contract termination costs.
is no statutory or Commission authority to utilize the NDTs for nuclear fuel contract termination costs, and that SCE did not provide sufficient detail explaining the costs and timing of when they were incurred. To SCE’s knowledge, no other party protested SCE’s advice letter. For the reasons explained below, A4NR’s protest is without merit.

a. **Nuclear Fuel Contract Termination Costs Are Eligible Decommissioning Costs**

As an initial matter, the Commission determined in Decision (D.) 14-11-040, which approved the SONGS OII Settlement Agreement, it was appropriate to provide cost recovery for these type of expenses. The approved Settlement Agreement further provides that the NDTs should be utilized to the maximum extent possible for 2013 and 2014 SONGS 2&3 expenses. Therefore, there is no question that cost recovery for nuclear fuel contract termination costs should be approved. The issue is whether the costs should be recovered from current customers under the approved ratemaking provided in D.14-11-040 or from the NDTs. Contrary to A4NR’s assertions, there is federal and state authority to utilize the NDTs for nuclear fuel contract termination costs.

SCE obtained a private letter ruling (PLR) from the Internal Revenue Service (IRS) regarding decommissioning costs eligible to be paid from the NDTs. The definition of decommissioning costs considered by the IRS in SCE’s ruling request specifically included “terminating supply and other contracts.” In the PLR, the IRS accepted SCE’s proposed definition of nuclear decommissioning costs (which included the specific issue of transitional costs such as terminating supply and other contracts), and concluded that the transitional costs described by SCE “are nuclear decommissioning costs within the meaning of [Internal Revenue Code] §468A and [Treasury Regulations] §1.468A-1(b)(6).” Therefore, based on the PLR, contract termination costs are decommissioning costs as defined in the Internal Revenue Code and related Treasury Regulations, and are eligible costs to be paid from the NDTs.

In addition, California Public Utilities Code (PUC) section 8324(d) defines “Decommissioning” to include “activities and costs, if any, which may be included in Internal Revenue Service regulations implementing Section 468A of the United States Internal Revenue Code.” Thus, the IRS’s conclusion in the PLR that contract termination costs are decommissioning costs “within the meaning of §468A and §1.468A-1(b)(6)” means that these contract termination costs are also

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3 D.14-11-040, Ordering Paragraph No. 1 (adopter settlement); Amended and Restated Settlement Agreement, Sections 4.6 and 4.7.
4 See, e.g., Amended and Restated Settlement Agreement, Section 4.9.
5 See Letter from IRS to SCE dated December 4, 2013 (PLR 137408-13). The IRS PLR is attached as Attachment A.
6 Page 11 of SCE’s Private Letter Ruling Request, which is provided as Attachment B.
7 PLR 137408-13, p. 4.
“Decommissioning” costs as defined in PUC section 8324(d), and are eligible costs to be paid from the NDTs.

In addition, it is reasonable to identify nuclear fuel contract termination activities as “site restoration.” Decommissioning activities fall within three broad categories: (1) license termination; (2) spent fuel management (including ISFSI expenses); and (3) site restoration. The site restoration category includes activities to restore the plant and site to non-operating (i.e. decommissioned) status, which necessarily includes terminating contracts (nuclear fuel and other contracts), reducing staff, and restoring the site to the condition required under the site easement. To characterize nuclear fuel contract termination costs as anything other than site restoration would not be accurate. Site restoration is the most appropriate category for this type of cost.

b. SCE Properly Tracked And Identified Nuclear Fuel Contract Termination Costs Incurred In 2013 and 2014

SCE also sufficiently explained the nature and timing of the nuclear fuel contract termination costs identified in Advice 3193-E. A4NR notes that the SONGS 2&3 decommissioning cost estimate (DCE) had $0 estimated for such costs in 2013, and argues that SCE did not sufficiently explain the basis for the $10.5 million (100% level) that SCE identified for 2013 recorded costs. A4NR is incorrect, and ignores the variance explanation in Advice 3193-E that SCE provided for 2013 expenses. As explained in Advice 3193-E, although SCE’s initial intent was to use recorded expenses, the SONGS 2&3 DCE for 2013 was not based entirely on recorded expenses. For this reason, the DCE did not include recorded fuel contract termination costs for 2013, and instead aggregated all fuel contract termination costs (SR-1-D-14.04) in 2014, even though SCE had actually incurred $10.5 million for these expenses in 2013, and $5.0 million in 2014.

A4NR speculates that SCE moved costs from 2014 to 2013 to avoid the Commission’s reasonableness review for these costs. This is untrue, and A4NR offers no support for the assertion. A4NR also expressed similar concerns regarding reasonableness reviews in its opposition to the SONGS OII Settlement Agreement and D.14-11-040, which approved the settlement and determined that A4NR’s concerns were sufficiently addressed and mitigated by the settlement terms. In particular, A4NR fails to acknowledge that SCE has an incentive under Section 4.7 of the approved SONGS OII settlement to minimize fuel termination costs, and that there is no reason for SCE to move termination costs to 2013 to avoid a reasonableness review. Section 4.7, titled “Incentive Mechanism For Mitigation Of Nuclear Fuel Costs,” specifically provides that SCE shall establish a memorandum account to determine the yearly amount of the incentive, and expressly requires SCE to record the termination costs for every cancelled contract (as of January 31, 2012). Section 6.1 provides that all amounts used by SCE to implement the revenue requirement calculated under the SONGS OII

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8 A4NR Protest, p. 3.
Settlement Agreement (which would include SCE’s calculation of the incentive mechanism) are subject to review by the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN). Moreover, to ensure its duty and capability of oversight was maintained, the Commission also explicitly affirmed in D.14-11-040 its “authority to seek documentation of calculations” provided by SCE to implement the settlement. Accordingly, although there is no designated Commission reasonableness review of 2013 costs, there is no reason for SCE to move termination costs from one year to another to avoid review as suggested by A4NR, as these specific costs are subject to being reviewed by ORA and TURN, as well as by the Commission.

c. The Relief Sought By Advice 3193-E Is Appropriate For The Advice Letter Process

A4NR further asserts that the relief requested in Advice 3193-E for nuclear fuel contract termination costs is inappropriate for the advice letter process, and should be considered in A.14-12-007. A4NR is wrong. As noted above, there is regulatory authority for using the NDTs for these costs. Therefore, there is no reason to consider the issue in that proceeding. SCE will continue to seek rulings from the IRS as appropriate, to the extent questions exist concerning the eligibility of certain expenses for NDT disbursements. Second, as noted in Advice 3193-E, the Master Trust Agreements expressly provide that the advice letter process may be utilized for obtaining disbursements. This Advice Letter is consistent with the direction provided by the Commission in D.11-07-003, which established the advice letter process and content requirements for Pacific Gas and Electric Company’s (PG&E) trust fund disbursement requests for the Humboldt Bay Power Plant (HBPP). In D.14-12-082, the Commission expressly adopted the same process and requirements to be followed by SCE for obtaining trust fund disbursements for SONGS 2&3 decommissioning activities.

CONCLUSION

SCE requests that the Commission reject A4NR’s protest and approve SCE’s Advice 3193-E by issuing a Resolution that authorizes disbursements from the SONGS 2&3 NDTs for SCE’s share of 2013 and 2014 SONGS 2&3 decommissioning expenses.

Sincerely,

/s/ Russell G. Worden
Russell G. Worden

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9 D.14-11-040, Ordering Paragraph 3(f).
10 D.14-11-040, Ordering Paragraph 3(g).
cc: Don Lafrenz, CPUC, Energy Division
    John L. Geesman, Attorney for A4NR
    Service Lists SCE’s GO 96-B, A.12-12-013, I.12-10-013, A.14-12-007
    and A.15-01-014