

March 30, 2001

U. S. Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555-0001

Gentlemen:

Subject: **Docket Nos. 50-361 and 50-362**
10 CFR 50.75(f)(1) Decommissioning Funding Report
San Onofre Nuclear Generating Station Units 2 and 3

As required by 10 CFR 50.75(f)(1), this letter provides the status of the decommissioning funding for San Onofre Units 2 and 3 as of December 31, 2000. The required information is provided in the enclosure for Southern California Edison (SCE) San Diego Gas & Electric and the Cities of Anaheim and Riverside. Based on the requirements in 10 CFR 50.75(f)(1), reporting of this information for San Onofre Units 2 and 3 is on a biennial basis.

As part of reporting the status of decommissioning trust funds, the Nuclear Regulatory Commission (NRC) is already aware that site specific cost estimates may be larger than the NRC cost estimates based on 10 CFR 50.75(c). This was noted in Memorandum and Order CLI 99-06, footnote 9. SCE has prudently included sufficient funds in the site specific decommissioning cost estimate necessary for the removal and disposal of spent fuel and non-radioactive structures and materials beyond what is necessary to reduce residual radioactivity to required levels. As a result, the site specific decommissioning cost estimates for San Onofre Units 2 and 3 appropriately exceed the NRC minimum cost estimates produced in accordance with 10 CFR 50.75(c).

If you should have any questions regarding this matter, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "J. A. Sloan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Enclosure

cc: E. W. Merschoff, Regional Administrator, NRC Region IV
L. Raghavan, NRC Project Manager, San Onofre Units 2 and 3
R. S. Wood, NRC/DRPM/PGEB
J. A. Sloan, NRC Senior Resident Inspector, San Onofre Units 2 and 3

**San Onofre Nuclear Generating Station
Units 2 and 3
Decommissioning Funding Status Report**

Provided below is the information required by 10 CFR 50.75(f)(1) for San Onofre Units 2 and 3.

All dollar amounts are in 2000 dollars, and the owners are reported as follows:

Southern California Edison (SCE)
San Diego Gas & Electric (SDG&E)
City of Anaheim (Anaheim)
City of Riverside (Riverside)

1. The decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) are the following:

<u>San Onofre Unit 2</u>	<u>San Onofre Unit 3</u>
\$ 327.1 million	\$ 327.1 million

The above figures represent minimum amounts calculated by the method prescribed by 10 CFR 50.75 (c).

2. The amount accumulated at the end of calendar year 2000 (in 2000 dollars, net of estimated capital gains taxes) is:

<u>Owner</u>	<u>San Onofre Unit 2</u>	<u>San Onofre Unit 3</u>
SCE	\$ 630,144,000	\$ 792,984,000
SDG&E ⁽¹⁾	\$ 154,617,000	\$ 211,080,000
Anaheim ⁽¹⁾	\$ 26,329,000	\$ 30,378,000
Riverside ⁽¹⁾	\$ 13,049,000	\$ 16,891,000
<u>TOTAL ⁽²⁾</u>	<u>\$ 824,139,000</u>	<u>\$1,051,333,000</u>

3. The annual amounts being collected⁽³⁾ are:

<u>Owner</u>	<u>San Onofre Unit 2</u>	<u>San Onofre Unit 3</u>
SCE	\$ 7,089,000	\$ 4,707,000
SDG&E ⁽¹⁾	\$ 3,264,000	\$ 1,664,000
Anaheim ⁽¹⁾	\$ 2,481,000	\$ 2,460,000
Riverside ⁽¹⁾	\$ 685,000	\$ 896,000
<u>TOTAL ⁽²⁾</u>	<u>\$ 13,519,000</u>	<u>\$ 9,727,000</u>

Each owner either (A) recovers, directly or indirectly, the estimated total cost of decommissioning through rates established by "cost of service" or similar rate

making regulation, including entities that establish their own rates and are able to recover their cost of service allocable to decommissioning, or (B) has as its source of revenues for its external sinking fund a "non-bypassable charge," the total amount of which, with earnings, provides the funds estimated to be needed for decommissioning.

4. The composite escalation rates used for San Onofre Units 2 and 3 decommissioning and the investment rates of return reported by each owner are the following:

<u>Owner</u>	<u>Rate of Escalation</u>	<u>Return on Investment</u>
SCE	5.4 %	4.8 %
SDG&E	5.4 %	4.8 %
Anaheim	6.0 %	7.7 %
Riverside	6.65 %	5.75 %

The investment rates less escalation rates yield real earnings rates that are within the 2% limit set forth in 10 CFR 50.75(e)(1)(ii).

- 5 None of the owners of San Onofre Units 2 and 3 are relying on any contracts for the purposes of providing decommissioning funding pursuant to 10 CFR 50.75(e)(1)(v). There have been no modifications to the method of providing financial assurance and no material changes to trust agreements since the last report.

Notes: (1) SCE is submitting information with respect to its co-owners, SDG&E and the Cities of Anaheim and Riverside, on their behalf, and they are primarily responsible for the completeness and accuracy of their respective information.

(2) These funds can not be allocated to specific decommissioning functions as requested by RIS 2001 - 07.

(3) SCE could decommission San Onofre Units 2 and 3 as early as 2013.