

March 25, 2002

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

Gentlemen:

**Subject: Docket No. 50-206  
10 CFR 50.75(f)(1) Decommissioning Funding Report  
San Onofre Nuclear Generating Station Unit 1**

As required by 10 CFR 50.75(f)(1), this letter provides the status of the decommissioning funding for San Onofre Unit 1 as of December 31, 2001. The required information is provided in the enclosure for Southern California Edison (SCE) and San Diego Gas & Electric for San Onofre Unit 1. Based on the requirements in 10 CFR 50.75(f)(1), this information is reported on an annual basis for San Onofre Unit 1 since the plant was permanently shut down before the end of its licensed life.

San Onofre Unit 1 began decommissioning in June 1999. The accumulated funding amount reported herein is the remainder after expenditures incurred for decommissioning through calendar year 2001, and is sufficient for the remaining radiological and non-radiological decommissioning costs and the dry cask storage of spent fuel.

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

Sincerely,



Enclosure

cc: E. W. Merschoff, Regional Administrator, NRC Region IV  
D. G. Holland, NRC Project Manager, San Onofre Unit 1  
R. S. Wood, NRC/DRPM/PGEB  
D. B. Spitzberg, NRC Region IV  
C. C. Osterholtz, NRC Senior Resident Inspector, San Onofre Units 2 and 3

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**San Onofre Nuclear Generating Station Unit 1  
Decommissioning Funding Status Report**

Provided below is the information required by 10 CFR 50.75(f)(1) for San Onofre Unit 1. This information is reported every year for San Onofre Unit 1 because it was permanently shut down before the end of its licensed life.

All dollar amounts are in 2001 dollars, and the owners are reported as follows:

Southern California Edison (SCE)  
San Diego Gas & Electric (SDG&E)

- 1) The decommissioning fund estimated to be required pursuant to 10 CFR 50.75(b) and (c) is the following:
  - a) The minimum amount calculated by the method prescribed by 10 CFR 50.75(c) is \$289.4 million.
  - b) The Unit 1 site-specific radiological decommissioning cost estimate is \$398 million<sup>(2)</sup>. As of 12/31/2001, actual expenditures for radiological decommissioning have been \$87 million.
- 2) The fund amounts at the end of calendar year 2001 (in 2001 dollars, net of estimated capital gains taxes) are:

<u>Owner</u>	<u>San Onofre Unit 1</u>
SCE	\$ 355.9 million
SDG&E <sup>(1)</sup>	\$ 130.2 million
TOTAL	\$ 486.1 million

- 3) The decommissioning fund for San Onofre Unit 1 is sufficient to provide for the estimated decommissioning costs, and as of June 1999, decommissioning funds are no longer collected.
- 4) The composite escalation rate used by SCE and SDG&E<sup>(1)</sup> for San Onofre Unit 1 is 3.9%<sup>(2)</sup>. The investment rate of return used by SCE and SDG&E<sup>(1)</sup> for San Onofre Unit 1 is 4.1%<sup>(2)</sup>. The investment rate of return less escalation yields a real earnings rate less than the 2% real rate of return allowed under 10 CFR 50.75(e)(1)(ii).

Notes: (1) SCE is submitting information with respect to its co-owner, SDG&E, which is responsible for the completeness and accuracy of its information.

(2)The SONGS 1 site specific radiological decommissioning cost estimate, escalation rate, and investment rate of return are taken from the Owners' March 21, 2002 California Public Utilities Commission (CPUC) filing and have not yet been reviewed or adopted by the CPUC.

5. **None of the owners of San Onofre Unit 1 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 the trust agreements since the March 30, 2001 decommissioning fund report for San Onofre Unit 1.**