

10 CFR 50.75

July 16, 2012

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

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

- References: 1) Letter from R. J. St Onge (SCE) to Document Control Desk (NRC),
Subject: "Docket No. 50-206 10 CFR 50.75(f)(1) Decommissioning
Funding Report, San Onofre Nuclear Generating Station Unit 1" dated
March 31, 2011
- 2) Letter from R. J. St Onge (SCE) to Document Control Desk (NRC),
Subject: "Docket No. 50-206 10 CFR 50.75(f)(1) Decommissioning
Funding Report, San Onofre Nuclear Generating Station Unit 1" dated
June 27, 2011
- 3) Letter from R. J. St Onge (SCE) to Document Control Desk (NRC),
Subject: "Docket No. 50-206 10 CFR 50.75(f)(1) Decommissioning
Funding Report, San Onofre Nuclear Generating Station Unit 1" dated
March 29, 2012
- 4) Letter from A. E. Scherer (SCE) to Document Control Desk (NRC),
Subject: "Docket No. 50-206 10 CFR 50.75(f)(1) Decommissioning
Funding Report, San Onofre Nuclear Generating Station Unit 1" dated
March 31, 2009

Dear Sir or Madam:

References 1 and 2 provided the 2010 San Onofre Nuclear Generating Station (SONGS) Unit 1 Decommissioning Funding Status Report. During the preparation of the 2011 Unit 1 Decommissioning Funding Report (Reference 3), it was identified that for the 2010 Unit 1 Decommissioning Funding Report, the site specific estimate had not been correctly escalated from 2008 to 2010 dollars and that some Radiological Costs

had been mis-categorized. Although this resulted in under reporting the site specific estimate for decommissioning, there was still adequate funding to complete decommissioning.

A review of previous Unit 1 Decommissioning Funding Reports did not find similar errors. However, during the review, an error in the site specific estimate used for the 2008 Unit 1 Decommissioning Funding Report (Reference 4) was identified.

Enclosed are revised 2008 and 2010 Decommissioning Funding Status Reports for San Onofre Nuclear Generating Station (SONGS) Unit 1.

There are no commitments contained in this letter or its enclosure.

If you have any questions regarding this matter, please contact Ms. Linda T. Conklin at 949-368-9443.

Sincerely,

A handwritten signature in black ink, appearing to read "J. E. Whitten". The signature is fluid and cursive, with a large initial "J" and "E".

Enclosures: 1) SONGS Unit 1 2008 Decommissioning Funding Status Report
2) SONGS Unit 1 2010 Decommissioning Funding Status Report

cc: E. E. Collins, Regional Administrator, NRC Region IV
J. E. Whitten, NRC Region IV, San Onofre Unit 1
J. C. Shepherd, NRC Project Manager, San Onofre Unit 1
G. G. Warnick, NRC Senior Resident Inspector, San Onofre Units 2 & 3

Enclosure 1
San Onofre Nuclear Generating Station
Unit 1
Decommissioning Funding Status
Report – 2008

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

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

All dollar amounts are in 2008 dollars, and the owners are reported as follows:

| | |
|----------------------------------|------|
| Southern California Edison (SCE) | 80 % |
| San Diego Gas & Electric (SDG&E) | 20 % |

- 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 \$344.1 million.
 - b) The SONGS Unit 1 site-specific estimate ⁽¹⁾ for decommissioning includes the following radiological decommissioning costs associated with terminating the site license:

| | |
|--|-------------------------|
| | <u>SONGS Unit 1</u> |
| Estimate of Radiological Costs | \$ 462.8million |
| Actual Radiological Costs through 12/31/2008 | <u>\$ 385.2 million</u> |
| To Go Costs | \$ 77.6 million |

The To Go Costs reflect the remaining obligation for the radiological costs associated with terminating the site license.

- 2) The Decommissioning Trust Fund amount remaining at the end of calendar year 2008 (net of estimated capital gains taxes) is:

| | |
|----------------------|------------------------|
| <u>Owner</u> | <u>SONGS Unit 1</u> |
| SCE | \$ 136.9 million |
| SDG&E ⁽²⁾ | <u>\$ 67.3 million</u> |
| TOTAL | \$ 204.2 million |

- 3) The decommissioning fund for SONGS 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 for SONGS Unit 1 Decommissioning is 2.76%.
- 5) The after-tax composite investment rate of return for the SONGS Unit 1 Decommissioning is 4.57%. The composite investment rate of return less the

composite escalation rate yields a composite real earnings rate less than the 2.0% real rate of return allowed under 10 CFR 50.75(e)(1)(ii).

- 6) Neither of the owners of SONGS Unit 1 is 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 29, 2004 Decommissioning Funding Report for SONGS Unit 1.

- Notes:
- (1) The site-specific decommissioning cost estimate for SONGS Unit 1 that was provided to the California Public Utilities Commission (CPUC) on November 10, 2005, includes the radiological costs associated with terminating the site license, non-radiological costs, and fuel storage costs. The CPUC approved the Unit 1 Decommissioning cost estimate on January 11, 2007.
 - (2) SCE is submitting information with respect to its co-owner, SDG&E. SDG&E is responsible for the completeness and accuracy of their information.

Enclosure 2
San Onofre Nuclear Generating Station
Unit 1
Decommissioning Funding Status
Report – 2010

Enclosure
San Onofre Nuclear Generating Station Unit 1
Decommissioning Funding Status Report - 2010

San Onofre Unit 1 was a pressurized water reactor (PWR) rated at 1347 MWt. 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 closed before the end of its licensed life and is currently being decommissioned.

The San Onofre Unit 1 owners are reported as follows:

| | |
|----------------------------------|-------------|
| Southern California Edison (SCE) | 80 % |
| San Diego Gas & Electric (SDG&E) | <u>20 %</u> |
| | 100 % |

All dollar amounts are reported in 100% share, 2010 dollars.

- 2) 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 \$389.5 million⁽¹⁾.
 - b) The San Onofre Unit 1 site-specific estimate for decommissioning includes the following radiological decommissioning costs associated with terminating the site license, non-radiological site restoration costs, and spent fuel storage costs:⁽²⁾

| | <u>San Onofre Unit 1</u> |
|--|--------------------------|
| Estimate of Radiological Costs | \$ 649.0 million |
| Less: Actual Radiological Costs through 12/31/2010 | <u>\$ 479.8 million</u> |
| "To Go" Radiological Costs | \$ 169.2 million |
| | |
| Estimate of Site Restoration Costs | \$ 163.7 million |
| Less: Actual Site Restoration Costs through 12/31/2010 | <u>\$ 153.4 million</u> |
| "To Go" Site Restoration Costs | \$ 10.3 million |
| | |
| Estimate of Fuel Storage Costs | \$ 88.7 million |
| Less: Actual Fuel Storage Costs through 12/31/2010 | <u>\$ 78.4 million</u> |
| "To Go" Fuel Storage Costs | \$ 10.3 million |
| | |
| Total "To Go" Costs as of 1/1/2011 | \$ 189.8 million |

- 2) The Decommissioning Trust Fund amount remaining at the end of calendar year 2010 (net of estimated capital gains taxes) is:

| <u>Owner</u> | <u>San Onofre Unit 1</u> |
|---------------------------------|--------------------------|
| SCE | \$ 168.8 million |
| <u>SDG&E</u> ⁽³⁾ | <u>\$ 85.6 million</u> |
| TOTAL | \$ 254.4 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 for San Onofre Unit 1 Decommissioning is 4.10%.
- 5) The after-tax composite investment rate of return for the San Onofre Unit 1 Decommissioning is 4.32%. The composite investment rate of return (4.32%) less the composite escalation rate (4.10%) yields a composite real earnings rate less than the 2.0% real rate of return allowed under 10 CFR 50.75(e)(1)(ii).
- 6) 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 29, 2010 Decommissioning Funding Report for San Onofre Unit 1.

Notes: (1) The NRC formulas in 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The costs for dismantling or demolishing non-radiological systems and structures, and the costs of managing and storing used fuel onsite until it is transferred to the Department of Energy are not included in the NRC decommissioning cost formulas.

- (2) The site-specific decommissioning cost estimate for San Onofre Unit 1 that was provided to the California Public Utilities Commission (CPUC) on April 3, 2009, includes the remaining radiological costs associated with terminating the site license; non-radiological costs which include the costs to excavate and dispose of all remaining structures, appurtenances, and foundations from the onshore site, and to perform site restoration, as required under the current site lease contract(s) with the U.S. Department of the Navy, and to disposition the Unit 1 offshore circulating water conduits as required under the current amendment to the easement-lease granted by the California State Lands Commission, and spent fuel storage costs. The CPUC approved the Unit 1 decommissioning cost estimate on July 29, 2010.
- (3) SCE is submitting information with respect to its co-owner, SDG&E. SDG&E is responsible for the completeness and accuracy of their information.