



March 8, 1991

BILL D. CARNAHAN
Public Utilities Director

Ref.: PUAf-91-27 B

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

Subject: Docket Nos. 50-206, 50-361, and 50-362 10 CFR 50.33(k)(2); Report
Assuring the Availability of Funds for Decommissioning San Onofre
Nuclear Generating Station (San Onofre) Units 2 and 3.

Dear Sir or Madam:

This letter is being submitted by the City of Riverside as a Licensee of San Onofre Unit 2 and San Onofre Unit 3. Pursuant to the Participation Agreement executed on October 30, 1980, as amended on March 15, 1982, Riverside owns 1.79% of San Onofre Units, 2 and 3. In addition to Riverside, Southern California Edison, San Diego Gas & Electric, and Anaheim are owners and licensees of San Onofre Units 2 and 3. This letter submits information pursuant to United States Nuclear Regulatory Commission (NRC) regulation 10 C.F.R. subsection 50.33(k)(2), regarding Riverside's plan to assure that funds will be available to decommission its share of San Onofre Units 2 and 3.

On July 26, 1990, Riverside submitted its certificate of Financial Assurance and Oath of Affirmation required by regulation 10 C.F.R. subsection 50.75(b) as it pertains to San Onofre Unit 2 and San Onofre Unit 3. At that time, we enclosed a draft of the decommissioning trust fund agreement that constitutes Riverside's financial instrument as required by NRC regulation 10 C.F.R. subsection 50.75(e). With this letter, we are submitting an executed copy of the trust agreement.

It is Riverside's understanding that this trust agreement constitutes the required financial instrument, and meets all NRC regulations. Should you have any questions or comments, please contact me at (714) 782-5784.

Sincerely,

Brian G. Thomas
Assistant Public Utilities Director
Finance/Administration

BGT/vmho
Enclosure

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cc: J.B. Martin (Regional Administrator, USNRC Region V)
C.W. Caldwell (NRC Senior Resident Inspector, San Onofre
Units 1,2, and 3.)

J.E. Tatum (NRC Project Manager, San Onofre Unit 1)

L.E. Kokaiko (3)

1 DECOMMISSIONING TRUST FUND AGREEMENT

2
3 THIS DECOMMISSIONING TRUST FUND AGREEMENT ("this
4 Agreement") is entered into as of this 8th day of March
5 1991, by and between the CITY OF RIVERSIDE, a municipal
6 corporation created pursuant to the laws of the State of
7 California, herein referred to as "Grantor", and THE BANK OF
8 CALIFORNIA, a National Bank, 400 California Street, San
9 Francisco, California 94104, herein referred to as "Trustee".

10 R E C I T A L S:

11 WHEREAS, the United States Nuclear Regulatory Commission
12 ("NRC"), an agency of the United States Government, pursuant to
13 the Atomic Energy Act of 1954, as amended, and the Energy
14 Reorganization Act of 1974, has promulgated regulations in Title
15 10, Chapter I of the Code of Federal Regulations, Part 50, which
16 Regulations require that a holder of, or an applicant for a
17 license issued pursuant to 10 CFR Part 50 provide assurance that
18 funds will be available when needed for required nuclear plant
19 decommissioning activities; and

20 WHEREAS, Grantor is an owner of an undivided 1.79
21 percent ownership interest in Units 2 and 3 at the San Onofre
22 Nuclear Generating Station ("SONGS 2 and 3"); and

23 WHEREAS, Grantor has elected to establish a trust fund
24 to provide all of such financial assurance for the facilities at
25 SONGS 2 and 3; and

26 WHEREAS, Grantor has selected Trustee to be the trustee
27 under this Agreement, and Trustee is willing to act as trustee;

1 NOW, THEREFORE, Grantor and Trustee agree as follows:

2 Section 1: DEFINITIONS. As used in this Agreement:

3 A. The term "Grantor" means the City of Riverside and
4 its successors or assigns.

5 B. The term "Trustee" means the Bank of California and
6 any successor trustee by appointment.

7 Section 2: COSTS OF DECOMMISSIONING. This Agreement
8 pertains to the costs of decommissioning the facility identified
9 in License Numbers NPF-10 and NPF-15 issued pursuant to 10 CFR
10 Part 50 as shown in Schedule A attached hereto and incorporated
11 herein by this reference.

12 Section 3: ESTABLISHMENT OF TRUST. Grantor and Trustee
13 hereby establish a Trust for the benefit of NRC. Grantor and
14 Trustee intend that no third party shall have access to the
15 Trust assets except as provided herein.

16 Section 4: ASSETS CONSTITUTING THE TRUST FUND. Assets
17 transferred by Grantor to Trustee for the Trust shall consist of
18 cash, securities, or other liquid assets acceptable to Trustee.
19 The initial assets of the Trust consist of the assets described
20 in Schedule B attached hereto and incorporated herein by this
21 reference. Such assets and all other assets subsequently
22 transferred by Grantor to Trustee are referred to collectively
23 as the "Fund", together with all earnings and profits thereon,
24 less any payments or distributions made by Trustee pursuant to
25 this Agreement. The Fund shall be held by Trustee, IN TRUST, as
26 hereinafter provided. Trustee shall not be responsible nor
27 shall it undertake any responsibility for the amount or adequacy

1 of the Fund; nor shall Trustee have any duty to collect from
2 Grantor any payments necessary to discharge any liabilities of
3 Grantor established by the NRC.

4 Section 5: PAYMENT FOR REQUIRED ACTIVITIES SPECIFIED IN
5 THE PLAN. Trustee shall make payments from the Fund to Grantor
6 upon presentation to Trustee of the following:

7 A. A certificate duly executed by the City Clerk of
8 Grantor attesting to the occurrence of the events and in the
9 form set forth in the Specimen Certificate of Events attached
10 hereto as Schedule C and incorporated herein by this reference;
11 and

12 B. A certificate attesting to the following conditions:

13 1. That decommissioning is proceeding pursuant to
14 an NRC-approved Plan;

15 2. That the funds withdrawn will be expended for
16 activities undertaken pursuant to that Plan; and

17 3. That the NRC has been given thirty (30) days
18 prior notice of Grantor's intent to withdraw funds from
19 the Fund.

20 In the event of Grantor's default or inability to direct
21 decommissioning activities, Trustee shall make payments from the
22 Fund as the NRC shall direct, in writing, to provide for the
23 payment of the costs of required decommissioning activities
24 covered by this Agreement. Trustee shall reimburse Grantor or
25 the persons specified by the NRC from the Fund for expenditures
26 for required decommissioning activities in such amounts as the
27 NRC shall direct in writing. In addition, Trustee shall refund

1 to Grantor such amounts as the NRC specifies in writing. Upon
2 refund, such funds shall no longer constitute part of the Fund
3 as defined herein.

4 Section 6: TRUST MANAGEMENT. Under Grantor's
5 direction, Trustee shall invest and reinvest the principal and
6 income of the Fund and keep the Fund invested as a single fund,
7 without distinction between principal and income, in accordance
8 with general investment policies and guidelines which Grantor
9 may communicate in writing to Trustee from time to time,
10 subject, however, to the provisions of this Section. In
11 investing, reinvesting, exchanging, selling and managing the
12 Fund, Trustee shall discharge its duties with respect to the
13 Fund solely in the interest of the beneficiary and with the
14 care, skill, prudence and diligence under the circumstances then
15 prevailing which persons of prudence, acting in a like capacity
16 and familiar with such matters, would use in the conduct of an
17 enterprise of a like character and with like aims; except that:

18 A. Securities or other obligations of Grantor and the
19 other owners and operator of SONGS 2 and 3, as well as any
20 affiliated person of theirs as defined in the Investment Company
21 Act of 1940 (15 U.S.C. 80a-2(a)), shall not be acquired or held,
22 unless they are securities or other obligations of the Federal
23 or a State government;

24 B. Trustee is authorized to invest the Fund in those
25 investments authorized by law for Grantor, including but not
26 limited to those referred to in Section 53601 (or its successor)
27 of the California Government code.

1 Section 7: COMMINGLING AND INVESTMENT. Subject to the
2 provisions of Section 6, Trustee is expressly authorized in its
3 discretion to transfer from time to time any or all of the
4 assets of the Fund to any common, commingled, or collective
5 trust fund created by Trustee in which the Trust is eligible to
6 participate, subject to all of the provisions thereof, to be
7 commingled with the assets of other trusts participating therein.

8 Section 8: EXPRESS POWERS OF TRUSTEE. Without in any
9 way limiting the powers and discretion conferred upon Trustee by
10 the other provisions of this Agreement or by law, Trustee is
11 expressly authorized and empowered by direction of Grantor:

12 A. To sell, exchange, convey, transfer, or otherwise
13 dispose of any Fund asset held by it, by public or private sale,
14 as necessary for prudent management of the Fund;

15 B. To make, execute, acknowledge, and deliver any and
16 all documents of transfer and conveyance and any and all other
17 instruments that may be necessary or appropriate to carry out
18 the powers herein granted;

19 C. To register any securities held in the Fund in its
20 own name, or in the name of a nominee, and to hold any security
21 in bearer form or in book entry, or to combine certificates
22 representing such securities with certificates of the same issue
23 held by Trustee in other fiduciary capacities; to reinvest
24 interest payments and funds from matured and redeemed
25 instruments; to file proper forms concerning securities held in
26 the Fund in a timely fashion with appropriate government
27 agencies; to deposit or arrange for the deposit of such

1 securities in a qualified central depository even though, when
2 so deposited, such securities may be merged and held in bulk in
3 the name of the nominee or such depository with other securities
4 deposited therein by another person; or to deposit or arrange
5 for the deposit of any securities issued by the United States
6 Government, or any agency or instrumentality thereof, with a
7 Federal Reserve Bank; provided, however, that the books and
8 records of Trustee shall at all times show that all such
9 securities are part of the Fund;

10 D. To deposit any cash of the Fund in interest-bearing
11 accounts maintained or savings certificates issued by Trustee,
12 in its separate corporate capacity, or in any other banking
13 institution affiliated with Trustee, to the extent insured by an
14 agency of the Federal Government; and

15 E. To compromise or otherwise adjust all claims in
16 favor of or against the Fund under direction of Grantor.

17 Section 9: TAXES AND EXPENSES. All taxes of any kind
18 that may be assessed or levied against or in respect of the Fund
19 and all brokerage commissions incurred by the Trust shall be
20 paid from the Fund. All other expenses incurred by Trustee in
21 connection with the administration of the Trust, including fees
22 for legal services rendered to Trustee, the compensation of
23 Trustee to the extent not paid directly by Grantor, and all
24 other proper charges and disbursements of Trustee shall also be
25 paid from the Fund.

26 Section 10: ANNUAL VALUATION. Commencing with the
27 initial funding of the Fund, Trustee shall annually, at least

1 thirty (30) days before the anniversary date of receipt of
2 Grantor's initial payment into the Fund, furnish to Grantor and
3 to the NRC a statement confirming the value of the Trust. Any
4 securities in the Fund shall be valued at market value as of no
5 more than sixty (60) days before the anniversary date of the
6 initial funding of the Fund. The failure of Grantor to object
7 to the statement in writing to Trustee within ninety (90) days
8 after the statement has been furnished to Grantor and the NRC
9 shall constitute a conclusively binding assent by Grantor to the
10 statement's accuracy and shall bar Grantor from asserting any
11 claim or liability against Trustee with respect to the matters
12 disclosed in the statement.

13 Section 11: ADVICE OF COUNSEL. Trustee may from time
14 to time consult with counsel, who may be counsel to Grantor,
15 with respect to any question arising as to the construction of
16 this Agreement or any action to be taken hereunder. Trustee
17 shall be fully protected, to the extent permitted by law, in
18 acting on the advice of counsel.

19 Section 12: TRUSTEE COMPENSATION. Trustee shall be
20 entitled to reasonable compensation for its services as agreed
21 upon in writing from time to time with Grantor. Attached hereto
22 as Schedule D and incorporated herein by this reference is the
23 initial fee schedule for Trustee's compensation hereunder.

24 Section 13: SUCCESSOR TRUSTEE. Upon ninety (90) days
25 prior notice to Grantor and the NRC, Trustee may resign; upon
26 ninety (90) days prior notice to the NRC and Trustee, Grantor
27 may replace Trustee; provided, however, that any such

1 resignation or replacement shall not be effective until Grantor
2 has appointed a successor trustee and the successor accepts the
3 appointment. The successor trustee shall have the same powers
4 and duties as those conferred upon Trustee hereunder. Upon the
5 successor trustee's acceptance of the appointment, Trustee shall
6 assign, transfer and pay over to the successor trustee the funds
7 and assets then constituting the Fund. If for any reason
8 Grantor cannot or does not act in the event of the resignation
9 of Trustee, Trustee may apply to a court of competent
10 jurisdiction for the appointment of a successor trustee or for
11 instructions. The successor trustee shall specify the date on
12 which it assumes administration of the Trust in a writing sent
13 to Grantor, the NRC and Trustee by certified mail ten (10) days
14 before such change becomes effective. Any expenses incurred by
15 Trustee as a result of the occurrence of any of the events
16 described by this Section shall be paid as provided in Section 9.

17 Section 14: INSTRUCTIONS TO TRUSTEE. All orders,
18 requests or instructions by Grantor to Trustee shall be given in
19 writing signed by the persons who are signatories to this
20 Agreement or such other designees as Grantor may from time to
21 time designate in writing. Trustee shall be fully protected in
22 acting without inquiry in accordance with Grantor's orders,
23 requests or instructions. If the NRC issues orders, requests or
24 instructions to Trustee, they shall be in writing signed by the
25 NRC or its designee, and Trustee shall act and shall be fully
26 protected in acting in accordance with such orders, requests or
27 instructions. Trustee shall have no duty to act in the absence

1 of such orders, requests or instructions from Grantor or the
2 NRC, except as provided for herein.

3 Section 15: AMENDMENT OF AGREEMENT. This Agreement may
4 be amended by an instrument in writing executed by Grantor and
5 Trustee, or by Trustee and the NRC if Grantor ceases to exist.

6 Section 16: IRREVOCABILITY AND TERMINATION. Subject to
7 the right of the parties to amend this Agreement as provided in
8 Section 15, the Trust shall be irrevocable and shall continue
9 until terminated at the written agreement of Grantor, Trustee
10 and the NRC, or by Trustee and the NRC if Grantor ceases to
11 exist. Upon termination of the Trust, the Fund and all other
12 remaining trust property, less final trust administration
13 expenses, shall be delivered to Grantor or its successor.

14 Section 17: IMMUNITY AND INDEMNIFICATION. Trustee
15 shall not incur personal liability of any nature in connection
16 with any act or omission, made in good faith, in the
17 administration of the Trust, or in carrying out any directions
18 by Grantor or the NRC issued in accordance with this Agreement.
19 Trustee shall be indemnified and saved harmless by Grantor or
20 the Trust, or both, from and against any personal liability to
21 which Trustee may be subjected by reason of any act or conduct
22 in its official capacity, including all expenses reasonably
23 incurred in its defense in the event Grantor fails to provide
24 such defense.

25 Section 18: GOVERNING LAW. This Agreement shall be
26 administered, construed and enforced according to the laws of
27 the State of California.

1 Section 19: INTERPRETATION AND SEVERABILITY. As used
2 in this Agreement, words in the singular include the plural and
3 words in the plural include the singular. The descriptive
4 headings for each Section of this Agreement shall not affect the
5 interpretation or the legal efficacy of this Agreement. If any
6 part of this Agreement is held to be invalid, it shall not
7 affect the remaining provisions which will remain valid and
8 enforceable.

9 Section 20: OTHER BANK SERVICES. Grantor may direct
10 Trustee to utilize other services or facilities provided by the
11 BanCal Tri-State Corp. (BanCal) and its subsidiaries or
12 affiliates, including Trustee. Such services may include, but
13 need not be limited to (1) the placing of orders for the
14 purchase, sale, exchange, investment or reinvestment of
15 securities through any brokerage service conducted by any of
16 them or (2) the purchase of units of any investment company
17 managed or advised by any of them or for which any of them acts
18 as custodian or provides investment advice or other services for
19 a fee, including, without limitation, the HighMark Group of
20 mutual funds. Grantor hereby acknowledges that Trustee, BanCal
21 Tri-State Corporation and their subsidiaries or affiliates will
22 receive fees for such services in addition to the fees payable
23 under this Agreement. Fee schedules for such additional
24 directed services shall be delivered by Trustee to Grantor or
25 any other party with investment discretion over all or part of
26 the Trust before the services are rendered.

27 Section 21: ADVICE AND INQUIRY. Trustee shall not be

1 required to question or inquire about any action, direction or
2 failure to give directions by Grantor and shall not be required
3 to review the securities held in the Fund, nor make any
4 suggestions to Grantor with respect to investment of, or
5 disposition of investments in the Fund. Trustee shall not be
6 liable for any act of Grantor, or be under any obligation to
7 invest or otherwise manage any asset of the Fund which is
8 subject to the management of Grantor. Trustee shall not be
9 liable for loss due to action or inaction in complying with or
10 in the absence of Grantor's directions.

11 Section 22: PROXIES AND DISCLOSURE. Upon timely
12 receipt, Trustee shall, if applicable, sign and forward all
13 proxies and accompanying materials received by the Trust to the
14 party with voting authority over the Trust assets unless
15 directed in writing not to do so. Written instructions not to
16 forward proxy materials must be received by Trustee at least
17 annually. Trustee shall also forward to Grantor any other
18 corporate materials received by the Trust.

19 Unless the party with voting authority over the assets
20 of the Trust directs the Trustee in writing to the contrary,
21 such party agrees that Trustee may disclose the name and address
22 of the party with the authority to vote the proxies of
23 securities held in the Trust as well as the number of shares
24 held to any issuer of said securities or its agent upon the
25 written request of such issuer or agent in conformity with the
26 provision of applicable law.

27 Section 23: HIGHMARK. If directed by the directing

1 party, Trustee shall purchase units of one of the funds of the
2 HighMark Group with otherwise uninvested cash. If the Trust is
3 not eligible to invest in that Group or if the directing party
4 fails to issue directions, Trustee, in its discretion, may
5 invest uninvested cash in any common trust fund maintained by
6 Trustee for which the Trust is an eligible participant. If the
7 Trust is not eligible or if Trustee does not maintain such a
8 fund, Trustee shall deposit such cash in one or more
9 interest-bearing accounts with a depository institution,
10 including Trustee or an affiliate of Trustee.

11 Section 24: NOTICES. Any notice, demand, direction or
12 request provided for in this Agreement, or served, given, or
13 made in connection with this Agreement, shall be deemed properly
14 served, or made if delivered in person or sent by registered or
15 certified mail, postage prepaid, to the persons specified below:

16 City of Riverside

17 City Clerk
18 City of Riverside
19 City Hall, 3900 Main Street
Riverside, California 92522

20 With copy to: Public Utilities Director
21 City of Riverside
22 City Hall, 3900 Main Street
Riverside, California 92522

23 The Bank of California:

24 The Bank of California
25 400 California Street
26 San Francisco, California 94104

27 Either party may, from time to time, by written notice
to the other party, change the designation or address of the
person so specified as the one to receive notices pursuant to

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Agreement to be executed by the respective officers duly authorized, as of the date first written above.

CITY OF RIVERSIDE,
a municipal corporation

By Robert A. Buster
Mayor Pro Tempore

Attest Karen E. Lindquist
City Clerk

THE BANK OF CALIFORNIA,
a National Bank

By James L. H.
VICE PRES. & TRUST OFFICER

By [Signature]
VICE PRES. & TRUST OFFICER

APPROVED AS TO FORM:

N. Y. Nuring
Assistant City Attorney

RAS/2914A/jm
1/4/91

SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates for the following licensed activities:

<u>U.S. NUCLEAR REGULATORY COMMISSION LICENSE NO.</u>	<u>NAME AND ADDRESS OF LICENSEE</u>	<u>ADDRESS OF LICENSED ACTIVITY</u>	<u>COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT</u>
NPF-10	City of Riverside, 3900 Main Street Riverside, CA 92522	500 S. Pacific Coast Hwy San Clemente, CA 92672	\$104,800,000*
NPF-15	"	"	\$104,800,000*

The cost estimates listed here were last adjusted and approved by the NRC in 1986.

*1986 dollars. Riverside's share is equal to 1.79%.

SCHEDULE B

AMOUNT: 5,894,119.87

AS EVIDENCED BY: By Cash

SCHEDULE C

SPECIMEN CERTIFICATE OF EVENTS

[Insert name and address of Trustee]

Attention: Trust Division

Gentlemen:

In accordance with the terms of the Agreement between the City of Riverside and _____ [insert name of Trustee] dated _____, I, _____, City Clerk of the City of Riverside, hereby certify that the following events have occurred:

1. The City of Riverside is required to commence the decommission of its facility located at [insert location of facility] (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on _____ (copy of approval attached).
3. The City Council of the City of Riverside has adopted the attached Resolution authorizing the commencement of the decommissioning.

City Clerk of the City of Riverside

Date: _____

0041H
09/06/90



SCHEDULE D

THE BANK OF CALIFORNIA

ANDY JEREMI
VICE PRESIDENT
BUSINESS TRUST SERVICES

August 7, 1990

Jerry Rogers
Deputy Treasurer
City of Riverside
3900 Main Street
Riverside, CA 92522

Dear Mr. Rogers:

Set forth below is our fee schedule as Trustee in connection with the City of Riverside Decommissioning Trust Fund.

Acceptance Fee: Waived

Fee includes the review of the trust agreement, supporting documents, and establishment of the account.

Annual Administration Fee: \$4,000.00

For the Administration of the Trust, as long as the investments are in the Highmark Money Market Funds.

Wire Transfer Fees:

For each outgoing wire transfer 15.00

Additional Services:

The above schedule of fees are for the ordinary services in connection with the Trust Agreement. Should we be called to render any additional services not set forth in the above schedule, a reasonable charge, depending on the services rendered, will be made. Fees are subject to adjustment upon providing at least ninety (90) days advance notice.

We appreciate the opportunity to send you the fee schedule, and would be pleased to answer any questions you may have.

Thank you for choosing the Bank of California as your Trustee.

Sincerely,

