

10 CFR 50.75  
10 CFR 50.82

March 31, 2015

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

Subject: **Docket Nos. 50-361 and 50-362**  
**10 CFR 50.75(f)(1), 10 CFR 50.82(a)(8)(v-vii), and 10 CFR 72.30(b)**  
**Decommissioning Funding Status Report**  
**San Onofre Nuclear Generating Station Units 2 and 3**

Dear Sir or Madam:

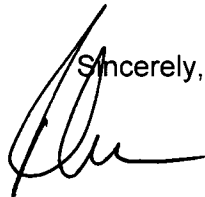
As required by 10 CFR 50.75(f)(1), and 10 CFR 50.82(a)(8)(v)-(vii), this letter provides the status of the decommissioning funding for San Onofre Nuclear Generating Station (SONGS) Units 2, and 3 as of December 31, 2014. The required information is provided in the enclosure for Southern California Edison, San Diego Gas & Electric, the City of Anaheim, and the City of Riverside.

Based on the requirements in 10 CFR 50.75(f)(1), this information is reported on an annual basis for SONGS Units 2 and 3 because the plants were permanently shut down before the end of their licensed lives. SONGS Units 2 and 3 were permanently shut down during 2013, and their decommissioning is currently being planned.

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

If you have any questions regarding this matter, please contact Ms. Andrea Sterdis at (949) 368-9985.

Sincerely,



Enclosure: **SONGS Units 2 and 3 Decommissioning Funding Status Report for Calendar Year 2014**

cc: M. Dapas, Regional Administrator, NRC Region IV  
R. L. Kellar, Region IV, Branch Chief, Repository and Spent Fuel Safety  
T. Wengert, NRC Project Manager, San Onofre Units 2 and 3

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**Enclosure**

**San Onofre Nuclear Generating Station Units 2 and 3  
Decommissioning Funding Status Report  
for Calendar Year 2014**

**San Onofre Nuclear Generating Station Units 2 and 3  
Decommissioning Funding Status Report  
For Calendar Year 2014**

San Onofre Units 2 and 3 were pressurized water reactors (PWR) rated at 3410 MWt. Provided below is the information required by 10 CFR 50.75(f)(1) and 10 CFR 50.82(v)(8)(v-vii) for San Onofre Units 2 and 3. This information is reported every year for San Onofre Units 2 and 3 because they closed before the end of their licensed lives and are currently being decommissioned.

The San Onofre Units 2 and 3 owners are reported as follows:

Southern California Edison (SCE)	78.21 %
San Diego Gas & Electric (SDG&E)	20.00 %
City of Anaheim (Anaheim)	0.00 %
City of Riverside (Riverside)	1.79 %

The decommissioning liability is shared between the current owners and former owner, Anaheim, as set forth below for each unit:

Owner	Unit 2 Decommissioning Liability	Unit 3 Decommissioning Liability
SCE	75.7363%	75.7475%
SDG&E	20.0000%	20.0000%
Anaheim	02.4737%	02.4625%
Riverside	01.7900%	01.7900%

All dollar amounts are in 100% share, 2014 dollars.

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).

<u>San Onofre Unit 2</u>	<u>San Onofre Unit 3</u>
\$ 528.2 million	\$ 528.2 million

b) The San Onofre Unit 2 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.<sup>(1)</sup>

	<u>San Onofre Unit 2</u>
Estimate of Radiological Costs	\$1,034.2 million
Less: Actual Radiological Costs through 12/31/2014	<u>\$ 94.8 million</u>
"To Go" Radiological Costs	\$ 939.4 million
Estimate of Site Restoration Costs	\$ 423.3 million
Less: Actual Site Restoration Costs through 12/31/2014	<u>\$ 53.7 million</u>
"To Go" Site Restoration Costs	\$ 369.6 million
Estimate of Fuel Storage Costs	\$ 623.2 million
Less: Actual Fuel Storage Costs through 12/31/2014	<u>\$ 77.7 million</u>
"To Go" Fuel Storage Costs	\$ 545.5 million
Total SONGS Unit 2 "To Go" Costs as of 1/1/2015	\$1,854.5 million

c) The San Onofre Unit 3 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.<sup>(1)</sup>

	<u>San Onofre Unit 3</u>
Estimate of Radiological Costs	\$1,078.0 million
Less: Actual Radiological Costs through 12/31/2014	<u>\$ 94.5 million</u>
"To Go" Radiological Costs	\$ 983.5 million
Estimate of Site Restoration Costs	\$ 599.5 million
Less: Actual Site Restoration Costs through 12/31/2014	<u>\$ 53.8 million</u>
"To Go" Site Restoration Costs	\$ 545.7 million
Estimate of Fuel Storage Costs	\$ 653.0 million
Less: Actual Fuel Storage Costs through 12/31/2014	<u>\$ 76.9 million</u>
"To Go" Fuel Storage Costs	\$ 576.1 million
Total SONGS Unit 3 "To Go" Costs as of 1/1/2015	\$2,105.3 million

2) The Decommissioning Trust Fund amounts remaining at the end of calendar year 2014 (net of estimated capital gains taxes) are:<sup>(2)</sup>:

<u>Owner</u>	<u>San Onofre Unit 2</u>	<u>San Onofre Unit 3</u>
SCE	\$ 1,465.4 million	\$ 1,641.3 million
SDG&E <sup>(3)</sup>	\$ 410.9 million	\$ 465.3 million
Anaheim <sup>(3)</sup>	\$ 61.8 million	\$ 67.2 million
Riverside <sup>(3)</sup>	<u>\$ 37.7 million</u>	<u>\$ 40.6 million</u>
TOTAL	\$ 1,975.8 million	\$ 2,214.4 million
Less: 2013-2014	<u>\$ 226.2 million</u>	<u>\$ 225.2 million</u>
Net Balances	\$ 1,749.6 million	\$ 1,989.2 million

- 3) The annual amounts projected to be collected in 2015 are:

<u>Owner</u>	<u>San Onofre Unit 2</u>	<u>San Onofre Unit 3</u>
SCE	\$ 0.0 million	\$ 0.0 million
SDG&E <sup>(3)</sup>	\$ 5.8 million	\$ 2.2 million
Anaheim <sup>(3)</sup>	\$ 0.0 million	\$ 0.0 million
Riverside <sup>(3)</sup>	\$ 0.0 million	\$ 0.0 million
TOTAL	\$ 5.8 million	\$ 2.2 million

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 amounts spent on San Onofre Units 2 and 3 decommissioning work performed during 2014 are summarized below:

<u>Cost Category</u>	<u>San Onofre Unit 2</u>	<u>San Onofre Unit 3</u>
License Termination	\$ 55.4 million	\$ 55.1 million
Site Restoration	\$ 12.7 million	\$ 12.8 million
Spent Fuel Storage	\$ 38.6 million	\$ 38.3 million
TOTAL	\$ 106.7 million	\$ 106.2 million

- 5) The composite escalation rate for San Onofre Units 2 and 3 Decommissioning is 3.07%.
- 6) The after-tax composite investment rate of return for the San Onofre Units 2 and 3 Decommissioning Trust Funds is 3.58%.

The composite investment rate of return (3.58%) less the composite escalation rate (3.07%) yields a composite real earnings rate less than the 2% real rate of return allowed under 10 CFR 50.75(e)(1)(ii).

- 7) 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.

- 8) The amounts of decommissioning funds available as of December 31, 2014 for the costs to manage San Onofre Units 2 and 3 irradiated fuel, are shown in the table below:<sup>(2)</sup>:

SONGS 2	Estimated "To Go" Decommissioning Cost	Cost Ratios in Cost Estimate	12/31/2014 Trust Balance
License Termination Costs	\$ 939.4 million	50.7%	\$ 886.2 million
Site Restoration Costs	\$ 369.6 million	19.9%	\$ 348.7 million
Spent Fuel Management Costs	\$ <u>545.5 million</u>	<u>29.4%</u>	\$ <u>514.7 million</u>
TOTAL	\$ 1,854.5 million	100.0%	\$ 1,749.6 million

SONGS 3	Estimated "To Go" Decommissioning Cost	Cost Ratios in Cost Estimate	12/31/2014 Trust Balance
License Termination Costs	\$ 983.5 million	46.7%	\$ 929.3 million
Site Restoration Costs	\$ 545.7 million	25.9%	\$ 515.6 million
Spent Fuel Management Costs	\$ <u>576.1 million</u>	<u>27.4%</u>	\$ <u>544.3 million</u>
TOTAL	\$ 2,105.3 million	100.0%	\$ 1,989.2 million

Notes:

- (1) The site-specific decommissioning cost estimate for San Onofre Units 2 and 3 that was submitted to the NRC on September 23, 2014 and to the California Public Utilities Commission (CPUC) on December 10, 2014, includes the radiological costs associated with terminating the site license, non-radiological costs, and fuel storage costs.
- (2) During the period between June 7, 2013 and December 31, 2014, SCE incurred costs of \$226.2 million for San Onofre Unit 2 and \$225.2 million for San Onofre Unit 3. These costs have not yet been withdrawn from the Decommissioning Trusts. Therefore, the Net Balances are the differences between the December 31, 2014 Decommissioning Trust Balances and the 2013-2014 incurred costs.
- (3) SCE is submitting information with respect to its current co-owners, SDG&E and Riverside and its former co-owner, Anaheim, on their behalf, and they are responsible for the completeness and accuracy of their respective information.