

10 CFR 140.21

May 29, 2018

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

**Subject: Annual Report of Guarantee of Payment of Deferred Premium
San Onofre Nuclear Generating Station Units 2 and 3
Docket Nos. 50-361, 50-362
Palo Verde Nuclear Generating Station Units 1, 2, and 3
Docket Nos. 50-528, 50-529, and 50-530**

Dear Sir or Madam:

10 CFR 140.21 requires Southern California Edison (SCE), as a minority owner of a 15.8% share of Palo Verde Units 1, 2, and 3, provide evidence that it maintains a guarantee of payment of its share of deferred premium in an amount of \$18.963 million for each reactor SCE is licensed to own.

In accordance with option (e) of 10 CFR 140.21 and with 10 CFR 50.71(b), SCE is not required to submit its annual financial report or certified financial statement because SCE has provided its quarterly Form 10-Q report to the Securities and Exchange Commission. SCE is providing the enclosed 2017 Internal Cash Flow Statement which is derived from the consolidated financial statements included in SCE's 2017 Annual Report.

SCE notes that the NRC has granted an exemption from the specific requirements of 10 CFR 140.11(a)(4), for SONGS Units 2 and 3 to withdraw from participation in the secondary layer of financial protection pool for these units. Therefore, SCE only remains liable for its \$8.988 million share of retrospective premiums for Palo Verde Units 1, 2, and 3 during calendar year 2018. With average quarterly cash flows of approximately \$682 million during 2017, SCE certifies that it would be able to generate sufficient funds for payment of total retrospective premiums of \$8.988 million during calendar year 2018.

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

M004
NRR

Should you have any questions or require additional information, please contact me at (949) 368-6945.

Sincerely,

A handwritten signature in black ink, appearing to read "G. E. Butler". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Enclosure: 2017 Internal Cash Flow Statement

cc: K. Kennedy, Regional Administrator, NRC Region IV
M. G. Vaaler, NRC Project Manager, SONGS Units 1, 2 and 3

Enclosure

2017 Internal Cash Flow Statement

SOUTHERN CALIFORNIA EDISON COMPANY

2017 Internal Cash Flow
(Dollars in Millions)

	<u>2017 Actual</u>
Net Income After Taxes	\$1,136
Dividends Paid	<u>(\$697)</u>
Retained Earnings	\$439
Adjustments:	
Depreciation & Amortization	\$2,101
Net Deferred Taxes & ITC	\$304
Allowance for Funds Used During Construction	<u>(\$115)</u>
Total Adjustments	\$2,290
2017 Internal Cash Flow	\$2,729
Quarterly Internal Cash Flow	\$682

Percentage Ownership:

<p style="margin-left: 40px;">Palo Verde Nuclear Generating Station Units 1, 2 & 3</p> <p style="margin-left: 80px;">Southern California Edison Company</p>	15.8000%
--	----------

Maximum Total Contingent Liability:

<p style="margin-left: 40px;">Palo Verde Nuclear Generating Station Unit 1</p> <p style="margin-left: 80px;">Southern California Edison Company</p> <p style="margin-left: 80px;">Other Co-Owners</p> <p style="margin-left: 80px;">TOTAL</p>	<p>\$ 2.996 ⁽¹⁾</p> <p><u>\$ 15.967</u></p> <p>\$ 18.963</p>
--	---

<p style="margin-left: 40px;">Palo Verde Nuclear Generating Station Unit 2</p> <p style="margin-left: 80px;">Southern California Edison Company</p> <p style="margin-left: 80px;">Other Co-Owners</p> <p style="margin-left: 80px;">TOTAL</p>	<p>\$ 2.996 ⁽¹⁾</p> <p><u>\$ 15.967</u></p> <p>\$ 18.963</p>
--	---

<p style="margin-left: 40px;">Palo Verde Nuclear Generating Station Unit 3</p> <p style="margin-left: 80px;">Southern California Edison Company</p> <p style="margin-left: 80px;">Other Co-Owners</p> <p style="margin-left: 80px;">TOTAL</p>	<p>\$ 2.996 ⁽¹⁾</p> <p><u>\$ 15.967</u></p> <p>\$ 18.963</p>
--	---

SCE Contingent Liability for Palo Verde Units 1, 2, & 3	\$ 8.988
--	-----------------

⁽¹⁾ The value represents 15.8% (SCE's Share) of the Palo Verde Annual Per Incident Contingent Liability. The Maximum Total Contingent Liability was increased to \$18.963 (Dollars in Millions) per reactor, as announced in the Federal Register, Volume 78, No.134: Friday July 12, 2013, Pages 41835 – 36 and became effective on September 10, 2013.