



SOUTHERN CALIFORNIA  
**EDISON\***

An EDISON INTERNATIONAL® Company

Brian Katz  
Vice President

March 10, 2006

U. S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, DC 20555-0001

**SUBJECT: Docket Nos. 50-361 and 50-362  
Application for Order Approving Transfers of Control of Licenses  
and Conforming License Amendments  
San Onofre Nuclear Generating Station, Units 2 and 3**

Dear Sir or Madam:

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (AEA or the Act), and 10 CFR 50.80, Southern California Edison Company (SCE), acting on behalf of itself and the City of Anaheim, California (Anaheim), requests that the Nuclear Regulatory Commission (NRC) consent to the transfer of the City of Anaheim's 3.16% undivided ownership interest in San Onofre Nuclear Generating Station, Units 2 and 3 (SONGS 2&3) to SCE, excluding Anaheim's interest in its spent fuel and in the SONGS 2&3 independent spent fuel storage installation (ISFSI). The Applicants request NRC approval for the proposed transfer. SCE will retain exclusive responsibility and control over the operation of SONGS 2&3. Thus, the proposed transfer does not involve any transfer or change in operating authority.

Pursuant to 10 CFR 50.90, the Applicants also request NRC approval of administrative amendments to the SONGS 2&3 licenses pursuant to 10 CFR 50.92 and 10 CFR 2.1315 to conform the licenses to reflect the proposed transfer, upon Anaheim's transfer of its ownership interest in SONGS 2&3 to SCE. Anaheim will retain its ownership interest in its spent nuclear fuel and the ISFSI located on the SONGS site. In addition, Anaheim retains financial responsibility for its spent fuel and for a portion of the SONGS 2&3 decommissioning costs. Thus, Anaheim will remain a licensee for purposes of its retained interest and liabilities.

Through the attached Application, the Applicants request that the NRC consent to the transfers of control of Anaheim's interest in SONGS 2&3 and licenses for the interest being transferred. SCE currently owns a 75.05% undivided interest in SONGS 2&3, and after acquiring Anaheim's interest in SONGS 2&3, SCE will own a 78.21% undivided interest in SONGS 2&3, excluding Anaheim's interest in its spent fuel and the ISFSI.

The information contained in this Application demonstrates that SCE possesses the requisite qualifications to own the additional 3.16% undivided ownership interest in SONGS 2&3. The proposed transfer of control of Anaheim's interest will not result in any change in the role of SCE as the licensed operator of the facility and will not result in any changes to its technical qualifications.

P.O. Box 128  
San Clemente, CA 92674-0128  
949-368-9275  
Fax 949-368-9881

A001

March 10, 2006

Finally, this request for transfers of control of licenses does not involve any entities that are owned, controlled, or dominated by a foreign entity.

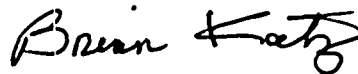
In summary, the proposed transfer will be consistent with the requirements set forth in the Act, NRC regulations, and the relevant NRC licenses and orders. No physical changes will be made to SONGS 2&3 and there will be no changes in the day-to-day operation of SONGS 2&3 as a result of this transfer. The proposed transfer of control of the Anaheim interest will not involve any changes to the current SONGS 2&3 licensing basis. It will neither have any adverse impact on the public health and safety, nor be inimical to the common defense and security. The proposed transfer is merely a transfer of ownership interest to a current SONGS 2&3 owner. The Applicants therefore respectfully request that the NRC consent to the transfer of control in accordance with 10 CFR 50.80.

The actual date for any transfer of control of Anaheim's 3.16% interest in SONGS 2&3 to SCE will be dependent upon the actual date of satisfying the conditions for closing the sale in accordance with the terms and conditions of the Settlement Agreement, including receipt of any regulatory approvals from the California Public Utilities Commission and the Federal Energy Regulatory Commission.

The Applicants request that the NRC review this Application on a schedule that will permit the issuance of NRC consent to the transfer of control and conforming license amendments by no later than September 1, 2006. Such consent should be immediately effective upon issuance and should permit the transfer of control at any time within twelve months of the date of approval of this Application. SCE will inform the NRC if there are any significant changes in the status of any other required approvals or any other developments that have an impact on the schedule.

Should you have any questions or require additional information regarding this request for transfers of control of licenses, please contact Jack L. Rainsberry at 949-368-7420.

Sincerely,



Enclosures: (1) Notarized Affidavit, Southern California Edison  
(2) Application

cc: B. S. Mallett, Regional Administrator, NRC Region IV  
N. Kalyanam, NRC Project Manager, San Onofre Units 2 & 3  
C. C. Osterholtz, NRC Senior Resident Inspector, San Onofre Units 2 & 3  
S. Y. Hsu, California Department of Health Services, Radiologic Health Branch

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

Application of SOUTHERN CALIFORNIA)  
EDISON, ET AL. for a Class 103 )  
License to Acquire, Possess, and Use a )  
Utilization Facility as Part of Unit Nos. )  
2 and 3 of the San Onofre Nuclear )  
Generating Station )

Docket Nos. 50-361 and 50-362

Amendment Application Numbers  
241 and 225

SOUTHERN CALIFORNIA EDISON, ET AL., pursuant to 10 CFR § 50.90, hereby submit Amendment Application Numbers 241 and 225 to Facility Operating Licenses NPF-10 and NPF-15, respectively. This Change is a request for Conforming License Amendments to reflect the Transfer of Control of Licenses.

In accordance with 10 CFR § 50.30(b), the following affirmation is provided:

Brian Katz states that he is Vice President of Southern California Edison, is authorized to execute this oath on behalf of Southern California Edison and, to the best of his knowledge and belief, the facts set forth in this letter are true.

Respectfully submitted,

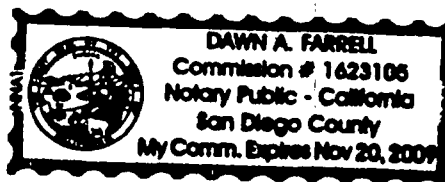
Brian Katz  
Brian Katz  
Vice President  
Southern California Edison

State of California  
County of San Diego

Subscribed and sworn to (~~or affirmed~~) before me, this 10th day of  
March, 2006, by Brian Katz

~~personally known to me or proved to me on the basis of satisfactory evidence to be the~~  
~~person who appeared before me.~~

Dawn A. Farrell  
Notary Public



**APPLICATION FOR ORDER APPROVING  
TRANSFER OF CONTROL OF LICENSES AND  
CONFORMING LICENSE AMENDMENTS**

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submitted by

**Southern California Edison Company,  
acting for itself and on behalf of the  
City of Anaheim, California**

**San Onofre Nuclear Generating Station, Units 2 and 3  
NRC Facility Operating License Nos. NPF-10 and NPF-15  
Docket Nos. 50-361 and 50-362**

**APPLICATION FOR ORDER APPROVING  
TRANSFER OF CONTROL OF LICENSES AND  
CONFORMING LICENSE AMENDMENTS**

**TABLE OF CONTENTS**

I.	INTRODUCTION.....	1
II.	STATEMENT OF PURPOSE OF THE TRANSFER AND NATURE OF THE TRANSACTION MAKING THE TRANSFER NECESSARY OR DESIRABLE .....	3
III.	GENERAL CORPORATE INFORMATION REGARDING EDISON INTERNATIONAL AND SOUTHERN CALIFORNIA EDISON .....	4
	A. Names .....	4
	B. Address .....	4
	C. Description of Business or Occupation.....	4
	D. Organization and Management .....	5
	1. States of Establishment and Place of Business.....	5
	2. Directors, Executive Officers.....	5
IV.	FOREIGN OWNERSHIP OR CONTROL .....	6
V.	TECHNICAL QUALIFICATIONS .....	7
VI.	FINANCIAL QUALIFICATIONS OF SCE .....	7
	A. Ongoing Operating and Maintenance Costs.....	7
	B. Decommissioning Funding .....	8
VII.	ANTITRUST INFORMATION .....	9
VIII.	RESTRICTED DATA AND CLASSIFIED NATIONAL SECURITY INFORMATION .....	10
IX.	ENVIRONMENTAL CONSIDERATIONS .....	10
	A. No Significant Hazards Determination.....	11
	B. Categorical Exclusion .....	14
X.	PRICE-ANDERSON INDEMNITY AND NUCLEAR INSURANCE .....	14
XI.	EFFECTIVE DATES .....	15
XII.	CONCLUSION .....	16

**Attachment A** Current page, Unit 2 license

**Attachment B** Current page, Unit 3 license

**Attachment C** Marked-up page for proposed conforming changes to Unit 2 license

**Attachment D** Marked-up page for proposed conforming changes to Unit 3 license

**Attachment E** Proposed page for proposed conforming changes to Unit 2 license

**Attachment F** Proposed page for proposed conforming changes to Unit 3 license

## **I. INTRODUCTION**

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (AEA or the Act), and 10 CFR 50.80, Southern California Edison Company (SCE), acting on behalf of itself and the City of Anaheim, California (Anaheim), requests that the Nuclear Regulatory Commission (NRC) consent to the transfer of the City of Anaheim's 3.16% undivided ownership interest in San Onofre Nuclear Generating Station, Units 2 and 3 (SONGS 2&3) to SCE, excluding Anaheim's interest in its spent fuel and in the SONGS 2&3 independent spent fuel storage installation (ISFSI). The Applicants request NRC approval for the proposed transfer. SCE will retain exclusive responsibility and control over the operation of SONGS 2&3. Thus, the proposed transfer does not involve any transfer or change in operating authority.

Pursuant to 10 CFR 50.90, the Applicants also request NRC approval of administrative amendments to the SONGS 2&3 licenses pursuant to 10 CFR 50.92 and 10 CFR 2.1315 to conform the licenses to reflect the proposed transfer, upon Anaheim's transfer of its ownership interest in SONGS 2&3 to SCE. Anaheim will retain its ownership interest in its spent nuclear fuel and the ISFSI located on the SONGS 2&3 site. In addition, Anaheim retains financial responsibility for its spent fuel and for a portion of the SONGS 2&3 decommissioning costs. Thus, Anaheim will remain a licensee for purposes of its retained interest and liabilities.

As discussed below, SONGS 2&3 is currently owned by SCE, San Diego Gas & Electric (SDG&E), Anaheim, and the City of Riverside, California (Riverside). As required by the licenses, SCE "is authorized to act as agent for the other co-owners and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility." SCE will retain full responsibility and authority for the

operation of SONGS 2&3. The proposed transfer will not affect this operational control or authority. There is no change expected in the executive management of SONGS 2&3 resulting from the proposed license transfer.

SONGS is composed of two units, each consisting of a 3,438 megawatt thermal Combustion Engineering two-loop pressurized water reactor, other associated plant equipment, and related site facilities. SONGS 2&3 are located next to San Onofre State Beach, which adjoins the Camp Pendleton U.S. Marine Corps Base in northern San Diego County, California. SCE is the licensed operator for SONGS 2&3, pursuant to licenses issued by the NRC. Four SONGS 2&3 owners currently each own an undivided ownership interest in SONGS 2&3 and entitlement to generating output, in the following percentages:

SCE	75.05
SDG&E	20.00
Anaheim	3.16
Riverside	1.79

These same entities pay corresponding shares of SONGS 2&3 operating costs , but SCE retains exclusive control over the operation of SONGS 2&3.

Following the currently anticipated transfers, the SONGS 2&3 licensees will each own an undivided ownership interest in SONGS 2&3 and entitlements to generating output, in the following percentages:

SCE	78.21
SDG&E	20.00
Riverside	1.79
Anaheim	0.00

Anaheim will retain its ownership interest in its spent nuclear fuel and the ISFSI located on the SONGS site. The SONGS 2&3 owners will pay corresponding shares of



the costs of SONGS 2&3 operation, except that Anaheim retains financial responsibility for its spent fuel and for a portion of the facility's decommissioning costs.

The information contained in this Application demonstrates that SCE possesses the requisite qualifications to own up to its 78.21% undivided ownership interest in SONGS 2&3. The proposed transfer of control of Anaheim's interest will not result in any change in the role of SCE as the licensed operator of the facility and will not result in any changes to its technical qualifications. In addition, SCE will remain financially qualified to own its interest. Finally, this request for consent to transfer of control of licenses does not involve any entities that are owned, controlled, or dominated by a foreign entity.

## **II. STATEMENT OF PURPOSE OF THE TRANSFER AND NATURE OF THE TRANSACTION MAKING THE TRANSFER NECESSARY OR DESIRABLE**

SCE and Anaheim have entered into a Settlement Agreement dated December 20, 2005, in which SCE has agreed to purchase all of Anaheim's ownership interest in SONGS 2&3, except for certain excluded assets. Pursuant to the provisions of the SONGS Operating Agreement and the terms of the Settlement Agreement, SCE will acquire all of Anaheim's 3.16% undivided ownership interest in SONGS 2&3, with the exception, *inter alia*, of Anaheim's spent fuel, interest in the SONGS 2&3 ISFSI, and Decommissioning Fund. Thus, following the closing of the Settlement Agreement, Anaheim's licensed interest in SONGS 2&3 will be limited to its spent nuclear fuel, interest in the ISFSI, as well as financial responsibility for its spent fuel and a portion of the SONGS 2&3 decommissioning costs.

SCE currently serves its native load customers with its *pro rata* share of electricity from SONGS 2&3 and intends to serve its native load customers with its additional *pro rata* share of electricity from SONGS 2&3.

### **III. GENERAL CORPORATE INFORMATION REGARDING EDISON INTERNATIONAL AND SOUTHERN CALIFORNIA EDISON**

Detailed information regarding the business and management of the Edison International Company (Edison International) and its wholly-owned subsidiary, SCE, is provided in the 2004 Annual Report for Edison International, which is filed with the Securities and Exchange Commission (SEC). The 2004 Annual Report for SCE was submitted to the NRC on May 23, 2005 as required by 10 CFR 140.21(e). However, certain key information is provided below. This information is not affected by the proposed transfer that is the subject of this Application.

#### **A. Names**

Edison International Company  
Southern California Edison Company

#### **B. Address**

2244 Walnut Grove Avenue, Rosemead, CA 91770.

#### **C. Description of Business or Occupation**

Edison International, through its subsidiaries, is a generator and distributor of electric power and an investor in infrastructure and energy assets, with a power generation portfolio of approximately 14,000 megawatts electric. SCE is a 119 year-old regulated electric utility, serving more than 13 million people in a 50,000 square mile area of central, coastal, and southern California.

## **D. Organization and Management**

### **1. States of Establishment and Place of Business**

Edison International was initially created as a parent holding company for SCE and its non-utility subsidiaries in California in 1988, and California is its principal place of business. SCE is a California corporation and wholly-owned subsidiary of Edison International.

### **2. Directors, Executive Officers**

The following individuals, all of whom are U.S. citizens, are the directors of Edison International and SCE:

John E. Bryson  
France A. Cordova  
Alan J. Fohrer (SCE only)  
Bradford M. Freeman  
Bruce Karatz  
Luis G. Nogales  
Ronald L. Olson  
James M. Rossner  
Richard T. Schlossberg, III  
Robert H. Smith  
Thomas C. Sutton

The following individuals, all of whom are U.S. citizens, are executive officers of Edison International:

John E. Bryson, Chairman, President, and Chief Executive Officer  
Alan J. Fohrer, SCE Chief Executive Officer  
John R. Fielder, SCE President  
J. A. Bouknight, Executive Vice President and General Counsel  
Thomas R. McDaniel, Executive Vice President, Chief Financial Officer, and Treasurer  
Theodore F. Craver, Jr., Chairman of the Board, President and Chief Executive Officer of Edison Mission Energy, and President and Chief Executive Officer of Edison Capital  
Linda G. Sullivan, Vice President and Controller

The following individuals, all of whom are U.S. citizens, are executive officers of  
SCE:

John E. Bryson, Chairman  
Alan J. Fohrer, Chief Executive Officer  
John R. Fielder, President  
Ronald L. Litzinger, Senior Vice President, Transmission and Distribution  
Thomas M. Noonan, Senior Vice President and Chief Financial Officer  
Stephen E. Pickett, Senior Vice President and General Counsel  
Pedro Pizarro, Senior Vice President, Power Procurement  
Richard M. Rosenblum, Senior Vice President and Chief Nuclear Officer  
Mahvash Yazdi, Senior Vice President and Chief Information Officer  
Lynda L. Ziegler, Senior Vice President, Customer Service  
Frederick J. Grigsby, Jr., Vice President, Human Resources  
Linda G. Sullivan, Vice President and Controller

#### **IV. FOREIGN OWNERSHIP OR CONTROL**

Edison International is a publicly traded company, and its securities are traded on the New York Stock Exchange and widely held. SCE is a wholly-owned subsidiary of Edison International. Section 13 of the Securities and Exchange Act of 1934, as amended, 15 U.S.C. § 78m(d), requires that a person or entity that owns or controls more than 5% of the stock of a company must file notice with the Securities and Exchange Commission (SEC). Based upon its review of the relevant filings with the SEC, SCE and Edison International are not aware of any alien, foreign corporation, or foreign government that holds more than 5% of the securities of Edison International or SCE. All of the directors and officers of Edison International and SCE are United States citizens. As such, there is no reason to believe that either SCE or Edison International is owned, controlled, or dominated by any alien, foreign corporation, or foreign government. Thus, the transfer of Anaheim's 3.16% interest in SONGS 2&3 to SCE will

not result in any foreign ownership, domination, or control of SONGS 2&3 within the meaning of the AEA.

## **V. TECHNICAL QUALIFICATIONS**

The technical qualifications of SCE are not affected by the proposed transfer of Anaheim's 3.16% interest in SONGS 2&3. There will be no physical changes to SONGS 2&3 and no changes in the day-to-day operations of SONGS 2&3 in connection with the transfer of control of Anaheim's interest in SONGS 2&3. SCE will at all times remain the licensed operator of SONGS 2&3, and there will be no changes in the SCE senior management team resulting from the proposed license transfer.

## **VI. FINANCIAL QUALIFICATIONS OF SCE**

### **A. Ongoing Operating and Maintenance Costs**

SCE is a regulated electric utility and receives more than 80% of its revenues, including its nuclear-revenues, from traditional "cost-of-service" rate regulation. As such, SCE is an "electric utility" within the meaning of that term as defined in 10 CFR 50.2, and it is, therefore, exempt from financial qualifications review in connection with the proposed transfer of the 3.16% interest in operating licenses pursuant to 10 CFR 50.33(f). In accordance with Section III.1.b of NRC's "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance" (NUREG-1577, Rev. 1), this application should "not be subject to further NRC financial qualifications review," upon NRC's determination that SCE qualifies as an "electric utility."

## **B. Decommissioning Funding**

The status of decommissioning funding for SONGS 2&3 is reported in SCE's 2006 10 CFR 50.75(f)(1) Decommissioning Funding Status Report dated February 23, 2006. Following the proposed transfer, Anaheim will retain a portion of the liability for decommissioning SONGS 2&3 relating to the period of time in which it owned its 3.16% interest in SONGS 2&3, and SCE will assume responsibility for the portion of the liability for decommissioning SONGS 2&3 relating to the period of time in which it will own its additional 3.16% interest in SONGS 2&3. The exact proportion of liability assigned to each will be determined by the actual operating life of SONGS 2&3 and will therefore be determined by future events such as a premature shutdown or plant life extension. For example, if Anaheim owned 3.16% of SONGS 2&3 for exactly 50% of each unit's total operating life, its share of decommissioning liability would be 1.58%. Both SCE and Anaheim will continue to maintain external sinking funds segregated from their assets and outside their administrative control in accordance with the requirements of 10 CFR 50.75(e)(1).

With respect to Anaheim's share of the decommissioning liability for SONGS 2&3 relating to its ownership of the 3.16% interest prior to the transfer to SCE, Anaheim will remain an NRC licensee, and as such, Anaheim will remain directly responsible to the NRC for this liability. Anaheim will provide financial assurance for decommissioning using the external sinking fund method, in accordance with 10 CFR 50.75(e)(1)(A), as a municipal entity that establishes its own rates and is able to recover its cost of service allocable to decommissioning. In addition, Anaheim is contractually responsible to SCE to provide funds for this liability. Thus, to the extent necessary for SCE to provide decommissioning funding assurance for the entire decommissioning liability associated

with the 3.16% interest transferred from Anaheim to SCE, SCE relies upon its contractual rights to funding from Anaheim for the portion of the liability to be funded by Anaheim. SCE will seek rate recovery for contributions to its external sinking fund necessary for any portion of the 3.16% interest transferred from Anaheim to be funded by SCE through cost-of-service ratemaking.

SCE's contractual rights to funding from Anaheim include Anaheim's covenant in the Settlement Agreement to maintain its decommissioning fund in compliance with NRC requirements, including an obligation to make additional deposits, if necessary. As such, this mechanism should be found by the NRC Staff to be an acceptable "equivalent" method under 10 CFR 50.75(e)(1)(vi), because it provides assurance equivalent to the methods authorized by 10 CFR 50.75(e)(1)(i)&(ii).

With respect to SCE's share of the decommissioning liability for SONGS 2&3 relating to the additional 3.16% interest following the transfer, SCE expects to recover its cost of decommissioning relating to the additional interest through rates established by "cost of service" ratemaking. Therefore, SCE will continue to use the external sinking fund method to provide decommissioning funding assurance pursuant to 10 CFR 50.75(e)(1)(i)(A).

The above provides reasonable assurance that SCE will obtain the funds necessary to cover its entire share of the estimated decommissioning funds of SONGS 2&3 at the end of licensed operation.

## **VII. ANTITRUST INFORMATION**

This Application post-dates the issuance of the SONGS 2&3 operating licenses, and therefore no antitrust review is required or authorized. Based upon the

Commission's decision in *Kansas Gas and Electric Co., et al.* (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999), the AEA does not require or authorize antitrust reviews of post-operating license transfer applications. See also 10 CFR 50.80(b); Final Rule, Antitrust Review Authority: Clarification, 65 Fed. Reg. 44,649 (July 19, 2000).

#### **VIII. RESTRICTED DATA AND CLASSIFIED NATIONAL SECURITY INFORMATION**

The proposed transfer does not contain any Restricted Data or other Classified National Security Information, nor does it result in any change in access to any Restricted Data or Classified National Security Information. SCE's existing restrictions on access to Restricted Data and Classified National Security Information are unaffected by the proposed transfer. In compliance with Section 145a of the AEA and 10 CFR 50.37, SCE agrees that restricted or classified defense information will not be provided to any individual until the Office of Personnel Management investigates and reports to the NRC on the character, associations, and loyalty of such individual, and the NRC determines that permitting such person to have access to Restricted Data will not endanger the common defense and security of the United States.

#### **IX. ENVIRONMENTAL CONSIDERATIONS**

The transfer of the 3.16% ownership interest in San Onofre Nuclear Generating Station, Units 2 and 3, (SONGS 2&3) by the City of Anaheim (Anaheim) to Southern California Edison (SCE), involves minor conforming changes to the operating licenses for SONGS 2&3 to reflect the transfer of Anaheim's ownership interest in and



entitlement to generation from SONGS 2&3. Anaheim will retain its ownership interest in its spent nuclear fuel and the ISFSI located on the SONGS site, as well as its financial responsibility for its spent fuel and for a portion of the SONGS 2&3 decommissioning costs. Thus, the existing licensees will remain on the license, and the conforming change is merely to acknowledge the transfer of the 3.16% interest to SCE. SCE will continue to be licensed to possess and operate the units.

#### **A. No Significant Hazards Determination**

Consistent with the generic determination in 10 CFR 2.1315(a), these administrative license amendments involve no significant hazards consideration. Southern California Edison (SCE) has evaluated whether or not a significant hazards consideration is involved with the proposed amendments by focusing on the three standards set forth in 10 CFR 50.92, "Issuance of Amendment," as discussed below:

1. Does the proposed change involve a significant increase in the probability or consequences of an accident previously evaluated?

Response: No.

The amendments do not involve any change in the design, configuration, or operation of the nuclear plant. All Limiting Conditions for Operation, Limiting Safety System Settings, and Safety Limits specified in the Technical Specifications remain unchanged. SCE will continue to be the licensed operator of the units.

The technical qualifications of SCE to carry out its exclusive responsibilities under the operating licenses, as amended, will remain unchanged. Personnel engaged in operation, maintenance, engineering, assessment, training, and other related services are not changed. The SCE officers and executives currently responsible for the overall safe operation of the nuclear plants will continue in that same capacity.

Therefore, the proposed change does not involve a significant increase in the probability or consequences of an accident previously evaluated.

2. Does the proposed change create the possibility of a new or different kind of accident from any accident previously evaluated?

Response: No.

The amendments do not involve any change in the design, configuration, or operation of the nuclear plant. The current plant design and design bases will remain the same. The current plant safety analyses, therefore, remain complete and accurate in addressing the design basis events and in analyzing plant response and consequences.

The Limiting Conditions for Operations, Limiting Safety System Settings, and Safety Limits specified in the Technical Specifications are not affected by the change. As such, the plant conditions for which the design basis accident analyses were performed remain valid.

The amendments do not introduce a new mode of plant operation or new accident precursors, do not involve any physical alterations to plant configurations, or make changes to system set points that could initiate a new or different kind of accident.

Therefore, the proposed change does not create the possibility of a new or different kind of accident from any previously evaluated.

3. Does the proposed change involve a significant reduction in a margin of safety?

Response: No.

The amendments do not involve a change in the design, configuration, or operation of the nuclear plants. The change does not affect either the way in which the plant structures, systems, and components perform their safety function, or their design and licensing bases.

Plant safety margins are established through Limiting Conditions for Operation, Limiting Safety System Settings, and Safety Limits specified in the Technical Specifications. Because there is no change to the physical design of the plant, there is no change to any of these margins.

Therefore, the proposed change does not involve a significant reduction in a margin of safety.

Based on the above, SCE concludes that the proposed amendments present no significant hazards consideration under the standards set forth in 10 CFR 50.92(c), and, accordingly, a finding of “no significant hazards consideration” is justified.

### **B. Categorical Exclusion**

The requested consent to transfer of control of the SONGS 2&3 licenses is exempt from environmental review because it falls within the categorical exclusion contained in 10 CFR 51.22(c)(21), for which neither an Environmental Assessment nor an Environmental Impact Statement is required. Moreover, the proposed transfer will not directly affect the actual operation of SONGS 2&3 in any substantive way. The proposed transfer does not involve an increase in the amounts, or a change in the types, of any radiological effluents that may be allowed to be released off-site, and it does not involve an increase in the amounts, or a change in the types, of non-radiological effluents that may be released off-site. Further, there is no increase in the individual or cumulative operational radiation exposure, and the proposed transfer has no environmental impact.

### **X. PRICE-ANDERSON INDEMNITY AND NUCLEAR INSURANCE**

Anaheim is retaining its ownership interest in its spent nuclear fuel and the ISFSI located on the SONGS site, as well as its financial responsibility for its spent fuel and for a portion of the SONGS 2&3 decommissioning costs. As such, Anaheim remains a SONGS 2&3 licensee and no changes to the Price-Anderson indemnity agreement are required. SCE will maintain all required nuclear property damage insurance pursuant to

10 CFR 50.54(w) and nuclear energy liability insurance pursuant to Section 170 of the AEA and 10 CFR Part 140. In addition, SCE's annual reporting in compliance with 10 CFR 140.21(e), last submitted May 23, 2005, provides reasonable assurance regarding its ongoing ability to pay its share of any annual retrospective premium.

## **XI. EFFECTIVE DATES**

The actual date for any transfer of control of Anaheim's 3.16% interest in SONGS 2&3 to SCE will be dependent upon the actual date of satisfying the conditions for closing the sale by Anaheim in accordance with the terms and conditions of the Settlement Agreement, including receipt of any other required regulatory approvals and rulings.

The Applicants request that the NRC review this Application on a schedule that will permit the issuance of NRC consent to the transfer of control by no later than September 1, 2006. Such consent should be immediately effective upon issuance and should permit the transfer of control at any time within twelve months of the date of approval of this Application. SCE will inform the NRC if there are any significant changes in the status of any other required approvals or any other developments that have an impact on the schedule.

## **XII. CONCLUSION**

Based upon the foregoing information, the Applicants request that the NRC issue an Order consenting to the transfer of control of the Facility Operating Licenses, Nos. NPF-10 and NFF-15, for Anaheim's 3.16% undivided ownership interest in SONGS 2&3 to SCE, excluding Anaheim's interest in its spent fuel and the ISFSI. The Applicants further request that the NRC approve conforming administrative amendments to reflect the proposed transfer of Anaheim's interest, and that the NRC issue such amendments, at such time as the transfer of the Anaheim interest in SONGS 2&3 to SCE is completed.

**ATTACHMENT A**

**CURRENT PAGE**

**UNIT 2 LICENSE**

- G. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations;
  - H. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - I. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-10, subject to the condition for protection of the environment set forth herein, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - J. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings and the Partial Initial Decision issued by the Atomic Safety and Licensing Board on January 11, 1982 regarding this facility, Facility Operating License No. NPF-10 is hereby issued to the Southern California Edison Company, the San Diego Gas and Electric Company, the City of Riverside, California and the City of Anaheim, California to read as follows:
- A. This license applies to the San Onofre Nuclear Generating Station, Unit 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located in San Diego County, California, and is described in The Final Safety Analysis Report as supplemented and amended, and the Environmental Report as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
    - (1) Southern California Edison Company, San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California to possess the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;
    - (2) Southern California Edison Company (SCE), pursuant to Section 103 of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities", to possess, use, and operate the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;



**ATTACHMENT B**

**CURRENT PAGE**

**UNIT 3 LICENSE**

- F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-15, subject to the condition for protection of the environment set forth herein, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, the Partial Initial Decision issued by the Atomic Safety and Licensing Board on January 11, 1982, and the Initial Decision issued by the Atomic Safety and Licensing Board on May 14, 1982 regarding this facility, Facility Operating License No. NPF-15 is hereby issued to the Southern California Edison Company, the San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California to read as follows:
- A. This license applies to the San Onofre Nuclear Generating Station, Unit 3, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located in San Diego County, California, and is described in the Final Safety Analysis Report, as amended, through Amendment 30, and the Environmental Report, as amended, through Amendment 6.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
    - (1) Southern California Edison Company, San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California to possess the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;
    - (2) Southern California Edison Company (SCE), pursuant to Section 103 of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," to possess, use, and operate the facility at the designated location in San Diego County, California in accordance with the procedures and limitations set forth in this license.

**ATTACHMENT C**

**MARKED-UP PAGE FOR PROPOSED  
CONFORMING CHANGES TO UNIT 2 LICENSE**

- G. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations;
  - H. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - I. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-10, subject to the condition for protection of the environment set forth herein, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - J. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings and the Partial Initial Decision issued by the Atomic Safety and Licensing Board on January 11, 1982 regarding this facility, Facility Operating License No. NPF-10 is hereby issued to the Southern California Edison Company, the San Diego Gas and Electric Company, the City of Riverside, California and the City of Anaheim, California<sup>1</sup> to read as follows:
- A. This license applies to the San Onofre Nuclear Generating Station, Unit 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located in San Diego County, California, and is described in The Final Safety Analysis Report as supplemented and amended, and the Environmental Report as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
    - (1) Southern California Edison Company, San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California<sup>1</sup> to possess the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;
    - (2) Southern California Edison Company (SCE), pursuant to Section 103 of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities", to possess, use, and operate the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;

Amendment No. 185

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<sup>1</sup>The City of Anaheim has transferred its ownership interests in the facility, and entitlement to facility output, to Southern California Edison Company, except that it retains its ownership interests in its spent nuclear fuel and the facility's independent spent fuel storage installation located on the facility's site. In addition, the City of Anaheim retains financial responsibility for its spent fuel and for a portion of the facility's decommissioning costs. The City of Anaheim remains a licensee for purposes of its retained interests and liabilities.

## **ATTACHMENT D**

### **MARKED-UP PAGE FOR PROPOSED CONFORMING CHANGES TO UNIT 3 LICENSE**

- F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-15, subject to the condition for protection of the environment set forth herein, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, the Partial Initial Decision issued by the Atomic Safety and Licensing Board on January 11, 1982, and the Initial Decision issued by the Atomic Safety and Licensing Board on May 14, 1982 regarding this facility, Facility Operating License No. NPF-15 is hereby issued to the Southern California Edison Company, the San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California<sup>1</sup> to read as follows:
- A. This license applies to the San Onofre Nuclear Generating Station, Unit 3, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located in San Diego County, California, and is described in the Final Safety Analysis Report, as amended, through Amendment 30, and the Environmental Report, as amended, through Amendment 6.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
    - (1) Southern California Edison Company, San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California<sup>1</sup> to possess the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;
    - (2) Southern California Edison Company (SCE), pursuant to Section 103 of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," to possess, use, and operate the facility at the designated location in San Diego County, California in accordance with the procedures and limitations set forth in this license.

Amendment No. 176

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<sup>1</sup>The City of Anaheim has transferred its ownership interests in the facility, and entitlement to facility output, to Southern California Edison Company, except that it retains its ownership interests in its spent nuclear fuel and the facility's independent spent fuel storage installation located on the facility's site. In addition, the City of Anaheim retains financial responsibility for its spent fuel and for a portion of the facility's decommissioning costs. The City of Anaheim remains a licensee for purposes of its retained interests and liabilities.

**ATTACHMENT E**

**PROPOSED CONFORMING CHANGES  
TO UNIT 2 LICENSE**

- G. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations;
  - H. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - I. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-10, subject to the condition for protection of the environment set forth herein, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - J. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings and the Partial Initial Decision issued by the Atomic Safety and Licensing Board on January 11, 1982 regarding this facility, Facility Operating License No. NPF-10 is hereby issued to the Southern California Edison Company, the San Diego Gas and Electric Company, the City of Riverside, California and the City of Anaheim, California<sup>1</sup> to read as follows:
- A. This license applies to the San Onofre Nuclear Generating Station, Unit 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located in San Diego County, California, and is described in The Final Safety Analysis Report as supplemented and amended, and the Environmental Report as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
    - (1) Southern California Edison Company, San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California<sup>1</sup> to possess the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;
    - (2) Southern California Edison Company (SCE), pursuant to Section 103 of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities", to possess, use, and operate the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;

Amendment No.

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<sup>1</sup>The City of Anaheim has transferred its ownership interests in the facility, and entitlement to facility output, to Southern California Edison Company, except that it retains its ownership interests in its spent nuclear fuel and the facility's independent spent fuel storage installation located on the facility's site. In addition, the City of Anaheim retains financial responsibility for its spent fuel and for a portion of the facility's decommissioning costs. The City of Anaheim remains a licensee for purposes of its retained interests and liabilities.



**ATTACHMENT F**

**PROPOSED CONFORMING CHANGES  
TO UNIT 3 LICENSE**

- F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-15, subject to the condition for protection of the environment set forth herein, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings, the Partial Initial Decision issued by the Atomic Safety and Licensing Board on January 11, 1982, and the Initial Decision issued by the Atomic Safety and Licensing Board on May 14, 1982 regarding this facility, Facility Operating License No. NPF-15 is hereby issued to the Southern California Edison Company, the San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California<sup>1</sup> to read as follows:
- A. This license applies to the San Onofre Nuclear Generating Station, Unit 3, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located in San Diego County, California, and is described in the Final Safety Analysis Report, as amended, through Amendment 30, and the Environmental Report, as amended, through Amendment 6.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
    - (1) Southern California Edison Company, San Diego Gas and Electric Company, the City of Riverside, California, and the City of Anaheim, California<sup>1</sup> to possess the facility at the designated location in San Diego County, California, in accordance with the procedures and limitations set forth in this license;
    - (2) Southern California Edison Company (SCE), pursuant to Section 103 of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," to possess, use, and operate the facility at the designated location in San Diego County, California in accordance with the procedures and limitations set forth in this license.

Amendment No.

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<sup>1</sup>The City of Anaheim has transferred its ownership interests in the facility, and entitlement to facility output, to Southern California Edison Company, except that it retains its ownership interests in its spent nuclear fuel and the facility's independent spent fuel storage installation located on the facility's site. In addition, the City of Anaheim retains financial responsibility for its spent fuel and for a portion of the facility's decommissioning costs. The City of Anaheim remains a licensee for purposes of its retained interests and liabilities.