

10 CFR 50.75(f)(1)

March 31, 2014

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) Decommissioning Funding Status Report
San Onofre Nuclear Generating Station Units 2 and 3

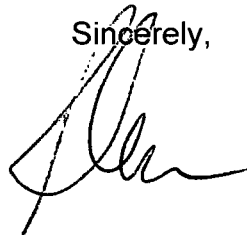
Dear Sir or Madam:

As required by 10 CFR 50.75(f)(1), this letter provides the status of the decommissioning expenditures and funding for San Onofre Nuclear Generating Station (SONGS) Units 2 and 3 as of December 31, 2013. The required information is provided in the enclosure for Southern California Edison, San Diego Gas & Electric and the Cities of Anaheim and Riverside. This information is reported on an annual basis for SONGS Units 2 and 3 because the units were permanently shut down on June 7, 2013.

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

If you have any questions regarding this matter, please contact Mr. Mark E. Morgan, Licensing Lead, at 949-368-6745.

Sincerely,



Enclosure: San Onofre Nuclear Generating Station Units 2 and 3 Decommissioning
Funding Status Report 2013

cc: M. Dapas, Regional Administrator, NRC Region IV
M. Chernoff, NRC Project Manager, San Onofre Units 2 and 3
G. G. Warnick, NRC Senior Resident Inspector, San Onofre Units 2 & 3

A001
NRR

Enclosure
San Onofre Nuclear Generating Station Units 2 and 3
Decommissioning Funding Status Report
2013

**San Onofre Nuclear Generating Station Units 2 and 3
Decommissioning Funding Status Report
2013**

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) for San Onofre Units 2 and 3. These units closed on June 7, 2013, therefore, this information is reported annually for San Onofre Units 2 and 3 as required for shutdown plants.

All dollar amounts are in 2013 dollars.

The decommissioning liability of the San Onofre Units 2 and 3 participants is set forth below for each unit:

Participant	Unit 2 Decommissioning Liability	Unit 3 Decommissioning Liability
SCE	75.7363%	75.7475%
SDG&E	20.0000%	20.0000%
Anaheim	2.4737%	2.4625%
Riverside	1.7900%	1.7900%

- 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>
\$ 524.4 million	\$ 524.4 million

- b) The San Onofre Units 2 and 3 site-specific estimate⁽¹⁾ for decommissioning includes the below components. The first line represents costs associated with terminating the site license:

	<u>San Onofre Unit 2</u>	<u>San Onofre Unit 3</u>
License Termination	\$ 899.9 million	\$ 878.3 million
Site Restoration	\$ 462.6 million	\$ 642.4 million
Fuel Storage	\$ 727.0 million	\$ 767.2 million
TOTAL	\$ 2,089.5 million	\$ 2,287.9 million

- 2) The amounts accumulated at the end of calendar year 2013 (net of estimated taxes) are:

Participant	San Onofre Unit 2	San Onofre Unit 3
SCE	\$ 1,369.5 million	\$ 1,536.8 million
SDG&E ⁽²⁾	\$ 379.2 million	\$ 436.0 million
Anaheim ⁽²⁾	\$ 61.1 million	\$ 66.5 million
Riverside ⁽²⁾	\$ 37.2 million	\$ 40.1 million
TOTAL	\$ 1,847.0 million	\$ 2,079.4 million

- 3) The amounts accumulated for each category of decommissioning costs at the end of calendar year 2013 are:

San Onofre Unit 2	Estimated "To Go" Decommissioning Costs	Cost Ratios in Cost Estimate	12/31/2013 Trust Balance
License Termination Costs	\$ 899.9 million	43%	\$ 794.2 million
Site Restoration Costs	\$ 462.6 million	22%	\$ 406.3 million
Spent Fuel Storage Costs	\$ 727.0 million	35%	\$ 646.5 million
TOTAL	\$ 2,089.5 million	100%	\$ 1,847.0 million

San Onofre Unit 3	Estimated "To Go" Decommissioning Costs	Cost Ratios in Cost Estimate	12/31/2013 Trust Balance
License Termination Costs	\$ 878.3 million	38%	\$ 790.2 million
Site Restoration Costs	\$ 642.4 million	28%	\$ 582.2 million
Spent Fuel Storage Costs	\$ 767.2 million	34%	\$ 707.0 million
TOTAL	\$ 2,287.9 million	100%	\$ 2,079.4 million

- 3) The annual amounts projected to be collected in 2014 are:

Participant	San Onofre Unit 2	San Onofre Unit 3
SCE	\$ 17.6 million	\$ 5.1 million
SDG&E ⁽²⁾	\$ 5.8 million	\$ 2.2 million
Anaheim ⁽²⁾	\$ 0.0 million	\$ 0.0 million
Riverside ⁽²⁾	\$ 0.0 million	\$ 0.0 million
TOTAL	\$ 23.4 million	\$ 7.3 million

Each participant 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 composite escalation rate for San Onofre Units 2 and 3 Decommissioning is 3.110%.
- 5) The after tax investment rates of return for the Decommissioning Trust Funds forecast by each participant are the following:

<u>Participant</u>	<u>Qualified</u>	<u>Non-Qualified</u>
SCE	4.15%	3.22%
SDG&E ⁽²⁾	4.12%	3.68%
Anaheim ⁽²⁾	1.50%	1.50%
Riverside ⁽²⁾	2.38%	2.38%

The after tax composite investment rate of return is 4.045%. The composite investment rate of return less the composite escalation rate yields a composite real earnings rate less than the 2% real rate of return allowed under 10 CFR 50.75(e)(1)(ii).

- 6) None of the Participants 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.

Notes:

- (1) On July 22, 2013, approximately six weeks after the permanent closure of San Onofre Units 2 and 3, SCE submitted this updated site-specific decommissioning cost estimate for San Onofre Units 2 and 3 to the California Public Utilities Commission (CPUC). This estimate is a preliminary update to SCE's previous estimate, which assumed that these units would close upon expiration of their operating licenses in 2022, and which was approved by the CPUC on July 29, 2010. Like the previous estimate, this updated estimate includes the radiological costs associated with terminating the site license, non-radiological costs, and fuel storage costs. SCE plans to submit a new, more detailed, site-specific Decommissioning Cost Estimate to the CPUC and to the NRC in 2014, contemporaneous with the Post Shutdown Decommissioning Activities Report (PSDAR) for San Onofre Units 2 and 3.
- (2) 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.