

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Joint Application of Southern California Edison Company (U338E) and San Diego Gas & Electric Company (U902E) for the 2024 Nuclear Decommissioning Cost Triennial Proceeding.

Application 24-12-003

**REPLY BRIEF OF THE PUBLIC ADVOCATES OFFICE
FOR THE 2024 NUCLEAR DECOMMISSIONING TRIENNIAL
PROCEEDING ASSESSING THE REASONABLENESS OF THE
SAN ONOFRE NUCLEAR GENERATING STATION (SONGS) 1, 2 & 3
NUCLEAR DECOMMISSIONING ACTIVITIES AND RELATED COSTS,
PALO VERDE DECOMMISSIONING COST ESTIMATES, AND
DISPOSITION OF DEPARTMENT OF ENERGY LITIGATION
PROCEEDS RELATED TO SONGS 1, 2 & 3 SPENT FUEL STORAGE**

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Pursuant to an e-mail ruling (ALJ's Scheduling Order) issued by Administrative Law Judge (ALJ) Andrea D. McGary on October 2, 2025,¹ the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this Reply Brief in response to the parties' Opening Briefs submitted on January 15, 2026.

I. INTRODUCTION AND PROCEDURAL BACKGROUND

On September 11, 2025, Southern California Edison Company (SCE) and San Diego Gas & Electric (SDG&E) (collectively, the Joint Applicants), the Alliance for Nuclear Responsibility (A4NR), Cal Advocates, and The Utility Reform Network (TURN) participated in a status conference with ALJ McGary regarding this Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) and the need for evidentiary hearings.² During the status conference, each of these parties requested and stipulated on the record to waive in-person evidentiary hearings and to resolve this proceeding without

¹ See, *Administrative Law Judge's Ruling Regarding Document Only Evidence Process and Briefing Schedule* (ALJ's Scheduling Order), dated October 2, 2025, at 7.

² ALJ's Scheduling Order at 2-3.

an evidentiary hearing and by a document only evidence submission process with parties submitting opening briefs by January 15, 2026.³ ALJ McGary subsequently issued the ALJ's Scheduling Order modifying the original briefing schedule and directed the parties to submit their opening briefs by January 15, 2026, with reply briefs due no later than February 6, 2026.⁴ This Reply Brief is timely filed pursuant to ALJ's Scheduling Order.

Cal Advocates' Opening Brief makes five recommendations regarding the unresolved issues in this proceeding.⁵

1. SONGS 2 & 3 Decommissioning Cost Estimate (DCE) – Operational Scenario: The Joint Applicants and Cal Advocates recommend that the Commission approve the estimated cost of implementing the SONGS 2&3 DCE Operational Scenario, which is reflected in the SONGS 2&3 DCE amount of \$4,709.4 million (100% share, 2014 \$).⁶
2. SONGS 2 & 3 DCE – Mesa Post-Release Work Activities: The 2024 SONGS 2&3 DCE includes costs of remediating certain parcels of land in an area known as the Mesa.⁷ The Joint Applicants contend that the Department of the Navy (Navy) will require SCE to incur the additional cleanup and surrender costs but provides no documented basis for the Navy's alleged demand regarding the Mesa parcel.⁸ Because SCE could not demonstrate any basis for these additional cleanup and surrender costs, the Commission should remove \$1.4 million from the DCE for these items.⁹

³ ALJ's Scheduling Order at 7.

⁴ ALJ's Scheduling Order at 7.

⁵ See, *Opening Brief of the Public Advocates Office for the 2024 Triennial Nuclear Decommissioning Proceeding Assessing the Reasonableness of the San Onofre Nuclear Generating Station (SONGS) 1, 2 & 3 Nuclear Decommissioning Activities and Related Costs, Palo Verde Decommissioning Cost Estimates, and Disposition of DOE Litigation Proceeds Related to SONGS 1, 2 & 3 Nuclear Waste Storage* (Cal Advocates' Opening Brief), dated January 15, 2026, at 2.

⁶ See, *Joint Application of Southern California Edison Company (U 338-E) and San Diego Gas & Electric Company (U 902-E) for the 2024 Nuclear Decommissioning Triennial Proceeding* (Joint Application), December 6, 2024, at 6. See also, *Opening Brief of Southern California Edison Company (U 338-E) and San Diego Gas & Electric Company (U 902-E)* (Joint Applicants' Opening Brief), dated January 15, 2026, at 9-10.

⁷ Joint Applicants' Opening Brief at 15-16.

⁸ Joint Applicants' Opening Brief at 15-16.

⁹ Cal Advocates' Opening Brief at 4-5.

3. SONGS 2 & 3 DCE – Information Technology (IT) Costs: SCE seeks an increase of \$7.4 million from the 2021 SONGS 2&3 DCE.¹⁰ SCE asserts that the increase is needed based on “recent experience and a more accurate understanding of the work required for future decommissioning periods.”¹¹ The Commission should remove \$7.4 million from the DCE and reevaluate items in the IT section.¹²
4. Palo Verde Nuclear Generating Station (PVNGS) DCE – Contingency: SCE seeks approval of a DCE of \$632.1 million (SCE share, 2023\$) for the 2023 PVNGS.¹³ SCE cites a TLG Services, Inc. (TLG) decommissioning cost study prepared in 2023 as the basis for the PVNGS DCE.¹⁴ This DCE includes a 25% contingency based on uncertain forecasts of the costs to be incurred.¹⁵ The Commission should apply the approach described in its 2024 NDCTP proceeding decision and maintain the existing 19.4% PVNGS.¹⁶
5. U.S. Department of Energy (DOE) Litigation Proceeds: The Joint Applicants recommend that the Commission approve a change in the disposition of certain proceeds from various lawsuits the Joint Applicants have undertaken against the DOE (DOE Litigation Proceeds), i.e. that all future proceeds be allocated to the SONGS Non-Qualified Nuclear Decommissioning Trusts (NQNDTs).¹⁷ The Commission should reject the Joint Applicant’s request to divert the DOE Litigation Proceeds to the NQNDTs. The Commission should instead require the Joint Applicants to continue to book 50% of DOE Litigation Proceeds into the NQNDT and to return 50% of the DOE Litigation Proceeds the Joint Applicants’ customers through the existing Energy Resource Recovery Account (ERRA) mechanism.¹⁸

¹⁰ Joint Applicants’ Opening Brief at 16.

¹¹ Joint Applicants’ Opening Brief at 16.

¹² Cal Advocates’ Opening Brief at 5.

¹³ Joint Applicants’ Opening Brief at 20-22.

¹⁴ Joint Applicants’ Opening Brief at 20-22.

¹⁵ Joint Applicants’ Opening Brief at 20-22.

¹⁶ Cal Advocates’ Opening Brief at 7.

¹⁷ Joint Application at 6. See also, Applicants’ Opening Brief at 22-25.

¹⁸ Cal Advocates’ Opening Brief at 8. See also, Exhibit CA-0400 at 11:15-17.

Cal Advocates responds to the Joint Applicants' claims with respect to issues numbered 2-5 above in detail below.

II. DISCUSSION

SCE and SDG&E are the holders of Nuclear Regulatory Commission (NRC) licenses for SONGS Units 1, 2 and 3.¹⁹ The Joint Applicants do not own the site where SONGS is located but are authorized to use the site pursuant to easements and leases granted by the Navy and the California State Lands Commission.²⁰ After California adopted the California Nuclear Decommissioning Act of 1985,²¹ the Commission established a regulatory framework to ensure adequate financial resources for the safe decommissioning of California's nuclear power plants.²² The Commission conducts its review of nuclear decommissioning costs and activities through the NDCTP.²³ During each NDCTP, the Commission undertakes a reasonableness review of the Joint Applicants' DCE, related activities, and the actual costs incurred to determine whether such expenditures are reasonable and prudent.²⁴

The Commission has repeatedly noted that "the duty to furnish and maintain safe equipment and facilities falls squarely on California public utilities, including electric utilities, such as SCE and SDG&E."²⁵ Hence, the Joint Applicants must show that all nuclear decommissioning expenses incurred are the result of appropriate actions and

¹⁹ Decision (D.) 24-08-001, *Decision Approving the 2021 Nuclear Decommissioning Cost Triennial Proceeding Costs of Southern California Edison San Diego Gas & Electric Company*, August 1, 2024, at 3.

²⁰ D.24-08-001 at 3.

²¹ Codified at Pub. Util. Code §§ 8321-8330.

²² D.24-08-001 at 3.

²³ D.24-08-001 at 3.

²⁴ D.24-08-001 at 3. See also, Pub. Util. Code § 451 ("each public utility in California must [f]urnish and maintain such adequate, efficient, just and reasonable service, instrumentalities, equipment and facilities ...as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.").

²⁵ D.24-08-001 at 4.

reasonable costs.²⁶ Furthermore, the Joint Applicants bear the burden of proof to demonstrate that all nuclear decommissioning expenses incurred are the result of appropriate actions and reasonable costs, as well as the reasonableness of the DCE and any resulting rate change requests.²⁷

A. The Joint Applicants Failed to Demonstrate the Department of the Navy Will Require the Mesa Post-Release Work Activities.

The Joint Applicants argue that the Commission should approve the inclusion in their 2024 SONGS 2&3 DCE the costs of remediating certain parcels of land in an area known as the Mesa Parcels 8 & 9 so those parcels can be returned to the Navy.²⁸ They explain that the Navy is responsible for setting site cleanup requirements for the Mesa parcels and claim that prior experience remediating other Mesa parcels “indicates the Navy *will* require SCE to incur the additional cleanup and surrender costs.”²⁹

The Joint Applicants’ claims are without merit. First, they acknowledge that “remediation requirements have not yet been set for Parcels 8 & 9...”³⁰ In an apparent effort to reduce the harm of that admission, the Joint Applicants assert that SCE’s lease with the Navy requires SCE to return the parcels in the same condition as when they were initially leased, or “in a condition acceptable to the Navy.”³¹ Aside from a failure to cite to the specific provision of the lease requiring such a contractual condition, the phrase “in a condition acceptable to the Navy” means the Navy’s final requirements for return of the parcels remain unknown.

Second, Cal Advocates requested SCE provide supporting documentation for the \$8.7 million increase for the Mesa Post-Release Work Activities.³² SCE responded that

²⁶ D.24-08-001 at 5.

²⁷ D.24-08-001 at 6.

²⁸ Joint Applicants’ Opening Brief at 15.

²⁹ Joint Applicants’ Opening Brief at 15.

³⁰ Joint Applicants’ Opening Brief at 15-16.

³¹ Joint Applicants’ Opening Brief at 15-16.

³² Cal Advocates’ Opening Brief at 4.

the \$8.7 million is its estimate of future costs (i.e., a projection) and therefore it did not have any supporting documentation, e.g., invoices or contracts.³³ The lack of any supporting documentation for the claimed future cost is yet another reason that the Joint Applicant's estimated additional costs to remediate Mesa Parcels 8 & 9 are highly speculative and should not be authorized. Therefore, the Commission should remove \$1.4 million from the DCE for items from the Mesa Post-Release Work Activities list until the Navy confirms what specific activities, if any, will be required for remediation of Mesa parcels 8 & 9 and SCE provides documentation of the Navy's requirements and the cost of meeting those requirements, such as invoices and contracts, for the Navy's required work,.

B. SCE's Claims for SONGS 2&3 DCE for Non-Labor IT Are Unsupported and Unjustified.

In their Opening Brief, the Joint Applicants comment that SCE incurs IT costs to maintain essential IT systems, including software and network licenses, network service providers, cybersecurity infrastructure, and technical support for site personnel that are necessary for safe, secure, and effective execution of the project.³⁴ The Joint Application states that SCE's SONGS 2&3 DCE for Non-Labor IT for the 2024 DCE is \$49.1 million, which is an increase of \$7.4 million or 17.75% from the Joint Applicants' 2020 DCE IT estimate.³⁵ The Joint Applicants assert that the increased costs result from revised assumptions associated with the later part of the decommissioning project, e.g., updated cost information, updated IT requirements, correction of an inconsistency in allocation of costs to SONGS, and the three-year delay due to continued DOE non-performance.³⁶

The Joint Applicants' claims notwithstanding they have failed to provide concrete information necessary for the Commission to reasonably determine whether the increased

³³ Cal Advocates' Opening Brief at 4.

³⁴ Joint Applicants' Opening Brief at 16.

³⁵ Exh. CA-0400 at 6:6-15. See also, Exh. SCE-04 at 40.

³⁶ Exh. CA-0400 at 6:6-15. See also, Exh. SCE-04 at 40 and Joint Applicants' Opening Brief at 16.

cost estimate for Non-Labor IT for the 2024 DCE is justified.³⁷ Therefore, the Commission should remove \$7.4 million from the DCE.³⁸ In addition, the Commission should require the Joint Applicants to provide more supporting documentation in the next triennial application, including any calculations resulting from the change in assumption that contributed to the 2024 DCE increase for IT.³⁹

C. SCE’s 2023 PVNGS Decommission Costs Estimate Contingency is Speculative and Not Justified.

As noted in the Joint Application, SCE owns a 15.1% interest in the PVNGS, which is operated by the Arizona Public Service (APS).⁴⁰ SCE’s 2023 Palo Verde DCE includes \$29.5 million for anticipated Contingency expenses, which requires an increase in Contingency expenses from the current 19.4% to 25%.⁴¹ The Joint Applicants explain that the increased Contingency is based on a decommissioning cost study prepared in 2023 by TLG for APS.⁴²

Notwithstanding the submission of the TLG decommissioning cost study, SCE has failed to meet its burden to demonstrate why it requires an additional \$29.5 million for Contingency expenses.⁴³ As noted in Cal Advocates’ Opening Brief, SCE admitted it did not consider any new factors or resources to support the use of 25% contingency for PVNGS in the 2024 NDCTP other than those that SCE used to support the use of 25% contingency in those prior NDCTPs.⁴⁴ Moreover, decommissioning of PVNGS is not scheduled to commence until 2045, i.e., almost twenty years from now.⁴⁵ SCE has

³⁷ Cal Advocates’ Opening Brief at 5.

³⁸ Cal Advocates’ Opening Brief at 5.

³⁹ Cal Advocates’ Opening Brief at 5.

⁴⁰ Ex. 0005, Bates No. 0842 (Ex. SCE-05 at 1). The Joint Applicants further explained that SDG&E does not own an interest in PVNGS.

⁴¹ Cal Advocates’ Opening Brief at 5-6.

⁴² Joint Applicants’ Opening Brief at 20.

⁴³ D.24-08-001 at 6.

⁴⁴ Cal Advocates’ Opening Brief at 6.

⁴⁵ Cal Advocates’ Opening Brief at 6.

considerable time before decommissioning of PVNGS commences to update the DCE with more reliable and accurate decommissioning cost estimates.⁴⁶ The Commission should not authorize an increase in the already uncertain Contingency estimates.

D. The Commission Should Split the DOE Proceeds Equally Between Refunding Customers and Funding the NQNDT.

The DOE continues to fail to meet its legal and contractual obligations to remove spent nuclear fuel from SONGS.⁴⁷ SCE thereby incurs substantial costs to safely store the spent nuclear fuel at SONGS until the DOE takes possession and stores this radioactive nuclear waste.⁴⁸ As explained in Cal Advocates' Opening Brief, SCE has filed and prevailed in numerous lawsuits against the DOE to recoup these costs.⁴⁹ Until now, SCE has returned a portion of those litigation proceeds to its customers via the ERRR process.⁵⁰ The Joint Applicants now request the Commission authorize them to deposit the proceeds of *all* future DOE Litigation Proceeds into the SONGS NQNDTs.⁵¹ The Joint Applicants argue that the Commission's prior decision in the last NDCTP provides the legal basis for such an unjustified award.⁵²

As an initial matter, the Joint Applicants' legal arguments are flawed. The Commission's prior decision concluded that it was reasonable for the Joint Applicants to deposit the DOE Litigation Proceeds into the NQNDTs to pay for additional spent fuel storage costs caused by DOE's delays.⁵³ However, the Joint Applicants failed to mention the Commission's decision also included other requirements. First, the Commission ordered the Joint Applicants during this NDCTP to "...specify any DOE litigation

⁴⁶ Cal Advocates' Opening Brief at 6.

⁴⁷ Cal Advocates' Opening Brief at 7.

⁴⁸ Cal Advocates' Opening Brief at 7.

⁴⁹ Exh. CA-0400 at 11:15-17. See also, Exh. SCE-07 at 5-7.

⁵⁰ Exh. SCE-07 at 7, Table III-1 (DOE Litigation Proceeds).

⁵¹ Joint Applicants' Opening Brief at 22-23.

⁵² Joint Applicants' Opening Brief at 22-23 (citing D.24-08-001 at 35, COL Nos. 9 and 10).

⁵³ D.24-08-001 at 35, COL No. 10.

proceeds received during the period between the filing of the 2021 NDCTP and the 2024 NDCTP and any DOE litigation proceeds expected to be received in the 2024 NDCTP.”⁵⁴ Second, the Commission ordered the Joint Applicants “to compare the forecasted decommissioning costs, with the forecasted spent fuel storage costs included, against the forecasted NQNDT fund balances, with the amount of DOE litigation proceeds received included...”⁵⁵ Third, the Commission ordered the Joint Applicants “to present the annualized forecasted decommissioning costs, forecasted spent fuel storage costs, and forecasted Non-Qualified Nuclear Decommissioning Trust fund balances.”⁵⁶ Nowhere in D.24-08-001 does the Commission explicitly state it would authorize the allocation of *all* future DOE Litigation Proceeds to NQNDTs. To the contrary, D.24-08-001 includes additional requirements in conclusions of law 11 and 12 that mandate that the Joint Applicants continue to report on the amount and status of DOE Litigation Proceeds and imply that the Commission would only consider, not guarantee, authorizing allocation of *some future* DOE Litigation proceeds to the NQNDTs rather than continue refunding all proceeds to customers via the existing ERRA mechanism.⁵⁷

In addition, there is ample evidence that further funding of the NQNDTs is currently unjustified. SCE provided Cal Advocates with a table detailing the Trust Funds v. To Go Costs.⁵⁸ The current excess just for SONGS 1 in the Qualified and Non-Qualified Trusts is approximately \$147.1 million while SONGS 2 & 3 is underfunded by \$224.5 million for the Operational Scenario, which results in a potential shortfall of \$77.4 million.⁵⁹ However, SCE has already received roughly 80% of its claims and currently has two pending claims.⁶⁰ Thus, SCE will receive a potential of \$361.6 million in DOE

⁵⁴ D.24-08-001 at 35, COL No. 11.

⁵⁵ D.24-08-001 at 35, COL No. 11.

⁵⁶ D.24-08-001 at 35, COL No. 12.

⁵⁷ D.24-08-001 at 35, COL Nos. 11 and 12.

⁵⁸ Exh. CA-0400 at 10:20-22. See also, Exh. CA-0400 at 11, *Table 1-5 Trust Funds v. To Go Costs (SCE Share 2024\$)*.

⁵⁹ Exh. CA-0400 at 11:5-8. See also, Exh. CA-0400 at 11, Table 1-5.

⁶⁰ Exh. CA-0400 at 11:9-14.

litigation proceeds.⁶¹ This far exceeds the amount needed to adequately fund the Nuclear Decommissioning Trusts (NDTs) as a whole.⁶²

TURN has also observed that “...the SONGS decommissioning trust fund balances are forecasted to be adequate to support decades of additional spent fuel storage costs without any need to use DOE litigation proceeds or restart collections from customers.”⁶³ As of this date, the total pending amount of Round 5 and 6 DOE litigation claims is \$605 million.⁶⁴ As explained above, the Commission required the Joint Applicants to “compare the forecasted decommissioning costs, with the forecasted spent fuel storage costs included, against the forecasted Non-Qualified Nuclear Decommissioning Trust fund balances, with the amount of DOE litigation proceeds received included.”⁶⁵ But TURN correctly notes the Joint Applicants failed to provide any analysis that “included” any DOE litigation proceeds in the comparison between forecasted decommissioning costs (with or without spent fuel storage costs) and forecasted NQNDT balances.⁶⁶ TURN’s request for such an analysis was improperly refused by the Joint Applicants.⁶⁷ TURN correctly states that the Joint Applicants’ refusal prevents the Commission from having all the relevant information necessary to properly determine the DOE litigation proceeds’ impacts on future NQNDT balances and evaluate the adequacy of decommissioning funding.⁶⁸ Put another way, the Joint Applicants failed to meet their legal burden to provide a factual basis that justifies their requested relief.⁶⁹

⁶¹ Exh. CA-0400 at 11:9-14.

⁶² Exh. CA-0400 at 11:11-14.

⁶³ See, *Opening Brief of The Utility Reform Network* (TURN’s Opening Brief), dated January 15, 2026, at 16.

⁶⁴ TURN’s Opening Brief at 16.

⁶⁵ D.24-08-001 at 35, COL No. 11.

⁶⁶ TURN’s Opening Brief at 18-19.

⁶⁷ TURN’s Opening Brief at 19.

⁶⁸ TURN’s Opening Brief at 19.

⁶⁹ D.24-08-001 at 6.

For these reasons, Cal Advocates recommends the Commission split the proceeds from litigation with the DOE equally, i.e. 50/50, between funding the NQNDT and a refund to SCE customers through the existing ERRA mechanism.⁷⁰

III. CONCLUSION

Cal Advocates urges the Commission to adopt the recommendations detailed on pages 2-3 above.

Respectfully submitted,

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⁷⁰ Cal Advocates' Opening Brief at 8.