STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
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SAN FRANCISCO, CA 94102-3298

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TO PARTIES OF RECORD IN APPLICATION 24-12-003:

This is the proposed decision of Administrative Law Judge Jack Chang. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 17, 2026 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties to the proceeding may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure (Rules).

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC:nd3
Attachment

Decision **PROPOSED DECISION OF ALJ CHANG (Mailed 11/13/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of Southern California Edison Company (U 338-E) and San Diego Gas & Electric Company (U 902-E) For the 2024 Nuclear Decommissioning Cost Triennial Proceeding.	Application 24-12-003

DECISION ON SOUTHERN CALIFORNIA EDISON COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY 2024 NUCLEAR DECOMMISSIONING COST TRIENNIAL PROCEEDING

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DECISION ON SOUTHERN CALIFORNIA EDISON COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY 2024 NUCLEAR DECOMMISSIONING COST TRIENNIAL PROCEEDING

Summary

This decision approves $5.07 million in recorded costs for the San Onofre Nuclear Generation Station (SONGS) Unit 1 and $518.6 million in costs for SONGS Units 2 and 3 (100% share, 2014 $)[1] for the January 1, 2021 through December 31, 2023 review period (Record Period). Of this amount, San Diego Gas & Electric Company's (SDG&E's) share of costs is $1.0 million for SONGS Unit 1 and $104.9 million for SONGS Units 2 and 3, with the remainder of shared costs paid by Southern California Edison Company (SCE). An additional $3.1 million of SDG&E-only costs for SONGS is approved for the Record Period. Updates to the Reasonableness Framework used to assess decommissioning costs are approved.

This decision also approves the 2024 decommissioning cost estimates of: (1) $209 million for SONGS Unit 1 projects, (2) $4,709.4 million for SONGS Units 2 and 3 projects. This decision does not approve the 25% contingency proposed by SCE and SDG&E for the Palo Verde Nuclear Generating Station (PVNGS) and retains the 19.4% contingency rate. SCE and SDG&E's request to maintain annual contributions to their respective SONGS and the PVNGS Nuclear Decommissioning Trusts at $0.00 is approved.

In addition, this decision approves proposed amendments to the Reasonableness Framework. Finally, this decision finds SCE and SDG&E in

[1] Exhibit (Ex.) SCE-03 at 1 footnote 3: "Southern California Edison uses 2014 dollars as the baseline in the SONGS reasonableness reviews for its variance analyses to allow for constant year dollar comparisons between estimated and recorded costs. The 2014 SONGS 2&3 Decommissioning Cost Estimate was the first Commission-approved DCE for SONGS 2&3 after the permanent cessation of operations."

compliance with prior Commission decisions relating to SONGS decommissioning requirements.

Application 24-12-003 is closed.

1. Factual Background

San Onofre Nuclear Generation Station (SONGS) facilities are comprised of Units 1, 2, and 3 located on real property parcels owned by the U.S. Department of the Navy (U.S. Navy) at Marine Corps Base Camp Pendleton along the coast of Orange County, California. SONGS Units 1, 2, and 3 are not currently operational, and physical decommissioning work is in progress. SONGS Unit 1, when operational, was a pressurized water reactor nuclear generation facility with approximately 450-megawatt electric (MWe) capacity and ceased operations on November 30, 1992.[2] SONGS Unit 2 and Unit 3 facilities, when operational, consisted of two pressurized water reactors with a combined generation capacity of approximately 2,250 Mwe; it ceased operations on June 12, 2013.[3] Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and decommissioning co-participants City of Riverside and City of Anaheim do not own the real property on which SONGS is located but SCE is authorized to use the SONGS site under grants of easement and leases from the U.S. Navy and the California State Lands Commission (CSLC).[4]

Palo Verde Nuclear Generating Station (PVNGS) Units 1, 2 and 3 are located in Maricopa County, Arizona and operated by Arizona Public Service

[2] Ex. SCE-0004 at 3 and B-15.

[3] *Id.* at B-14 to B-15.

[4] Ex. SCE-0003 at 3-4. Bates See also Ex. SDGE-0103 at 27. See also Ex. SCE-0001 at 17-18.

(APS). SCE owns a minority interest in PVNGS.[5] APS is the operating agent for PVNGS but is not a Commission regulated utility. SDG&E does not hold an ownership interest in PVNGS.[6]

2. Procedural Background

On December 6, 2024, SCE and SDG&E filed the *Joint Application of Southern California Edison Company (U 338-E) and San Diego Gas & Electric Company (U 902-E) for the 2024 Nuclear Decommission Cost Triennial Proceeding* (Application (A.) 24-12-003 or Application) with this Commission. In the Application, SCE and SDG&E seek Commission review and determination of reasonableness of: (1) decommissioning cost estimates (DCE), (2) decommissioning activities, and (3) actual decommissioning costs incurred related to SONGS[7] and the future decommissioning of the PVNGS for the January 1, 2021 to December 31, 2023 review period (2024 NDCTP).[8] Nuclear decommissioning means to remove a nuclear facility "safely from service and to reduce residual radioactivity to a level that permits release of the property for

[5] The PVNGS facilities are co-owned by Applicant SCE (15.8%), APS (29.10%), the Salt River Project (17.49%), El Paso Electric Company (15.80%), Public Service Company of New Mexico (10.20%), the Southern California Public Power Authority (5.91%), and Los Angeles Department of Water and Power (5.70%). See Ex. SCE-0001 at Bates 0011. 6. See also Ex. SCE-0005 at Bates 0842, 08761, B-18, and 0943.B-85.

[6] See SCE/SDG&E Opening Brief at 20. See also Ex. SCE-0005 at Bates 0842, 0844 to 08451, 3-4, and 0847. 6. See also Ex. SCE-0005, Appendix B (2023 TLG Decommissioning Cost Study for Palo Verde) (December 2023) at Bates 0842, 08761, B-18, and 0927.B-69.

[7] SONGS Units 1, 2, and 3 are located in Federal Nuclear Regulatory Commission (NRC) Region IV in Orange County, California. SONGS Units 1, 2, and 3 facilities are co-owned by Applicants SCE and SDG&E, both of which are private investor-owned utilities regulated by the CPUC. Municipalities City of Riverside (1.79%) (Riverside) and City of Anaheim (2.47%) (Anaheim), California also collectively hold a 4.26 % minority interest in decommissioning cost liability for SONGS Unit 2 and SONGS Unit 3. See Ex. SCE-0004 at 3.

[8] PVNGS Units 1, 2, and 3 are located in Maricopa County, Arizona and operated by Arizona Public Service (APS). See Ex. SCE-0001 at 6. See also Ex. SCE-0005 at 1, B-18, and B-85.

unrestricted use and termination of license, or as otherwise defined by the [Nuclear Regulatory Commission (NRC)]," and the United States Internal Revenue Service.[9]

On January 10, 2025, Alliance for Nuclear Responsibility (A4NR), The Utility Reform Network (TURN), and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed protests to the Application. SCE and SDG&E filed a joint reply to the protests on January 21, 2025.

Commissioner Darcie L. Houck and Administrative Law Judge (ALJ) Andrea D. McGary were assigned to A.24-12-003 on January 17, 2025. On March 6, 2025, a prehearing conference was held before ALJ McGary to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and to address other proceeding scope matters as necessary.[10] Pursuant to June 3, 2025 *Assigned Commissioner's Scoping Memo and Ruling*, in-person Evidentiary Hearings were set for September 23-25, 2025, in Los Angeles, California.[11]

On September 11, 2025, a status conference (STC) was held before Commissioner Houck and ALJ McGary to assess evidentiary hearing readiness. In advance of the September 11, 2025 STC, the Parties filed joint status reports on

[9] Pub. Util. Code Section 8324(d). See 26 U.S.C. Section 486A (*Special Rules for Nuclear Decommissioning Costs*). See also 10 C.F.R. Section 50.2 (*Definitions*).

[10] *ALJ's Ruling Setting Remote Prehearing Conference & Prehearing Conference Statement Deadline* (February 12, 2025). See also *Joint Prehearing Conference Statement of Southern California Edson Company (U 338-E) and San Diego Gas & Electric Company (U 902-E) On Behalf of All Parties* (February 27, 2025). See also *Reporter's Transcript (RT) of March 6, 2025 Prehearing Conference Virtual Proceeding*.

[11] *ALJ's Ruling Regarding September 23-25, 2025 Evidentiary Hearing* issued on September 10, 2025.

August 29, 2025 and September 2, 2025, respectively.[12] During the September 11, 2025 STC, SCE, SDG&E, A4NR, Cal Advocates, and TURN requested and stipulated on the record to waive evidentiary hearings and to resolve this A.24-12-003 proceeding without evidentiary hearing.

Pursuant to Party stipulations and Judge McGary's Rulings, in-person hearings in this matter were taken off-calendar and vacated.[13] Admission of evidence into the A.24-12-003 record was by a document-only evidence process.[14]

Concurrent Opening Briefs and Reply Briefs were filed by SCE, SDG&E, A4NR, Cal Advocates, and TURN on January 15, 2026 and February 6, 2026, respectively. The Parties each requested confidential treatment and sealing of designated portions of their respective opening briefs, reply briefs, and stipulated exhibits. A4NR's Opening Brief was also accompanied by a timely motion for oral argument in this A.24-12-003 proceeding.[15] The motion was granted and oral argument before a quorum of Commissioners occurred on August 10, 2026. SCE and SDG&E's joint final oral argument statement was filed on August 17, 2026.

On June 30, 2026, SCE and SDG&E supplemented the evidentiary record with information regarding the status of any pending and/or new claims in the

[12] SCE's Joint Status Conference Statement (August 29, 2025) at 1-2. See also SCE's Amended Joint Status Conference Statement (September 2, 2025) at 2-3.

[13] ALJ's Ruling Regarding Off-Calendar Evidentiary Hearings and Joint Party Request for Document Only Evidence Process (September 16, 2025).

[14] ALJ's Ruling Regarding Document Only Evidence Process and Briefing Schedule (October 2, 2025). See also ALJ's Ruling Entering Stipulated Exhibits into the Evidentiary Record (January 13, 2026) (ALJ Final Stipulated Exhibits Ruling).

[15] Alliance for Nuclear Responsibility's (A4NR) Motion for Oral Argument (January 15, 2026). Pursuant to the Commission's Rules of Practice and Procedure (Rules) 13.14 (b), a party in a ratesetting proceeding may request oral argument before a quorum of the Commission, provided any such motion is filed no later than the deadline for opening briefs.

U.S. Court of Federal Claims and other tribunals related to the U.S. Department of Energy's (DOE) delay in removal of spent nuclear fuel from SONGS.[16]

A.24-12-003 is categorized as a ratesetting proceeding and the record consists of docketed pleadings, stipulated exhibits, court reporter transcripts hearings and conferences, and opening and closing briefs.[17] All final exhibits supporting this decision have been uploaded to the Commission Support Document System and are available for public viewing at the links provided in Appendix A to the January 13, 2026, ALJ Final Stipulated Exhibit Ruling in the A.24-12-003 Docket. On September 21, 2026, testimony was granted confidential treatment per prior motions.

A.24-12-003 was reassigned to ALJ Jack Chang on October 21, 2026.

3. Submission Date

This matter was submitted for decision on September 21, 2026 following the issuance of the ALJ Ruling granting confidential treatment of exhibits.

4. Jurisdiction

The U.S. Atomic Energy Act of 1954, as amended (AEA)[18] created a comprehensive and pervasive program of federal regulation and licensing that permitted the private use, control, ownership, operation, and decommissioning of commercial nuclear power plants. The AEA also created the NRC and the DOE.

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[16] ALJ's Ruling Ordering Joint Applicants Southern California Edison and San Diego Gas & Electric to Supplement the Record Regarding U.S. Department of Energy Spent Nuclear Fuel Litigation (June 19, 2026) (ALJ DOE SNF Ruling) at 6-9. See also Southern California Edison Company (U 338-E) and San Diego Gas & Electric Company's (U 902-E) Response to ALJ's Ruling Requesting Supplemental U.S. Department Spent Nuclear Fuel Litigation Information at 2-3 (SCE/SDG&E June 2026 DOE SNF Supplement) at 2-3. See also Ex. SCE-0007 at 10.

[17] Resolution ALJ 176-3557 (January 16, 2025). See also ALJ Final Stipulated Exhibit Ruling.

[18] U.S. Atomic Energy Act of 1954, as amended, 42 U.S.C. Sections 2011-2259.

The NRC licenses and regulates all civilian commercial nuclear power plant, such as SONGS and PVNGS, and other nuclear power facilities' use of radioactive materials in the U.S. Nuclear power plant licensees and operators are responsible for complying with the NRC's rules and regulations to ensure radiological health and safety of the public.[19] The NRC exercises exclusive jurisdiction for radiological health and safety issues.[20] SCE is the NRC lead licensee, operating agent, and decommissioning agent for SONGS Units 1, 2, and 3.[21]

When a non-military nuclear power plant is permanently closed, the facility must be decommissioned by safely removing it from service and reducing residual radioactivity to a level that permits release of the property and termination of the operating license. NRC rules govern nuclear power plant decommissioning during the entire decommissioning[22] and after the license is terminated, including cleanup of radioactively contaminated plant systems and

[19] 10 C.F.R. Part 55 (*Operators Licenses*).

[20] The California Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) provides oversight regarding non-radiological California worker health and safety issues. Nuclear power plant operators and licensees in California must comply with Cal/OSHA requirements and track their safety record. See Cal. Code Regs. tit. 8, Section 342 (2026).

[21] Pursuant to April 23, 2025 SONGS Decommissioning Agreement, SCE is currently the Decommissioning Agent for SONGS Units 2 and 3, acting on behalf of itself, SDG&E, Riverside, and Anaheim. See 10 C.F.R. Section 52.1 (*Definitions*). See also Application at 11. See also Ex. SCE-0001 at 6. See Ex. SCE-0004, Appendix B *(SONGS 2&3 and SONGS 1 Decommissioning Cost Estimates*) at B-7. See also Ex. SDGE-0101 (*SDG&E's Oversight and Fiscal Management Role at SONGS DOE Litigation Proceeds and Compliance with Prior Commission Decisions*) at 6.

[22] NRC Decommissioning Phases include Phase I (Transition from Operation to Decommissioning), Phase II (Major Decommissioning Activities and Storage); and Phase III (License Termination Activities). U.S. Nuclear Regulatory Commission, "Backgrounder on Decommissioning Nuclear Power Plants".

structures, and removal of the radioactive spent nuclear fuel (SNF). NRC rules preempt state regulations in this area.

The U.S. Nuclear Waste Policy Act of 1982, as amended, in pertinent part, requires the DOE to develop a geological repository for SNF and high-level radiated waste, remove SNF from U.S. nuclear power plants, and transport SNF to the subject repository for permanent disposal.[23]

The Commission is the state agency that regulates privately-owned utilities (IOUs), including SCE and SDG&E, which provide essential services such as electric, gas and water. Pursuant to the California Nuclear Facility Decommissioning Act of 1985, the Commission is required to develop a regulatory framework to assure adequate resources for the safe decommissioning of California nuclear power plants and adopt regulations and guidelines to protect ratepayers and shareholders from decommissioning-related financial risks.[24] Commission authorization is required to set the annual revenue requirement for the nuclear decommissioning expenditures of nuclear power plants owned by IOUs in California.[25] To meet this statutory mandate, the Commission periodically conducts its review of nuclear decommissioning costs and activities through the NDCTPs. In NDCTPs, the Commission reviews and determines the prudency and reasonableness of the IOU's decommissioning cost estimates, activities, and actual costs incurred during a subject three-year period of the decommissioning process as well as whether an IOU has sufficient funds

[23] 42 U.S.C. Section 10101 et seq. (1982). See also 42 U.S.C. Section 10156(a) (requiring civilian nuclear entity SCE and the Secretary of Energy to execute binding spent fuel storage contracts).

[24] Pub. Util. Code, Div. 4.1, Ch. 6, Sections 8321 through 8330.

[25] Pub. Util. Code Sections 451, 454, 701, 8321, 8323 *et seq*.

in its nuclear decommissioning trusts to cover remaining costs for the full decommissioning process for their nuclear facility.

As detailed more fully hereinbelow, pursuant to Commission jurisdiction, in the instant 2024 NDCTP, we consider the prudency and reasonableness of the SCE and SDG&E's DCEs, actual decommissioning activities, and decommissioning costs for SONGS Units 1, 2, 3 and PVNGS Units 1, 2, and 3 for the January 1, 2021 to December 31, 2023 review period (2021-2023 Review Period).

5. Standards of Review and Burden of Proof

Consistent with prior Commission precedent, the applicable standard of review is one of reasonableness.[26] In the NDCTP process, the Commission utilizes *Reasonableness Framework* guidelines for timing and scope for SONGS Units 2 and 3 decommissioning activities and costs to be reviewed in each NDCTP.[27] As discussed in more detail below, the *Reasonableness Framework*, as updated,[28] currently requires grouping of decommissioning activities into

[26] D.21-12-026. See also D.16-04-019.

[27] The *Reasonableness Framework*, previously known as the *Milestone Framework*, was jointly developed by current Applicants SCE and SDG&E and current Respondents Cal Advocates and TURN as well as the Utility Consumer's Action Network (UCAN) in A.16-03-004 (2015 NDCTP) and adopted in D.18-11-034 (*Decision on Phase 2 and 3 of Southern California Edison Company (U338E) and San Diego Gas & Electric Company (U902E) 2015 Nuclear Decommissioning Cost Triennial Proceeding and Related Proceeding*, November 29, 2018). See D.18-11-034 at 46-48, OP 9, OP 11, and Appendix 1 *(SONGS Decommissioning Reasonableness Framework*). UCAN is not a party into the instant 2024 NDCTP.

[28] Necessary updates to the original 2015 NDCTP *Reasonableness Framework* were identified and adopted in the 2018 NDCTP (A.18-03-009) and the 2021 NDCTP (A.22-02-016). See D.21-12-026 *(Decision on Phases 2 and 3 Of Southern California Edison Company (U338E) and San Diego Gas & Electric Company (U902E) 2018 Nuclear Decommissioning Cost Triennial Proceeding*) (December 16, 2021) (amending framework for review waste disposals distributed activity costs as a single project rather than multiple projects) at OP 8. See also D.24-08-001 (*Decision Approving The 2021 Nuclear Decommissioning Cost Triennial Proceeding Costs of Southern California Edison Company and San Diego Gas & Electric Company*) (August 1, 2024) (reconfirming timing of reasonableness

Footnote continued on next page.

distributed activity costs,[29] undistributed activity costs,[30] and Major Projects[31] for greater clarity in analyzing and assessing the reasonableness of DCEs and recorded costs in a specific NDCTP review period.

The reasonableness of SCE's and SDG&E's decommissioning actions in this 2024 NDTCP review period are also reviewed under the Commission's well settled "Prudent Manager Standard" which provides:

> Utilities are held to a standard of reasonableness based upon the facts that are known or should be known at the time. While this reasonableness standard can be clarified through the adoption of guidelines, the utilities should be aware that guidelines are only advisory in nature and do not relieve the utility of its burden to show that its actions were reasonable in

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review of recorded decommissioning project costs in NDCTPs as after the entire project is completed) at 19.

[29] "Distributed Activity Costs" or "Distributed Costs" refer to activity-specific costs associated with physical work performed by assigned project teams, such as the Decommissioning General Contractor (DCG), for a defined scope and duration. The Distributed Cost Category may include line items such as decontamination, dismantling, packaging, disposal, and removal of major components and systems. See also 2018 NDCTP D.21-12-026 at OP 8. See also A.18-03-009 admitted Ex. SCE-11 (*Decommissioning Cost Categorization*) (September 27, 2019) at 3-4. https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A1803009/2280/316458739.pdf

[30] "Undistributed Activity Costs" or "Undistributed Costs" refer to costs for activities, programs, and other necessary oversight, management, and support of the overall decommissioning project. Undistributed Costs may include "time-dependent costs incurred throughout the duration of the project regardless of whether decontamination and dismantling are . . . actively in progress and . . . unavoidable expenses required to comply with regulatory and contractual requirements." Under the Reasonableness Framework and Cost Category guidelines, Undistributed Costs are grouped into 3 main categories: 1) *Decommissioning Project Oversight Cost*s, 2) *Site Costs*, and 3) Administrative *and General Support Costs*. See 2018 NDCTP D.21-12-026 at OP 8. See also D.18-11-034 at 46-48, OP 9, OP 11, and Appendix 1. See also A.18-03-009 admitted Ex. SCE-11 (*Decommissioning Cost Categorization*) (September 27, 2019) at 3-6.

[31] "Major Projects" are a grouping of similar decommissioning distributed activities. Major Projects are eligible for reasonableness review after all distributed activities included in a particular Major Project are complete. A Major Project is complete when all physical work and all associated costs have been recorded. See D.18-11-034 at 49-47 and Appendix 1 (*SONGS Decommissioning Reasonableness Framework*).

> light of circumstances existent at the time. Whatever guidelines are in place, the utility always will be required to demonstrate that its actions are reasonable through clear and convincing evidence.[32]

The "reasonableness of a particular management action depends on what the utility knew or should have known at the time that the managerial decision was made, not how the decision holds up in light of future developments."[33]

The standard of proof is that of a preponderance of evidence, which means such evidence as, when weighed with that opposed to it, has more convincing force and the greater probability of truth. Joint Applicants SCE and SDG&E bear the burden of proof.

6. Issues Before the Commission

The issues to be determined or otherwise considered are:

(Issues pertaining to both Utilities SCE & SDG&E)

1. Are the costs incurred for SONGS Unit 1 decommissioning projects that were completed during the January 1, 2021 to December 31, 2023 review period and the undistributed expenditures incurred during the same period reasonable?
    a. What is a reasonable share of the costs for SCE?
    b. What is a reasonable share of the costs for SDG&E?
2. Are the costs incurred for SONGS Units 2 and 3 decommissioning projects that were completed during the January 1, 2021 to December 31, 2023 review period and the undistributed expenditures incurred during the same period reasonable?
    a. What is a reasonable share of the costs for SCE?
    b. What is a reasonable share of the costs for SDG&E?
3. Is the 2024 DCE for SONGS Unit 1 reasonable?

[32] D.88-03-036 at 7. See also D.89-02-074 at 10-11.

[33] D.05 -08-037 at 9, subsection 4.a (*The Standard for Prudent Manager Action*).

a. If not, what is a reasonable amount?

b. What is a reasonable share of the costs for SCE?

c. What is a reasonable share of the costs for SDG&E?

4. Is the 2024 DCE for SONGS Units 2 and 3 reasonable?

a. If not, what is a reasonable amount?

b. What is a reasonable share of the costs for SCE?

c. What is a reasonable share of the costs for SDG&E?

5. What are reasonable amounts of annual contributions for SCE to the SONGS Unit 1, SONGS Units 2 and 3, and PVNGS Nuclear Decommissioning Trusts?

6. What are reasonable amounts of annual contributions for SDG&E to the SONGS Unit 1 and SONGS Units 2 and 3 Nuclear Decommissioning Trusts?

7. Should proceeds paid by the DOE litigation proceeds paid to SCE and SDG&E for spent fuel management and storage costs for SONGS[34] continue to be deposited into SCE and SDG&E's respective Non-Qualified Nuclear Decommissioning Trust (NQNDT) as ordered in Commission Decision (D.) 24-08-001 or be refunded to their customers through each of their respective Energy Resources Recovery Accounts (ERRA)?

8. Are the Applicants compliant with prior Commission decisions?

9. Is the 2024 Reasonableness Framework, as proposed by the Applicants, reasonable?

a. If not, what modifications should be made?

(Issues pertaining only to SDG&E)

34 SCE filed a complaint against the United States Department of Energy (DOE) in the U.S. Federal Court of Claims on January 29, 2004, alleging that the DOE breached its contract with SCE under which the DOE agreed to accept delivery of and take title to, the spent nuclear fuel and related wastes from SONGS beginning on January 31, 1998. See also United States Court of Federal Claims Case No. 04-CV-109.

10. Are the expenditures that only SDG&E incurred for SONGS during the 2021-2023 review period reasonable?
11. Are the 2024 DCEs for SONGS Unit 1 and SONGS Units 2 and 3 that only SDG&E has incurred reasonable?

(Issues pertaining only to SCE)

12. Is SCE's 2023 DCE for the PVNGS Units 1, 2, and 3 reasonable?
    a. If not, what is a reasonable amount?
13. Has SCE complied with D.24-08-001, Ordering Paragraph (OP) 5, which requires SCE to provide certain information in this NDCTP related to proceeds from litigation with the DOE.

7. Decommissioning Recorded Cost

SCE and SDG&E collectively seek Commission reasonableness findings and approval of recorded costs in the sum of $5.07 million (100% share, 2014 $)[35] for SONGS Unit 1 decommissioning activities incurred during the January 1, 2021 through December 31, 2023 review period.[36] SCE and SDG&E also request Commission reasonableness findings and approval of recorded costs in the sum of $518.6 million (100% share, 2014 $) for SONGS Units 2 and 3 undistributed

[35] Ex. SCE-03 at 1, footnote 3: "Southern California Edison uses 2014 dollars as the baseline in the SONGS reasonableness reviews for its variance analyses to allow for constant year dollar comparisons between estimated and recorded costs. The 2014 SONGS 2&3 Decommissioning Cost Estimate was the first Commission-approved DCE for SONGS 2&3 after the permanent cessation of operations."

[36] Application at 1. See Ex. SCE-0002 at 6 and 9. See also Ex. SDGE-0102 (*Prepared Direct Testimony on Behalf of San Diego Gas & Electric Company (Reasonableness of SONGS 1, 2, & 3 Decommissioning Activities and Costs Incurred by SDG&E in 2021 through* 2023)) at 4, 6-7, 9-14, 21, 23, 31-32, and 36.

activities and Major Projects completed during the January 1, 2021 through December 31, 2023 review period.[37]

At this time, PVNGS is operational, with decommissioning project planning activities projected to begin in the year 2040. PVNGS physical decommissioning work is projected to begin in successive years between 2045 and 2047 following the expiration of PVNGS Unit (2045), Unit 2 (2046) and Unit 3 (2047) NRC licenses.[38] Accordingly, SCE does not seek Commission decommissioning recorded cost approvals related to PVNGS.

7.1. SONGS Unit 1 2021-2023 Recorded Decommissioning Costs

SONGS Unit 1 recorded decommissioning expenses reviewed in this 2024 NDCTP period include distributed costs for Major Projects completed between January 1, 2021 and December 31, 2023, and for undistributed decommissioning costs incurred during the same period.[39]

The Commission authorized SCE and SDG&E to begin the decommissioning of SONGS Unit 1 on June 3, 1999.[40] Decommissioning of SONGS Unit 1 is proceeding in three phases.[41] Phase I, completed between July 1999 and December 2008, included decontaminating, dismantling, and disposal

[37] See Application at 1. See also SCE/SDG&E Opening Brief at 32. See also Ex. SCE-0002 (*Testimony on The Reasonableness of SONGS 1 Nuclear Decommissioning Expenses Incurred During 2021 Through 2023*) at 6 and 9. See also Ex. SDGE-0102 (*Prepared Direct Testimony on Behalf of San Diego Gas & Electric Company (Reasonableness of SONGS 1, 2, & 3 Decommissioning Activities and Costs Incurred by SDG&E in 2021 through* 2023)) at 4, 6-7, 9-14, 21, 23, 31-32, and 36.

[38] Ex. SCE-0005 at 1, 6, B-18, and B-85.

[39] SCE/SDG&E Opening Brief at 30. See also 2018 NDCTP D.21-12-026 at OP 8. See also D.18-11-034 at 46-48, OP 9, OP 11, and Appendix 1. See also A.18-03-009 admitted Ex. SCE-11 (*Decommissioning Cost Categorization*) (September 27, 2019) at 3-6.

[40] D.99-06-007 (June 3, 1999). See also Ex. SCE-0002 at 4.

[41] Phase I (July 1999 to December 2008); Phase II (January 1, 2009 to Present); and (Phase III to Be Determined Date after DOE Removal of SNF from SONGS).

of SONGS Unit 1 systems and structures (contaminated and uncontaminated), removal of certain SONGS Unit 1 below-grade substructures, construction and installing Independent Spent Fuel Storage Installations (ISFSI), transfer of SNF from wet storage pools to ISFSI dry storage. The offshore conduits[42] for SONGS Units 1, 2, and 3 are leased from the CSLC and have not yet been removed. SCE remains liable for future removal of the conduits.[43]

SONGS Unit 1, Phase II decommissioning activities began on January 1, 2009 and include monitoring of SNF in the ISFSI and transfer of SNF to the DOE. Phase II will continue until all onsite SONGS SNF and high-level radioactive waste have been removed from SONGS by the DOE. In this 2024 NDCTP, SONGS Unit 1, Phase III activities are projected to include ISFSI demolition, SONGS Unit 1 substructure removal, NRC license termination, and final site restoration. Phase III decommissioning is projected to begin after 2054, between 2055 and 2056, after ongoing DOE SNF removal timing delays have been resolved and all SONGS SNF has been fully removed.[44]

No party commented on SCE and SDG&E's request to recover recorded 2021-2023 decommissioning costs for SONGS Unit 1. The Commission finds SCE and SDG&E's request to recover $5.07 million in recorded 2021-2023 decommissioning costs for SONGS Unit 1 to be reasonable.

[42] In this NDCTP, the term "offshore conduit," also known as a once-through cooling systems, generally refers to underwater intake and discharge pipelines below the sea floor, used to circulate seawater between the ocean and coastal nuclear power plants, such as SONGS, for cooling systems.

[43] Ex. SCE-0002 at 3.

[44] *Id*. at 4.

7.2. SONGS Units 2 and 3 2021-2023 Recorded Decommissioning Costs

SONGS Units 2 and 3 recorded expenses include undistributed costs and the distributed costs for Major Projects completed between January 1, 2021 and December 31, 2023. In this 2024 NDCTP, all completed SONGS Units 2 and 3 distributed projects, as identified in the Reasonableness Framework for review in this NDCTP and all 2021-2023 undistributed costs, were reviewed.

SCE recorded $518.6 million (100% share, 2014 $) in SONGS Units 2 and 3 decommissioning costs for distributed projects completed during the January 1, 2021 through December 31, 2023 review period and for undistributed activities incurred during that period. The 2020 SONGS Units 2 and 3 DCE adopted in D.24-08-001 estimated $636.1 million for the same scope, so recorded costs came in $117.5 million below the previous cost estimate. Of that variance, $43.6 million is attributable to distributed project costs and $73.9 million to undistributed costs.[45]

Eight distributed projects were completed during the review period: Initial Decommissioning and Dismantlement (D&D) Activities, D&D Waste (first milestone checkpoint), Initial Plant Building Demolition, Mesa Turnover, ISFSI CDP Settlement, CDP Extension – Areva TN, DTSC Corrective Action, and the 2020 DCE Update. Each was recorded at or below its estimate. The largest variance, a $29.1 million underrun for D&D Waste, comes from the checkpoint methodology rather than actual savings. SCE expects it to be offset at the project's final checkpoint, when DGC Agreement Amendment 47 and later D&D Waste change orders will be reviewed. Most of the remaining distributed project

[45] Ex. SCE-03 at 1–2, 11–12.

underruns reflect three factors: a conservative estimate for Mesa Turnover, shifts in the timing of fixed-price milestone payments, and unused contingency.[46]

Undistributed costs were $73.9 million below the estimate, driven mainly by a $68.2 million underrun in Non-Labor costs. That underrun reflects Nuclear Electric Insurance Limited (NEIL) property insurance dividends, lower American Nuclear Insurers (ANI) nuclear liability premiums, and lower Contracted Services costs, as COVID-19 pushed decommissioning scope into later years. Labor-Staffing and Service Level Agreement costs were $6.6 million and $3.8 million below the estimate, respectively. Decommissioning General Contractor (DGC) Staffing was the only category to exceed its estimate, by $4.7 million. This was primarily due to contractually required craft labor escalation and change orders for Essential Services performed during an April 2022 stop-work period, partially offset by unused contingency.[47]

No parties objected to SCE and SDG&E's request to recover $518 million in recorded 2021-2023 SONGS Units 2 and 3 decommissioning costs. The Commission finds that SCE and SDG&E's request to recover $518 million in recorded 2021-2023 SONGS Units 2 and 3 decommissioning costs to be reasonable.

7.3. SDG&E-Only Recorded Decommissioning Costs

SDG&E requested the Commission approve as reasonable $1.0 million (2014 $) for its share of SONGS Unit 1 decommissioning expenses invoiced to SDG&E by SCE for completed distributed activities and undistributed costs for

[46] *Id.* at 26–27, 31, 49, 57–58.

[47] *Id.* at 66–71, 80, and 87–89.

the 2021-2023 review period.[48] SDG&E also requested the Commission approve as reasonable $104.9 million (2014 $) for its share of SONGS Units 2 and 3 decommissioning expenses also invoiced to SDG&E by SCE for completed distributed activities and undistributed costs for the 2021-2023 review period.[49] These costs were included in the total recorded 2021-2023 decommissioning costs that A.24-12-003 requested the Commission approve as reasonable - $5.07 million for Unit 1 and $518.6 million for Units 2 and 3. Additionally, SDG&E requested the Commission approve as reasonable $3.1 million (2014 $) in SDG&E-only labor and non-labor costs for SONGS incurred during the 2021-2023 review period.[50] No party contested the SDG&E-only recorded 2021-2023 decommissioning costs that A.24-12-003 requests Commission approval for. Accordingly, the Commission approves as reasonable $1.0 million (2014 $) dollars for SDG&E's share of SONGS 2021-2023 Unit 1 decommissioning costs, $104.9 million (2014 $) for SDG&E share of SONGS 2021-2023 Units 2 and 3 decommissioning costs, and $3.1 million (2014 $) for SDG&E-only labor and non-labor costs for SONGS incurred during the 2021-2023 review period.

7.4. Reasonableness Framework

As referenced above, the Commission utilizes the *Reasonableness Framework*, formally known as *Milestone Framework*, in its review of the reasonableness of the recorded costs for distributed activities for Major Projects completed in the January 1, 2021 to December 31, 2023 review period for SONGS Units 2 and 3 to assess reasonableness. The Reasonableness Framework

[48] A.24.12-003 at 3, Ex. SDGE-02 at 6-7.

[49] A.24-12-003 at 3, Ex. SDGE-02 at 6-7.

[50] A.24-12-003 at 4, Ex. SDGE-02 at 31-36.

is also applied to review the recorded costs for undistributed activities costs incurred during the 2021-2023 Review Period for SONGS Units 2 and 3.

In this 2024 NDCTP, SCE and SDG&E request updates to and approval of the Reasonableness Framework for reviews of SONGS Units 2 and 3 decommissioning costs to update Major Project Lists, update Major Project Line Items, and make a check point title change from "Major Check Point 3" to "License Termination Plan." The proposed addition of new Major Project Activities appears in red italics and relocation of existing Major Project Activities appears in blue italics on the updated list attached respectively as Appendix B and Appendix C to stipulated Exhibit SCE-SDGE-0012.[51] The IOUs' request is unopposed.

We approve the proposed updates and amendments to the Reasonableness Framework for reasonableness reviews of SONGS Units 2 and 3 decommissioning costs to implement updates to Major Project Lists, Major Project Line Items, and to change the title of "Major Check Point 3" to "License Termination Plan" as detailed in the evidence submitted. SCE and SDG&E shall file a Tier 1 Advice Letter with the Commission's Energy Division to implement the specified amendments and updates to the 2024 Reasonableness Framework approved in this decision.

[51] Ex. SCE-SDGE-0012 (*Testimony of Southern California Edison and San Deigo Gas & Electric Company Regarding Updates to the SONGS 2&3 Decommissioning Reasonableness Framework*), Appendix B (*SONGS Decommissioning Cost Triennial Proceeding Major Project List based on the 2024 DCE (2014$ in Millions, 100% Share)*) at B-1. *Id.* at Appendix C *(SONGS Decommissioning Cost Triennial Proceeding Major Project List Items based on the 2024 DCE (2014$ in Millions, 100% Share)* at C-1 to C-2. See also Application at 16. See also ALJ Final Stipulated Exhibit Ruling, Appendix A at 2.

7.5. Cost Categorization Guidelines

In the 2015 NDCTP, the Commission directed SCE and SDG&E to meet with Energy Division staff and interested parties to develop protocols for recording staff time allocated to distributed activities and to define which activities are distributed and which are undistributed. The Commission also directed the utilities to update their cost categorization structures so that their records would directly and transparently show the location, detail, and support for distributed activities.[52] The utilities held workshops with Energy Division, Cal Advocates, TURN, and A4NR. In June 2019, SCE, SDG&E, and TURN finalized the Cost Categorization Guidelines, and the Commission approved them in D.21-12-026. OP 8 of that decision requires SCE to use the Guidelines in future DCEs through the end of decommissioning and in its recorded-cost showings for each Reasonableness Framework period. The Guidelines require a supplemental table that groups undistributed costs into three categories: (1) Decommissioning Project Oversight Costs; (2) Site Costs; and (3) Administrative and General (A&G) Support Costs.[53]

No party commented on the utilities' compliance with D.18-11-034 and D.21-12-026. The Commission finds that SCE and SDG&E complied with the Guidelines in this proceeding. SCE presents its SONGS Units 2 and 3 2021–2023 recorded undistributed costs by Cost Categorization category in Exhibit SCE-03, Appendix C, and its 2024 SONGS Units 2 and 3 DCE forecast by those categories in Exhibit SCE-04, Appendix D of SCE's 2021–2023 recorded undistributed costs, Site Costs total $57.5 million and A&G Support Costs total $14.9 million (100%

[52] D.18-11-034, OPs 5 and 12.

[53] Ex. SCE-03 at 89; Ex. SCE-08 at 3; Ex. SDGE-02 at 35–36.

share, 2014 $). A&G Support Costs are low mainly because $19.4 million in insurance credits, primarily NEIL dividends, offset them.[54] SDG&E likewise categorizes its 2021–2023 SDG&E-only recorded costs, which total $3.1 million against a DCE estimate of $3.8 million (SDG&E share, 2014 $), and its 2024 SDG&E-only DCE forecast under the same three categories.[55]

8. Decommissioning Cost Estimates

The California Nuclear Facility Decommissioning Act of 1985 requires that DCEs reflect the most recent and reliable information regarding changes in site operations, economic conditions, available technology, and regulations, including relevant NRC requirements and industry guidelines.[56] Public Utilities (Pub. Util.) Code Section 8323 requires the Commission to "develop regulations and guidelines that promote realism in estimating costs, provide periodic review procedures that create maximum incentives for accurate cost estimations, and provide for decommissioning cost controls."

8.1. Forecast Methodology

SCE engaged HKA Global, LLC (HKA) to prepare the 2024 SONGS DCEs using both an operational scenario and a settlement scenario. HKA also prepared the 2017 and 2020 SONGS DCEs. In developing the 2024 DCEs, HKA followed NRC Regulatory Guide 1.202, "Standard Format and Content of Decommissioning Cost Estimates for Nuclear Power Reactors," and kept the work breakdown structure and project periods used in the 2020 DCEs, updated for the actual timing of decommissioning milestones. Significant portions of both estimates are based on competitively bid contracts, chiefly the fixed-price DGC

[54] Ex. SCE-03, App. C at C-1 to C-2.

[55] Ex. SDGE-02 at 35–36, Table 9; Ex. SDGE-03 at 40–41 & Att. A at A-4.

[56] Pub. Util. Code §§8326(a) and (b).

Agreement, and on SCE's experience managing the decommissioning project. Where new information was not available, HKA worked with SCE personnel to validate and refine the cost and schedule assumptions. Undistributed and distributed cost projections were updated using historical recorded costs and revised projections. The assumed DOE spent fuel acceptance date was moved from 2031 to 2034, which extends the ISFSI-only period by three years. Under the resulting schedule, major D&D work is expected to be complete by December 2028, SONGS Units 2 and 3 substructure removal and spent fuel removal are expected to be complete by December 2054, and final site restoration and lease termination are expected to be complete by December 2056. Costs common to all three units, such as ISFSI operation and maintenance, are allocated based on each unit's share of spent fuel assemblies on the ISFSI: 10.25% to SONGS Unit 1, 44.75% to SONGS Unit 2, and 45.00% to SONGS Unit 3.[57] For trust-funding purposes, SCE escalates constant 2014 dollars to nominal dollars using separate labor, non-labor, and low-level radioactive waste escalation rates, with the labor and non-labor rates based on Standard and Poor's (S&P) Global forecasts.[58]

SCE retained ABZ, Incorporated (ABZ) to independently review the 2024 SONGS Units 2 and 3 DCE while it was being developed, so that ABZ's questions and comments could be incorporated before the estimate was finalized. ABZ examined the estimate's key assumptions, scope, schedule, distributed and undistributed costs, staffing, and contingency against prior SONGS estimates and experience at other decommissioning projects. ABZ concluded that the estimate includes all activities needed to terminate the NRC

[57] Ex. SCE-04 at 4–9.

[58] Ex. SCE-06 at 8–9.

licenses and restore the site, and that the schedule allows enough flexibility to absorb some delay in critical-path activities. ABZ also found the roughly 16% overall contingency reasonable for the current state of the project.[59]

8.1.1. Operational Scenario

The Operational Scenario reflects the SONGS Decommissioning Co-Participants' current plan for decommissioning SONGS Units 2 and 3. It is also the substructure removal approach SCE has assumed since decommissioning began, and it keeps the same assumptions as the 2020 SONGS Units 2 and 3 DCE. Under this scenario, the subsurface structures for SONGS Units 1, 2, and 3 would all be removed in one dewatering and removal campaign beginning in 2051, near the end of the project. By then, spent fuel is expected to have left the site, so the ISFSIs can be dismantled and the SONGS Unit 1 substructures beneath them reached. The SONGS Units 2 and 3 Substructure Removal Distributed Project, which covers removing the SONGS Units 2 and 3 substructures and placing permanent backfill, is estimated at $271.8 million in the Operational Scenario. The total estimated cost of this scenario is $4,709.4 million (100% share, 2014 $), and SCE asks the Commission to approve it as the 2024 SONGS Units 2 and 3 DCE, as discussed in Section 8.4.[60]

8.1.2. Settlement Scenario[61]

SCE prepared the Settlement Scenario to comply with Term D.3 of the 2021 NDCTP Settlement Agreement adopted in D.24-08-001. That term requires SCE

[59] Ex. SCE-04 at 18-22.

[60] Ex. SCE-04 at 1, 35–37.

[61] See D.24-08-001, OP 2 at 38 and Appendix A *(Settlement Agreement Between Southern California Edison Company, San Diego Gas & Electric Company, Alliance for Nuclear Responsibility, Public Advocates Office, and The Utility Reform Network*), Section D (*Agreement*), subsection 3 (*SONGS Units 2 & 3 Substructure Removal*) at A-9.

to reflect in the 2024 DCE that substructures will be removed as soon as practicable after the California Coastal Commission acts on SCE's application to amend Coastal Development Permit 9-19-0194, as Special Condition 3 of that permit requires. The application must be submitted by June 1, 2028. Under this scenario there would be two separate campaigns. The SONGS Units 2 and 3 substructures would be removed shortly after Phase II D&D is completed, and the SONGS Unit 1 substructures would be removed at the end of the project in 2055.

The total estimated cost of the Settlement Scenario is $4,721.5 million (100% share, 2014 $), about $12.1 million more than the Operational Scenario. The increase comes from two procurement efforts, two mobilization and demobilization cycles, and additional SCE oversight staffing. Under this scenario, about $360 million (100% share, 2014 $) would be spent from the trusts shortly after Phase II D&D ends. SCE does not plan to carry out the Settlement Scenario.[62]

A4NR asks the Commission to direct SCE to keep including the Settlement Scenario in future SONGS Units 2 and 3 DCEs. A4NR argues that the $12.1 million added cost SCE attributes to the settlement scenario is a "rounding error" given that it is roughly half of 1% of the DCE's remaining decommissioning costs and equals about five months of slippage in the assumed DOE spent fuel acceptance date.[63] A4NR contends that SCE offers no analysis supporting its claim that a single dewatering campaign is environmentally preferable. A4NR ultimately argues that the scope and timing of substructure removal will be

[62] Ex. SCE-04 at 1 & n.1, 35–36; D.24-08-001, Att. A at A-9.

[63] Ex. A4NR-01 at 23-26.

decided by the Coastal Commission and the Navy, not by the Commission, and the DCEs should not rest on assumptions about the outcome of those decisions.

We agree that SCE should continue to model the Settlement Scenario. SCE's next NDCTP application is expected in 2027, before SCE must submit its application to amend CDP 9-19-0194 by June 1, 2028, and before the Coastal Commission acts on it. The Navy's decision on the site's end state, including how much substructure removal it will require, is also unresolved. While these questions remain open, a cost estimate showing both substructure removal schedules gives the Commission and parties useful information about how sensitive decommissioning costs and trust fund adequacy are to decisions outside SCE's control. The incremental cost of preparing a second scenario is modest, and the cost difference between the two scenarios is small relative to total decommissioning costs. Accordingly, SCE shall include a Settlement Scenario, alongside its Operational Scenario, in the SONGS Units 2 and 3 DCE submitted with its next NDCTP application.

8.2. Nuclear Electric Insurance Limited Dividends Modeling

Under the settlement adopted in D.24-08-001, SCE and SDG&E deposit 50% of their Nuclear Electric Insurance Limited (NEIL) property insurance dividends in the SONGS NQNDT. However, neither SCE's nor SDG&E's trust fund analysis forecasts any future dividend deposits, because NEIL pays dividends at its discretion and their amount and timing are uncertain.[64]

TURN argues that assuming zero dividends understates the NQNDTs' projected value. Dividends have been paid every year since 2018, averaging $9.1 million per year (100% share, 2014 $) over 2021–2024. TURN's model therefore

[64] Ex. SCE-06 at 17 n.39.

assumes that average continues, unescalated, through 2056, with each utility's 50% share deposited net of taxes.[65]

SCE and SDG&E oppose including future NEIL dividends in the trust analysis and modeling. SCE explains that it excluded them because NEIL pays dividends at its discretion and their future amount and timing are uncertain. SCE further adds that a trust fund analysis meant to conservatively confirm that decommissioning funding is adequate should not rely on receipts it cannot reliably estimate. The utilities also contend that the dividends are neither guaranteed nor easily forecast, because they depend on the performance of NEIL's member funds and could instead take the form of an assessment against the utilities. SCE confirms that dividends have varied widely over the past ten years. In six of the years, SCE received less than TURN's assumed $9.1 million, and in four of those years the dividend was under $4 million.[66]

We find that despite the inconsistency in the size of the dividend, the consistency with which the dividends are received is adequate to include in the model. SCE and SDG&E's dividends should be reflected in 2014 dollars and utilize the average sum of NEIL dividends actually received during the January 1, 2024 to December 31, 2026 three-year period directly preceding filing of 2027 NDCTP.

[65] Ex. TURN-1 at 16–17, 20–21.

[66] Ex. SCE-09 at 38.

8.3. SONGS Unit 1 2024 Decommissioning Costs Estimates

The SCE 2024 SONGS Unit 1 DCE forecasts $215.0 million (100% share, 2014 $) for the decommissioning of SONGS Unit 1 from 2024 through 2056.[67] That total includes $43.9 million in costs recorded from 2016 through 2023 for in-progress distributed projects that have not yet been submitted for reasonableness review. The estimate is $2.8 million less than the SCE 2020 SONGS Unit 1 DCE, which forecast $217.8 million for the same remaining scope after removing the 2021–2023 costs reviewed in this proceeding.

The distributed project costs total $138.5 million, an increase of $2.7 million that comes mainly from allocating to SONGS Unit 1 a share of the cost of preparing the site-wide License Termination Plan. Undistributed costs total $76.5 million, a decrease of $5.5 million. The decrease reflects lower offshore conduit lease payments negotiated with the State Lands Commission and a smaller SONGS Unit 1 share of NRC fees. It is partly offset by three additional years of ISFSI-related costs, such as contracted services, emergency preparedness fees, and ISFSI aging management, because the assumed DOE spent fuel acceptance date moved to 2034. SONGS Unit 1 is now essentially in an ISFSI-only condition, and all SONGS Unit 1 spent fuel is expected to leave the site by December 2040.

TURN recommends several adjustments to the SCE 2024 SONGS Unit 1 DCE, most of which rely on the difference between forecast and recorded costs during the 2021-2023 period. TURN argues that this approach is appropriate because SCE has not identified any reasonable expectation that future costs in

[67] The $215.0 million SCE 2024 SONGS 1 DCE includes $43.9 million in costs recorded during 2016–2023 for distributed projects not yet submitted for reasonableness review; excluding recorded costs, SCE estimates SONGS 1 'to-go' costs of $170.0 million (100% share, 2014 $) for purposes of its trust fund contribution analysis.

these categories will depart from recent amounts.[68] TURN makes a series of observational adjustments to SCE's DCE regarding Short Term Incentive Program costs, Labor-staffing contingency, offshore lease and bond contingency, and contracted services. All told, these historic average costs represent a decrease of $6 million against SCE's DCE.[69]

We adopt TURN's historic average cost adjustments to the SCE 2024 SONGS Unit 1 DCE. SCE bears the burden of showing that its forecast is reasonable. Recorded costs in each of the categories that TURN identifies fell well below the 2020 DCE forecast, yet the 2024 DCE largely carries those assumptions forward without explaining the variances. SCE's argument that historical averages are premature for a complex, changing project carries little weight for SONGS Unit 1. By SCE's own description, SONGS Unit 1 is already essentially in an ISFSI-only condition, and SCE concedes that historical averages may be appropriate for a site in that condition.[70] SCE has also already agreed that its STIP forecast for SONGS Unit 1 is inconsistent with its recording practice. We find that SCE has not justified increasing labor-staffing or lease contingencies that already include CPI escalation. We therefore approve the SCE 2024 SONGS Unit 1 DCE at $209 million, which reflects the $6.011 million in quantified reductions for the costs discussed previously.

8.4. SONGS Units 2 and 3 2024 Decommissioning Costs Estimates

The 2024 SONGS Units 2 and 3 DCE, under the Operational Scenario, estimates the total cost to decommission SONGS Units 2 and 3 at $4,709.4 million

[68] Ex. TURN-01 at 5.

[69] Ex. TURN-01 at 5-9.

[70] Ex. SCE-09 at 4.

(100% share, 2014 $), including recorded costs through December 2023. This is $46.3 million, or about 1%, more than the $4,663.1 million estimated in the 2020 SONGS Units 2 and 3 DCE as modified by D.24-08-001. Distributed project costs decreased by $69.9 million. Most of that decrease is a $58.5 million reduction in decontamination, demolition, and disposal costs. Many activities completed in 2021–2023 did not use their full contingency, and fixed-price milestone payments shifted to later years, which lowers their value when converted to 2014 dollars. The DGC scope remains scheduled for completion in 2028. Undistributed costs increased by $116.2 million. Other Non-Labor costs rose $87.5 million, including a $65.6 million increase in site lease and easement expenses resulting from the Navy's fair market value assessment. Labor-Staffing costs rose $38.6 million, driven by three additional years of staffing due to DOE non-performance and by labor rates higher than those assumed in the 2020 DCE. A $16.6 million reduction in Contracted Services partly offsets these increases. SCE estimates that the three-year DOE delay during the ISFSI-only period adds about $75 million to SONGS Units 2 and 3 costs.

The 2024 SONGS DCEs assume DOE will begin accepting spent fuel in 2034 and finish removing it from SONGS by 2054.[71] A4NR argues that SCE simply moves the prior cycle's date forward each NDCTP, ignoring its own Spent Fuel Strategic Plan, which projects removal could take two to seven decades after Congress acts. A4NR estimates a ten-year delay would add $250 million (2014 $). It asks that the next DCEs model the Generic Environmental Impact Study's (GEIS's) 60-, 110-, and 160-year storage periods and disclose the DOE queue assumptions behind them.

[71] Ex. SCE-04 at 6–8.

SCE responds that its approach follows industry practice. SCE adds that the Commission has repeatedly found the approach reasonable because no party has offered an alternative date supported by persuasive analysis.[72] SCE argues that continuing to deposit DOE litigation proceeds in the NQNDTs addresses the risk of further delay better than building a longer delay into the DCE, and that the 110- and 160-year scenarios are too speculative for cost estimating. SCE commits to analyze a roughly 60-year scenario in the 2027 NDCTP and to identify its DOE queue assumptions.

We decline to adopt A4NR's and Cal Advocates' recommendations. No party has offered a persuasively supported alternative spent fuel removal date. Further delay will be reflected when the assumed date is updated in each NDCTP, and DOE litigation proceeds deposited in the NQNDTs will help fund its costs. We note, however, that SCE has agreed to analyze in its next DCE a scenario in which DOE begins removing spent fuel only after the Round 5 litigation proceeds are fully spent. SCE states that this scenario is roughly equivalent to the 60-year storage period A4NR requests, and it has also agreed to identify the DOE queue assumptions used in its estimates. We direct SCE to include both in its 2027 NDCTP. The 110- and 160-year scenarios are too speculative to inform the Commission's triennial funding decisions. Cal Advocates' reductions would exclude reasonably anticipated scope, and recorded costs for these activities will remain subject to reasonableness review.

[72] Ex. SCE-09 at 14.

8.5. PVNGS Units 1, 2 and 3 2023 Decommissioning Costs Estimates

PVNGS' nuclear operating licenses were originally issued on December 31, 1984 for Unit 1 (NPF-51); December 9, 1985 for Unit 2 (NPF-51); and March 25, 1987 for Unit 3 (NPF-74). The current NRC operating licenses for PVNGS Units 1, 2, and 3 will expire on June 1, 2045; April 24, 2046; and November 25, 2047, respectively. SCE owns a minority 15.1% interest in PVNGS. SDG&E does not hold an ownership interest in PVNGS.[73]

SCE seeks CPUC reasonableness findings and approval of 2023 PVNGS DCE in the sum of $632.1 million (SCE share, 2023 $)[74] for the PVNGS facilities, modeled using a 25% cost contingency assumption.[75]

The 2023 PVNGS DCEs for this 2024 NDCTP were prepared by TLG Services, Inc. (TLG)[76] for operating agent APS. TLG's decommissioning cost study for the 2023 PVNGS DCEs: (1) assumes that physical decommissioning work will commence promptly after each PVNGS NRC operating license expires between the years 2045 to 2047, and (2) applies a contingency of 25% in its DCE modeling and forecasts.[77] Based on TLG's decommissioning cost studies, SCE seeks Commission reasonableness findings and approval of the 2023 PVNGS

[73] SCE/SDG&E Opening Brief at 20. See also Ex. SCE-0005 at 1, 3-4, and 6. See also Ex. SCE-0005, Appendix B (*2023 TLG Decommissioning Cost Study for Palo Verde*) (December 2023) at 1, B-18, and B-69.

[74] The DCE for PVNGS was conducted in 2023.

[75] SCE/SDG&E Opening Brief at 20. See also Ex. SCE-0005 at 10-12. See also Ex. CADV-0401 (*Workpapers for 2024 NDCTP: Reasonableness of the SONGS 1, 2 & 3 Nuclear Decommissioning Activities, SONGS 1, 2 & 3, and Palo Verde Decommissioning Cost Estimates, and DOE Litigation Proceeds for SONGS*) (June 2025/Revised November 6, 2025), Data Request Set PubAdv-SCE-005-MW5, *Response to Question 03 (Regarding Ex. SCE-05 pp. 10*) at 9-10.

[76] Ex. SCE-05 at 3.

[77] Ex. SCE-05 at 1, 6, and B-85.

DCEs in the sum of $632.1 million (SCE share, 2023 $) for the 2021-2023 Review Period.[78]

Intervenors TURN and A4NR do not contest the reasonableness of SCE's 2023 PVNGS DCEs in this proceeding. Cal Advocates, however, takes issue with the 25% cost contingency used to prepare the 2023 PVNGS DCEs. Cal Advocates asserts that a 19.4% PVNGS cost contingency was approved in the 2021 NDTCP and that SCE has not provided sufficient detail and documentation in this 2024 NDCTP to support increasing the contingency to 25%. Cal Advocates also argues that the Commission should maintain and approve the 2021 NDCTP 19.4% contingency and reduce SCE's 2023 PVNGS DCE $632.1 million (SCE share, 2023 $) by the sum of $29.5 million in the instant 2024 NDCTP.

Upon review, we find that SCE and SDG&E's proposal to set SCE's 2023 PVNGS DCE with an overall contingency at 25% is not adequately supported by the record and approve an adjusted DCE using the 19.4% contingency, as approved in the 2021 NDTCP. Within 30 days of the issuance date of this decision, SCE and SDG&E will file a Tier 1 Advice Letter with the adjusted 2023 DCE.

9. Annual Contributions

On both the Federal and California state regulatory levels, nuclear power plant operators or licensees must provide financials assurances that funds will be available for all phases of the decommissioning process from planning to completion.[79] The funds must cover all decommissioning activities to safely

[78] Ex. SCE-05 at 7.

[79] U.S. Atomic Energy Act of 1954, Section 193(d) (*Insurance and Decommissioning*) as amended 42 U.S.C. Section 2243(d)(2). See also 10 C.F.R. Section 53.1010 (*Financial Assurances for Decommissioning*) and Section 70.25 (*Financial Assurances and Record Keeping for Decommissioning*). See also California Nuclear Facility Decommissioning Act of 1985, Pub. Util. Code Section 8325.

achieve license termination, SNF management, and site restoration. Federal NRC regulations allow for financial assurances through segregated trust funds, surety bonds, letters of credit, insurance, parent company guarantees and other funding mechanisms.[80]

The California Decommissioning Act provides the regulatory framework to ensure adequate financial resources for the safe decommissioning of California's nuclear power plants.[81] Pursuant to the mandates of the Act, the CPUC adopted D.87-05-062 requiring the IOUs to finance the cost of decommissioning of nuclear power plants owned by California utilities with externally managed trust funds;[82] sometimes referred to as qualified nuclear decommissioning trust (QNDT) and NQNDT or collectively as NDTs.[83] SCE and SDG&E maintain separate NDTs for each nuclear unit owned.[84]

DCEs are used to determine whether the subject NDT is adequately funded to support decommissioning, and whether customer contributions[85] to each of the NDTs are needed. As in this 2024 NDCTP, the California Decommissioning Act requires the CPUC to periodically review DCEs submitted by SCE and SDG&E to assess whether the IOUs have sufficient funds in each

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[80] 10 C.F.R. Section 53.1040 (*Methods for Providing Financial Assurances for Decommissioning*).

[81] Ex. SCE-0006 (*Testimony On the 2024 SCE Fund Contributions and Financial Assumptions*) at 2 and 17.

[82] See D.87-05-062 (May 29, 1987).

[83] "NDTs" refers the collective of both QNDT and NQNDT. See also Pub. Util. Code Section 8325(a)-(d).

[84] A Qualified Master Trust Agreement and a Non-Qualified Master Trust Agreement exists for each of the SONGS and PVNGS nuclear power plant units. See also Ex. SCE-0006 at 2 and 10. Ex. SDGE-0104 at 2-3.

[85] "Customer contributions or "annual decommissioning contributions" or "ratepayer contributions" refer to funds collected from a utility's customers to pay reasonable and prudent cost of decommissioning a nuclear facility. See Pub. Util. Code Section 8325(c)-(d).

NDT to fund the remaining decommissioning costs for their nuclear facilities, and to adjust customers' contributions to the NDTs if necessary.[86] In Decision 16-04-019, the Commission ordered that customer contributions to SCE's and SDG&E's respective NQNDT [and QNDT] accounts for SONGS Units 2 and 3 be reduced to zero dollars ($0.00) in the year 2016.[87]

In this 2024 NDCTP, we consider SCE and SDG&E's request that their respective annual contribution amounts remain at $0.00 for the 2021-2023 Review Period, without waiver of request for ratepayer contributions in future NDTCP.

9.1. SCE Annual Customer Contributions

SCE asserts that its NDTs are sufficiently funded and requests to maintain annual contributions to the SONGS Unit 1, SONGS Units 2 & 3 NDTs, and PVNGS NDTs at $0.00. The assertion is based upon SCE's DCEs, each of the SONGS 1, SONGS 2 & 3, and PVNGS NDTs balances as of June 30, 2024, projected escalation rates,[88] and current financial assumptions.[89] The last date of SCE customer contributions to the corpus of each of the SONGS 1, 2, and 3 NDTs and PVNGS 1, 2, and 3 NDTs was April 1, 2014.[90]

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[86] Pub. Util. Code Sections 8326 and 8327 (*Decommissioning of Nuclear Facilities*).

[87] D.16-04-019 (*Decision Approving Decommissioning Cost Estimate*) (April 21, 2016) at OP 3. See also SCE/SDG&E Final Statement at 5.

[88] "Escalation" or "Escalation rates" is a term used in economic analysis to refer to the rate at which a specific good, service, or commodity increase in price, at a specific future point in time; sometimes due to inflation, supply and demand, or changes in technology, environment, political policy, regulatory requirements or other factors.

[89] Application at 2. See also SCE/SDG&E Opening Brief at 2, 31, 33. See also Ex. SCE-0006 at 6, 10-11, 18.

[90] See D.16-04-019 at OP 3. See also SCE/SDGE Final Statement at 5. See also SCE Tier 1 Advice Letter 3155-E and Tier 1 Advice Letter 3155-E-A (*Implementation of SCE's Consolidated Revenue Requirement and Rate Changes on January 1, 2015 and Supplemental Filing*) Section B (*2015 Total System Consolidated Revenue Requirement Changes*), subsection 13 (*2015 Nuclear Decommissioning Trust Funding*) (effective January 1, 2015) at 10.

9.1.1. SONGS Unit 1

Per SCE's updated 2024 SONGS Unit 1 DCEs, SCE presents that its portion of the estimated *To Go Costs*[91] to decommission SONGS Unit 1 is projected to be $186.1 million (SCE Share, 2024 $) for the remaining SONGS Unit 1 decommissioning work, beginning June 30, 2024 through the year 2056.[92] SCE's analysis indicates that the *net liquidation value* of SONGS Unit 1 NDTs (NQNDT and QNDT), as of June 30, 2024, is $333.265 million (SCE Share, 2024 $).[93]

As discussed hereinabove, while Applicants' and Intervenors' approaches to specific DCE assumptions, modeling, and forecasting methodology vary at times, no party opposes SCE's assertions that the SONGS Unit 1 NDTs are sufficiently funded or its request to maintain SCE customer contributions at $0.00 for the SCE SONGS Unit 1 NDTs. We agree that SONGS Unit 1 NDTs are sufficiently funded and do not require restart of customer contributions to meet future decommissioning liabilities for SONGS Unit 1 in this 2021-2023 Review Period.

SCE's request to maintain annual customer contributions to the corpus of SONGS Unit 1 QNDTs and NQNDTs at $0.00 is reasonable and approved based upon SCE's SONGS Unit 1 NDTs' fund performance and balances as of June 30,

[91] "To Go Costs" refers to the difference between estimated cost to complete the decommissioning process and historic costs already paid.

[92] SCE's SONGS 1 customer contribution modeling assumes the Operational Scenario for SNF and subsurface structure removal. See Ex. SCE-0006, Table IV-6 (*Proposed Nuclear Decommissioning Recovery SONGS 1 2018 NDCTCP, 2021 NDCTP & 2024 NDCTP Comparison*).

[93] *Id.* "Net Liquidation Value" in SCE's contribution modeling in this 2024 NDTCP is calculated by reducing the market value of the NDT fund balance, on a specified date, by estimated taxes on net investment gains after immediate sale of trust assets and securities. The modeling also assumes availability of the liquidated assets to fund decommissioning activities.

2024, estimated escalation rates, after-tax rates of return, and project scheduling evidence presented in the current 2024 NDCTP review period.

9.1.2. SONGS Units 2 and 3

SCE presents that its share of estimated *To Go Costs* to decommission SONGS Units 2 and 3 is $2,238.3 million (SCE Share, 2024 $) Operational Scenario or $2,250.9 million (SCE Share, 2024 $) Settlement Scenario for the remaining 2024 to 2056 decommissioning work.[94] SCE's modeling indicates that the *net liquidation value* of SONGS Unit 2 NDTs and SONGS Unit 3 NDTs as of June 30, 2024, is $2,013.842 million (SCE Share, 2024 $).[95]

SCE's assertions that the SONGS Units 2 and 3 NDTs are sufficiently funded and request to maintain SCE's customer contributions as $0.00 are also unopposed. We agree that SONGS Unit 2 NDTs and SONGS Unit 3 NDTs are sufficiently funded and do not require restart of customer contributions to meet future decommissioning liabilities for SONGS Units 2 and 3 in this 2021-2023 Review Period.

SCE's request to maintain annual customer contributions to its SONGS Units 2 and 3 NDTs at $0.00 is reasonable and approved based upon SCE's SONGS Units 2 and 3 NDTs fund performance and balances as of June 30, 2024, estimated escalation rates, after-tax rates of return, and project scheduling evidence presented in the current 2024 NDCTP review period.

9.1.3. PVNGS Units 1, 2, and 3

PVNGS is currently operational. SCE estimates its 15.1% minority interest share of the future decommissioning costs of PVNGS Units 1, 2, and 3 is

[94] Ex. SCE-06, Table IV-7 (*Proposed Nuclear Decommissioning Recovery SONGS 2 & 3 2018 DCE Application, 2021 NDCTP & 2024 NDCTP Comparison*) at 20. *Id.* at 3 and 18-19.

[95] Ex. SCE-06 at 2-20.

$632 million (SCE Share, 2023 $).[96] SCE's updated 2024 DCEs modeling indicates that the *net liquidation value* of PVNGS NDTs, as of June 30, 2024, is $1,548.906 million (SCE Share, 2024 $).[97]

SCE's contention that the PVNGS NDTs are sufficiently funded and request to maintain PVNGS Units 1, 2, and 3 customer contributions at $0.00 are uncontested. We agree that PVNGS Units 1, 2, and 3 NDTs are sufficiently funded and do not require restart of customer contributions to the corpus of the NDTs to meet future decommissioning liabilities for PVNGS in the current 2021-2023 Review Period.

SCE's request to maintain annual customer contributions to its PVNGS Units 1, 2, and 3 at $0.00 is reasonable and approved based on updated 2024 PVNGS DCE, PVNGS NDT balances as of June 30, 2024, estimated escalation rates, tax rates, and rate of return evidence presented in the current 2024 NDCTP review period.

9.2. SDG&E Annual Customer Contributions

As discussed, SDG&E holds a 20% minority interest in cost liability for SONGS Units 1, 2, and 3 and oversees decommissioning costs and activities. SDG&E contends that its NDTs are sufficiently funded and requests to maintain annual ratepayer contributions to the SONGS Unit 1 and SONGS Units 2 and 3 NDTs at $0.00, based upon SDG&E's 20% share of the SCE 2024 SONGS DCEs, SDG&E-only costs, each of the SONGS Unit 1 and SONGS Units 2 and 3 NDTs balances as of December 31, 2023 and net liquidation value, cost escalation rates,

[96] SCE's PVNGS customer contribution modeling assumes the Operational Scenario for SNF and subsurface structure removal. See Ex. SCE-06, Table IV-8 (*Proposed Nuclear Decommissioning Recovery PVNGS 2015 & 2021 & 2024 NDCTP Comparison (SCE Share, Thousands Nominal, unless otherwise stated*)).

[97] Id. at 2 and 2-022. See also Ex. SCE-05 at 1 and 13.

current-dollar decommissioning cost studies, and after-tax rates of returns.[98] The last date of SDG&E ratepayer contributions to the corpus of each of the SDG&E SONGS Units 1, 2, and 3 NDTs was January 1, 2016.[99]

9.2.1. SONGS Unit 1

Utilizing SCE's updated 2024 SONGS Unit 1 DCEs, SDG&E estimates that its 20% share of SONGS Unit 1 current-dollar costs and SDG&E-Only costs are projected to be $47.2 million (2023 $) for SONGS Unit 1 decommissioning work, from June 30, 2024 through the year 2056.[100] SDG&E's analysis indicates that the *net liquidation value* of its SONGS Unit 1 NQNDTs, as of December 31, 2023, is $145.00 million (2024 $).[101]

No party opposes SDG&E's assessment that the SONGS Unit 1 NDTs are sufficiently funded or its request to maintain SDG&E ratepayer contributions at $0.00 for the SDG&E SONGS Unit 1 NDTs. We agree that SONGS Unit 1 NDTs are sufficiently funded and do not require restart of SDG&E ratepayer contributions to meet future decommissioning liabilities for SONGS Unit 1 in this 2021-2023 Review Period.

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[98] Application at 2-3. See also SCE/SDG&E Opening Brief at 31 and 33. See also Ex. SDGE-0104 at 2-3.

[99] See D.16-04-019 at OP 3. See also Ex. SDGE-0104 at 1. See also SCE/SDG&E Final Statement at 5. See also SDG&E Tier 1 Advice Letter 2480-E (Consolidated Filing to Implement January 1, 2016 Electric Rates), at 3-4 (ERRA, Competition Transition Charge (CTC), Local Generation (LG), San Onofre Nuclear Generating Station (SONGS), and GHG Revenue Requirements). *Id.* at 9 (Summary of January 1, 2016 Revenue Impacts).

[100] Ex. SDGE-0104 at 2. See also Ex. SDGE-0103, Attachment A (*SDG&E Only Cost Estimates*) at A-1 to A-4. See also Ex. SCE-0004 at 50, 52, and 68; and Appendix B, Section VII (*Summary of 2024 DCE Costs and Schedule*), subsection B *(Summary of SONGS 1 DCE Estimated Costs*), Table 8 (*Summary of 2024 SONGS 1 DCE By Period (2024 $ In Thousands)*) at 23.

[101] Ex. SDGE-0104 at 1.

SDG&E's request to maintain annual customer contributions to the corpus of SONGS Unit 1 NDTs at $0.00 is reasonable and approved based upon SDG&E SONGS Unit 1 NDTs' fund performance and balances as of December 31, 2023, estimated escalation rates, after-tax rates of return, and project scheduling evidence presented in the current 2024 NDCTP review period.

9.2.2. SONGS Units 2 and 3

SDG&E presents that its estimated 20% share of SONGS *To Go Costs* and SDG&E-Only costs is $279.0 million (2023 $) for SONGS Unit 2 and $334.1 million (2023 $) for SONGS Unit 3 decommissioning work, from June 30, 2024 to year 2056.[102] SDG&E's analysis estimates that, as of December 31, 2023, the *net liquidation value* of SONGS Unit 2 NDTs was $302.5 million (2023 $) and $367.3 million (2023 $) for SONGS Unit 3 NDTs.[103]

SDG&E's conclusion that its SONGS Units 2 and 3 NDTs are sufficiently funded and request to maintain customer contributions as $0.00 is uncontested. We agree that SONGS Unit 2 NDTs and SONGS Unit 3 NDTs are sufficiently funded and do not require restart of SDG&E customer contributions to meet future decommissioning liabilities for SONGS Units 2 and 3 in this 2021-2023 Review Period.

SDG&E's request to maintain annual customer contributions to its SONGS Units 2 and 3 NDTs at $0.00 is reasonable and approved based upon SDG&E's SONGS Units 2 and 3 NDTs fund performance and balances as of December 31,

[102] Ex. SDGE-0104 (*Financial Modeling, Trust Fund Contributions, Tax Issues, and Regulatory Accounting*) at 3. See also Ex. SDGE-0103, Attachment A at A-1 to A-4. See also Ex. SCE-0004 at 24, 61, 68, and 78.

[103] SCE/SDG&E Opening Brief at 33. See also Ex. SDGE-0104 at 2.

2023, estimated escalation rates, after-tax rates of return, and project scheduling evidence presented in the current 2024 NDCTP review period.

10. U.S. Department of Energy Litigation Proceeds

Federal statute requires the DOE to develop a geological repository for SNF and high-level waste, remove the radiated waste from U.S. nuclear power plants, and transport it to the subject repository for permanent disposal.[104] Additionally, pursuant to agreements executed between SCE and the DOE on June 10, 1983, the DOE is contractually obligated to remove SNF from SONGS beginning on January 31, 1998.[105]

The DOE did not begin removal of SONGS SNF in 1998, has not developed its SNF national geological repository, and does not currently have offsite storage locations to receive SONGS SNF.[106] SCE, in its capacity as the SONGS Decommissioning Agent, has engaged in successive breach of contract litigations with the DOE in the U.S. Court of Federal Claims to recover damages for the DOE's failure to remove SNF from the SONGS onsite ISFSI and the General Electric-Hitachi Nuclear Energy Americas, LLC Morris Operation external storage facility in Illinois (GE-Hitachi).[107]

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[104] 42 U.S.C. Section 10101 et seq. (1982).

[105] 42 U.S.C. Section 10156(a). See also Commission Resolution E-4066 (*Southern California Edison Company (SCE) requests authority to establish a Department of Energy Litigation Memorandum Account (DOELMA) to track incremental legal costs and proceeds associated with litigation concerning the United States Department of Energy's failure to take delivery of spent nuclear fuel from San Onofre Nuclear Generating Station. Approved.*) (March 15, 2007) at 2.

[106] Ex. SCE-0007 (*Testimony on Update on DOE Litigation Proceeds*) at -i- and 3-4.

[107] Application at 11. See also Ex. SCE-0001 at 6. See also Ex. SCE-0004, Appendix B at 1. See also Ex. SDGE-0101 (SDG&E's Oversight and Fiscal Management Role at SONGS DOE Litigation Proceeds and Compliance with Prior Commission Decisions) at 6.

SCE has sought and/or recovered damages from the DOE for the cost to install ISFSI, to store, maintain, and protect the SNF stored onsite at SONGS; and maintain offsite storage at GE-Hitachi as follows:

Round 1 Claim ($146 million): D.13-12-045[108]

Round 2 Claim ($182 million): D.18-08-007[109]

Round 3 Claim ($56 million): D.19-10-039[110]

Round 4 Claim ($58 million): D.20-05-004[111]

Round 5 Claim ($168 million): (pending)[112]

Round 6 Claim ($284 million): (pending)[113]

A portion of the DOE Round 1 Claim, Round 2 Claim, Round 3 Claim, and Round 4 Claim litigation proceeds received by SCE and SDG&E were previously returned to their customers via their respective ERRA processes.[114]

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[108] A.12-04-001: Commission Decision on Southern California Edison Company's 2011 Energy Resource Recovery Account Compliance and Reasonableness Review (December 19, 2013).

[109] A.16-04-001: Commission Decision Regarding Energy Resource Recovery Account Issues for Southern California Edison Company (August 9, 2018).

[110] A.18-03-016: Commission Decision Addressing Southern California Edison Company's Energy Resource Recovery Account Compliance Application for Record Year 2017 (October 24, 2019).

[111] A.19-04-001: Commission Decision Approving Southern California Edison Company's Energy Resource Recovery Account Entries and Related Matters (May 7, 2020).

[112] Ex. SCE-0007 at 7.

[113] *Id.*

[114] ERRA is a power procurement balancing account used to track energy costs differences between a utilities recorded revenues and costs incurred pursuant to an approved energy procurement plan. The California Public Utilities Code authorizes the CPUC to periodically review ERRA and adjust rates or order refunds as necessary in ERRA Compliance or ERRA forecast proceedings. See Cal. Pub. Util. Code Section 454.5(d)(3). See also D.02-10-062 *(Interim Opinion* (October 24, 2022) in Commission Rulemaking 01-10-024 (Order Instituting Rulemaking to Establish Policies and Cost Recovery Mechanisms for Generation Procurement and Renewable Resource Development) at 61 and 79 (OP 14).

Pursuant to 2021 NDCTP D.24-08-001 for the 2018-2021 review period, Round 5 Claim, Round 6 Claim, and DOE SNF litigation claim proceeds received, after August 1, 2024, are to be deposited into the respective NQNDT for SONGS Units 1, 2, and 3 rather distributed to customers through the ERRA process.[115] Additionally, OP 3 of D.24-08-001 provides, in pertinent part:

> The deposited litigation proceeds from the DOE, as well as any investment gains from these funds, shall be used only for the purposes of spent fuel management and storage costs for [SONGS]. Any unspent funds shall be returned to ratepayers. The Commission may review the disposition of these funds at any future Nuclear Decommissioning Cost Triennial Proceeding.[116]

(*Emphasis added*).

Review of the status and the continued disposition of DOE SNF litigation claim funds in future NDCTPs is provided for in D.24-08-001 OP 3 and is scoped issue No. 7 in the instant 2024 NDCTP.[117]

As of the date of this Decision, the Round 5 Claim and the DOE Round 6 Claim litigations remain pending.[118]

OP 5 of D.24-08-001, in part, also requires SCE and SDG&E to address the following in this 2024 NDCTP:

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[115] A.22-02-016, 2021 NDCTP D.24-08-001. Parties to A.22-02-016 included SCE, SDG&E, A4NR, Public Watchdogs, TURN, and PG&E.

[116] D.24-08-001, OP 3 at 36.

[117] Assigned Commissioner's Scoping Memo and Ruling (June 3, 2025) at 4.

[118] SCE/SDG&E June 2026 DOE Supplement at 2-3. See also Ex. SCE-0007 at 10. See also Ex. TURN-304 (*Attachments to Direct Testimony of Matthew Freedman on the 2024 Nuclear Decommissioning Cost Triennial Proceeding of Southern California Edison and San Diego Gas & Electric Company*) at Attachment B (*SCE Responses to TURN Data Request*), Response to Question 9 at Ex. TURN-304-033. *Id*. at Attachment C (*SDG&E Responses to TURN Data Request*), Question No. 3, SDG&E Response at Ex. TURN-304-050.

> (a) provide updated information on the DOE spent fuel removal start date and completion date,
>
> (b) present forecasted decommissioning costs and forecasted spent fuel storage costs based on the expected DOE spent fuel removal start date and completion date,
>
> (c) specify any DOE litigation 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,
>
> (d) 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, and
>
> (e) and present the annualized forecasted decommissioning costs forecasted spent fuel storage costs and forecasted NQNDT fund balances. This analysis should clearly demonstrate projected annual starting and ending balances of the NQNDT fund balances.[119]

In the current 2024 NDCTP, and in compliance with OP 5(a) of D.24-08-001, SCE and SDG&E provided the Commission with a new assumed start date year of 2034 and a new assumed completion date year of 2054 for DOE removal of SNF from SONGS.[120]

Using the revised DOE SNF year 2034 removal start date and year 2054 completion date assumptions, in compliance with OP 5(b) of D.24-08-001, SCE and SDG&E forecast the following decommissioning costs and SNF storage costs for the SONGS facilities:

[119] D.24-08-001, OP 5 at 37.

[120] Ex. SCE-0007 at 9. See also Ex. SCE-0004, Appendix B, Section V (*Bases of Estimates and Key Assumption*), subsection B (*Key Facts & Assumptions*), *Spent Nuclear and GTCC Waste* at 26. See also Ex. SDGE-0101 at 13.

- SONGS Unit 1 Decommissioning Costs: $215.0 million (100% Share, 2014 $) ($277.8 million (100% Share, 2023 $));
- SONGS Unit 1 SNF Storage: $47.1 million (100% Share, 2014 $) ($62.0 million (100% Share, 2023 $));[121]
- SONGS Units 2 and 3 Decommissioning Costs:
  1. Settlement Scenario: $2,955.7 million (100% Share, 2023 $) or
  2. Operational Scenario: $2,939.9 million (100% Share, 2023 $);[122]
- SONGS Units 2 and 3 SNF Storage:
  1. Settlement Scenario: $989.5 million (100% Share, 2023 $) or
  2. Operational Scenario: $982.1 million (100% Share, 2023 $).[123]

As required by D.24-08-001 OP 5(c) and in response to the ALJ DOE SNF Ruling in the instant 2024 NDCTP, SCE and SDG&E indicated that $0.00 in DOE litigation proceeds have been received during the period between the filing of the 2021 NDCTP and the filing of the 2024 NDCTP. The IOUs also indicated that DOE litigation proceeds are not expected to be received during the pendency of this 2024 NDCTP.**[124]**

In compliance with OP 5(d) of D.24-08-001, SCE and SDG&E presented comparisons of the forecasted decommissioning costs for SONGS Units 1, 2, and

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[121] Ex. SCE-0007 at 9. See also Ex. SCE-0004, Appendix B, Section VII (*SONGS 1 Detailed Discussion*), subsection C (*2024 SONGS 1 DCE Costs by NRC Cost Category*), Table 28 *(2024 SONGS 1 DCE Costs by NRC Cost Category ($ In Thousands)*) at 73. See also Ex. SDGE-0101 at 13.

[122] Ex. SCE-0004, Appendix B, Section VI (*SONGS 2 & 3 Detailed Discussion*), subsection C (*2024 DCE Costs by NRC Cost Category*), Table 20 (*2024 SONGS 2 & 3 DCE By NRC Category ($ In Thousands)*) at 55-57. See also Ex. SDGE-0101 at 13.

[123] Ex. SCE-0004, Appendix B, Section VIII (*2024 SONGS 2&3 DCE Operational Scenario*), subsection D (*Other*) Table 44 (*2024 SONGS 2&3 Operational Scenario DCE By NRC Cost Category ($ In Thousands)*) at 94. See also Ex. SDGE-0101 at 13.

[124] SCE/SDG&E June 2026 DOE SNF Supplement at 2-3. See also Ex. SCE-0007 at 8-10. See also Ex. SDGE-0101 at 13. See also ALJ DOE SNF Ruling at 6-9.

3 with SNF storage costs using the newly projected DOE SNF Removal 2034 start date and 2054 completions for SONGS; against the forecasts for their respective NQNDT fund balances, including the current $0.00 sum certain amount of DOE litigation proceeds received after D.24-08-001 was issued.[125]

In compliance with OP 5(e) of D.24-08-001, SCE and SDG&E applied the revised DOE SNF removal projections and filed an analysis of annualized[126] forecasted decommissioning costs, forecasted SNF storage costs, and forecasted NQNDT fund balances to demonstrate projected annual starting and ending balances for the respective SONGS NQNDT funds.[127]

Each Party's position on the division and disposition of the DOE SNF litigation proceeds is discussed below.

10.1. SCE and SDG&E

Collectively, SCE and SDG&E's 2024 NDCTP briefs and exhibits indicate that they intend to continue to track and record their shares of external DOE SNF ligation costs and litigation proceeds through their respective Commission approved DOE Litigation Memorandum Accounts (DOELMA).[128] Following ERRA proceeding review and Commission approval of the external litigation

[125] Ex. SCE-0006 at 17. See also Ex. SCE-0007 at 10. See also Ex. SCE-0008 at 5. See also Ex. SDGE-0101 at 14.

[126] An "annualized" forecast is a financial or operational projection of the 12-month average of financial or operation projections that provides a standardized yearly baseline in a pertinent prudency and reasonableness reviews.

[127] Ex. SCE-0007 at 10. See also Ex. SCE-0004 at Appendix D at B-128 to B-132; Appendix F at B-144., and Appendix K at B-173 to B-177. See also Ex. SDGE-0101 at 14.

[128] See Resolution E-4066 (March 15, 2007) at OP 1; authorizing creation of a DOELMA to:

> [R]ecord litigation costs and proceeds stemming from SCE's litigation with the United States Department of Energy (DOE) for DOE's failure to accept delivery of and take title to spent nuclear fuel from San Onofre Nuclear Generating Station . . . nuclear power units.

costs and their respective shares of DOE SNF litigation proceeds, SCE and SDG&E intend to deposit the net litigation proceeds, beginning with Round 5 Claim funds, into the appropriate SONGS Units 1, 2, and 3 NQNDTs. Those funds will be used only for SONGS SNF management and storage costs, as directed in D.24-08-001.[129] SCE and SDG&E advocate that the Commission continue to allow SCE and SDG&E to deposit the entirety of any ERRA approved net DOE litigation proceeds in the SONGS NQNDTs and to disclose such deposits in future NDCTP review periods.[130]

In support of their position, SCE and SDG&E point to historic DOE SONGS SNF removal delays and Commission findings in the 2021 NDTCP affirming that removal delays would continue into the current 2024 NDCTP review period. SCE and SDG&E's arguments also underscore that the SONGS Round 5 and Round 6 claim litigation proceeds remain pending and that OP 3 of D.24-08-001 has not yet been implemented as to those two claims.[131]

As noted, SCE and SDG&E confirm that no customer contributions for SONGS decommissioning have been collected from SCE ratepayers since April 1, 2014, and SDG&E customers since January 1, 2016, respectively.[132] They also proffer that deposit of DOE litigation proceeds in the NQNDTs for spent fuel storage costs will offset the need to remove funds from the QNDTs for spent fuel management costs and avoids the need to restart collection of decommissioning

[129] Ex. SCE-0007 at 8. See also D.24-08-001, OP 3 at 36. See also Resolution E-4066 at 4-5 and 7.

[130] SCE/SDG&E Opening Brief at 23-24 and 30. See also Ex. SCE-0007 at 11. See also Ex. SDGE-0105 at 4 and 12.

[131] SCE/SDG&E Opening Brief at 22-24. See also SCE/SDG&E Reply Brief at 15. See D.24-08-001 at 23.

[132] SCE/SDG&E Final Statement at 5. See D.16-04-019 at OP 3. See also Ex. SDGE-0104 at 1.

funds from customers if SNF removal delays and storage costs deplete the QNDTs.[133]

10.2. Cal Advocates

Cal Advocates asserts that the approvals sought by SCE and SDG&E in the current 2024 NDCTP are effectively a request to deposit all future DOE SNF claim proceeds into the SONGS NQNTs after receipt and ERRA process approvals.[134] Cal Advocates acknowledges that in the 2021 NDCTP, the Commission approved deposit of the DOE SNF litigation claim proceeds into the NQNDTs for SONGS SNF management and storage costs and that, then and currently pending, DOE Round 5 and Round 6 claim proceeds have not yet been received. However, it contends that disposition of all future DOE SNF claim proceeds is unresolved and within the Commission's review authority in this 2024 NDCTP and reserved in OP 3 of D.24-08-001. Cal Advocates posits that the Commission should exercise its DOE litigation proceeds review and approval authority in this 2024 NDTCP. Cal Advocates seeks Commission orders directing SCE and SDG&E to split future DOE SNF claim funds equally (50/50) between the SONGS NQNDTs and SCE customers through existing Commission ERRA refund mechanisms, when received and beginning with DOE SNF Round 5 Claim proceeds.[135]

In support of its position, Cal Advocates points to an aggregated rate of recovery for SCE's DOE SNF litigation claims and its analysis of potential QNDT and NQNDT surpluses. Cal Advocates approximates that SCE's rate of recovery

[133] SCE/SDG&E Opening Brief at 22-23. See also D.24-08-001, Findings of Fact (FOF) Nos. 24-25 at 33.

[134] Cal Advocates Opening Brief at 8. See also Cal Advocates Reply Brief at 3 and 8-9.

[135] D.24-08-001, OP 3 at 36. See also Cal Advocates Opening Brief at 7-8. See also Ex. CADV-0400 at 10-12. See also OA Transcript at 194:25 to 195:19.

for each of the DOE Round 1, Round 2, Round 3, and Round 4 SNF removal delay claims is 80%. Assuming the same 80% recovery rate, Cal Advocates projects that SCE could potentially receive an additional $361.6 million in SNF litigation proceeds for the pending DOE Round 5 and Round 6 claims. Further, based on its assessment of SCE data response modeling of *Trust Funds vs. To Go Costs,* Cal Advocates puts forth that SONGS Unit 1 is potentially overfunded by $147.1 million and SONGS Units 2 and 3 are underfunded by $224.5 million (Operational Scenario forecasting) or $237.1 (Settlement Scenario forecasting) (SCE Share, 2024 $) in combined QNDT and NQNDT amounts. Cal Advocates projects that a recovery of an estimated $361.6 million in potential DOE litigation Round 5 and Round 6 claims could collectively make the NDTs whole or create a surplus.[136] Cal Advocates further contends that its *To Go Costs* interpolation identifies potential NDT break-even points or a possible surplus that would in turn support a 50/50 split of future DOE SNF claim proceeds between deposit in the SONGS NQNDTs and returns to ratepayers.[137]

Cal Advocates also proffers that continued deposit of the DOE SNF litigation proceeds into the NQNDTs will result in overcollection and refunds to future ratepayers rather than current ratepayers at the end of decommissioning, violating *intertemporal equity* principles.[138] Regarding *intergenerational* or *intertemporal equity*[139] arguments, A4NR counters that an increasing number of

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[136] Ex. CADV-0400, Table 1-5, at 11. See also Ex. CADV-0401, Data Request Set PubAdv-SCE-005-MW5 at 11-13. See also Ex. SCE-0007, Table III-1 at 7.

[137] Cal Advocates Opening Brief at 7-8. See also Cal Advocates Reply Brief at 9-10.

[138] Ex. CADV-0400 at 12 (11:15-12:14).

[139] "Intertemporal equity" or "intergeneration equity" generally refers to the concept of fairness or justice between current and future generations; in the context of this NDCTP, fairness to current ratepayers and fairness to future ratepayers during the decommissioning process. See

Footnote continued on next page.

current ratepayers received no electric service from SONGS and made no payments into the SONGS NDTs before SCE and SDG&E ceased collection of customer contributions, 2014 and 2016 respectively. A4NR posits that a minimal rate credit to a decreasing subset of current ratepayers who both received SONGS electricity and contributed to the SONGS NDTs, while "the full magnitude" of future decommissioning costs on NDTs is in question, would not be in service to Pub. Util. Code Sections 8322 and 8323 equity principles and priorities. A4NR further contends that it would be inequitable to prioritize a current rate payer refund over the interest of future ratepayers that may be charged for SONGS decommissioning costs they never benefited from and were assured were covered by adequate QNDT and NQNDT funding.[140]

TURN agrees with Cal Advocates' proposition that the NDTs are sufficiently funded to support DOE SNF litigation proceeds refunds to ratepayers, albeit in a different larger percentage. However, TURN disagrees with Cal Advocates trust fund adequacy modeling to the extent it compares current trust fund balances to projected decommissioning *To Go Costs* to conclude that the SONGS NDTs are adequately funded to support refund of 50% of DOE SNF litigation proceeds to current ratepayers. TURN asserts that Cal Advocate's *Trust Funds vs. To Go Costs* approach is erroneous, does not provide useful measurement, is not determinative of the need for additional contributions, ignores future trust fund growth attributable to investment

also Cal. Pub. Util. Code Section 8322(f). See also D.24-08-001 at 24-25 and 36. See also D.18-11-034 at 67, citing D.14-12-082 at 132 and D.17-05-020 at 73. See also Ex. CADV-0400 at 12. See also SCE/SDG&E Opening Brief at 2 and 25. See also A4NR Reply Brief at 6-7 and 9. See also TURN Opening Brief at 44-45.

[140] A4NR Reply Brief at 6-8.

returns, and has not previously been used by the Commission in determining NDT adequacy.[141]

SCE and SDG&E do not agree with Cal Advocates' position and assert that that disposition of DOE SNF Round 5 Claim proceeds was fully litigated in A.22-02-016, provided for in D.24-08-001, and outside the scope of this 2024 NDCTP.[142] SCE and SDG&E add that Cal Advocates assessment of *Trust Funds vs. To Go Costs* NDT balances and assumptions regarding the rate of recovery for future DOE SNF claim awards are flawed and unsupported.[143] They argue that, while utilities are generally able to recover proceeds from the DOE, neither recovery nor an award of 80% of SCE's pending Round 5 and Round 6 claims are guaranteed. SCE and SDG&E also contend that Cal Advocates' analysis "ignores the fact that the DOE's failure to remove spent fuel will likely continue beyond the three-year [additional] delay assumed in this proceeding and the associated costs will continue to grow."[144] SCE and SDG&E's counter point to the *intertemporal equity* or *intergenerational equity* arguments raised by both Cal Advocates and TURN related to the DOE SNF litigation proceeds are summarized in Section 10.3 below.

10.3. TURN

TURN posits that the Commission should direct SCE and SDG&E to return 100% of their respective shares of all DOE litigation proceeds (net of litigation costs) to customers via Commission ERRA processes, beginning with the

[141] TURN Reply Brief at 13 and 19. See also Cal Advocates Opening Brief at 8.

[142] SCE/SDG&E Opening Brief at 22-26. See also SCE/SDG&E Reply Brief at 22.

[143] SCE/SDG&E Opening Brief at 25.

[144] Ex. CADV-0400 at 12. See also SCE/SDG&E Opening Brief at 2 and 25.

pending Round 5 Claim funds.[145] In support of its proposal, TURN puts forth that prior to entry of Commission D.24-08-001, SCE previously refunded its share of all DOE litigation proceeds to customers via ERRA processes. It adds that SDG&E previously used its share of DOE proceeds to reimburse shareholders for working cash used to pay for SNF management before pivoting to use of QNDT disbursements to pay for SNF management costs after official IRS guidance.[146]

TURN further contends that SCE and SDG&E should only be permitted to retain DOE litigation proceeds if there is a demonstration of a "compelling funding need to cover identified, quantified and reasonably forecasted future decommissioning costs that exceed forecasted NDT balances" and specific cash flow modeling that considers investment returns over time.[147]

TURN too acknowledges that the SONGS Round 5 and Round 6 DOE SNF claim proceeds have not been received but challenges the sufficiency to the evidence proffered by SCE and SDG&E in the 2021 NDCTP in support of Commission findings, conclusions and orders in D.24-08-001 regarding the IOUs deposit of DOE SNF litigation proceeds, beginning with Round 5, into the

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[145] TURN Opening Brief at 1, 17, 20 and 43. See also TURN Reply Brief at 10-16. See also Ex. TURN-301 at 9-10.

[146] See TURN Opening Brief at 43-44. See also TURN Reply Brief at 10 and 13. See also Ex. TURN-301 at 27-28. See also Ex. SDGE-0104 (*Financial Modeling, Trust Fund Contributions, Tax Issues, and Regulatory Accounting*) at 10-12. See also IRS PLR 201510030 (March 6, 2015), at page 4. See also 26 CFR Section 1.468A-9(b)(2) (*Applicability of §1.468A-1(b)(6) and §1.468A-5(b)(2)(i), (b)(2)(v), and (d)(3)(i)*), providing a broader definition of nuclear decommissioning costs that may be deducted from QNDT under §1.468A-1(b)(6), including expenses related to spent fuel storage both on-site and off-site ISFSIs and a broader definition of nuclear decommissioning costs in §1.468A-1(b)(6)(i) to include all "land improvements and otherwise deductible expenses to be incurred in connection with the entombment, decontamination, dismantlement, removal, and disposal of the structures, systems and components of a nuclear power plant," whether that nuclear power plant is operational or has ceased to produce electric energy.

[147] TURN Opening Brief at 44.

respective SONGS NQNDTs.[148] TURN argues that, in this current 2024 NDCTP, SCE and SDG&E have also not made a substantive showing to support the need for any of the Round 5 or 6 proceeds to be deposited and held in the NQNDTs.[149]

SCE and SDG&E do not agree with TURN's position. As discussed, the IOUs counter that they have complied with OP 5 of D.24-08-001 and intend to deposit the net DOE SNF litigation proceeds, beginning with Round 5 Claim funds, into the appropriate SONGS Units 1, 2, and 3 NQNDTs to implement OP 3 of D.24-08-001.[150] In further response to TURN, SCE and SDG&E repeat their *res judicata* and scope arguments made in opposition to Cal Advocates positions. SCE and SDG&E maintain that the disposition of the Round 5 Claim proceeds was fully litigated in the 2021 NDCTP and is outside the pertinent scope of Commission review in this 2024 NDCTP review.[151] Regarding TURN's sufficiency arguments, SCE and SDG&E reiterated that no DOE claim proceeds were received in this 2021-2023 review period and that new NDT adequacy analyses will be filed in the 2027 NDCTP "in less than two years," including any DOE litigation proceeds received as well as updated DOE SNF removal cost assumptions.[152]

SCE and SDG&E also posit that both Cal Advocates and TURN's requests amount to "improper collateral attacks" without "appropriate notice [to all

[148] *Id*. at 29. See also D.24-08-001, FOF 22 at 33.

[149] TURN Reply Brief at 10.

[150] SCE/SDG&E Opening Brief at 24. See also Ex. SCE-0007 at 11. See also Ex. SDGE-0105 at 4 and 12.

[151] Scoping Memo at 4-5.

[152] SCE/SDG&E Reply Brief at 15-16.

parties][153] and procedures to formally relitigate, amend, or rescind D.24-08-001 entered in the separate A.22-02-06, 2021 NDCTP."[154] To the extent TURN seeks to litigate the disposition of "post-Round 5 litigation proceeds," the IOUs assert that "TURN bears the burden of proof and burden of persuasion because it seeks to reverse [the 2021 NDCTP D.24-08-001], reached less than two years ago."[155]

In counterpoint, TURN maintains that notice to parties and a filed petition to modify are not required for the Commission to review disposition of DOE SNF litigation proceeds, including Round 5 Claim proceeds. As additional support, TURN points to OP 3 of D.24-08-001 entered in the 2021 NDCTP and Scoped Issue No. 7 in the current 2024 NDCTP; each providing for Commission review of the disposition of future DOE SNF claim proceeds.[156]

TURN contests SCE and SDG&E's trust fund adequacy analysis related to future SNF management costs and disposition of DOE litigation proceeds on multiple fronts. TURN states a general opposition to SCE and SDG&E's use of NDT balances as of a June 30, 2024 date, rather than a December 31, 2024 end of year date, for the IOUs trust fund adequacy modeling in the instant January 1, 2021 to December 31, 2023 review period. TURN asserts that applying an end of 2024 calendar year start date would be a better indicator of current and future projections of available NDT balances. SCE and SDG&E do not agree with TURN's assessment and reasserts that that no litigation proceeds were received in the current 2021-2023 Review Period, that funds received in late 2024, between

[153] Parties to A.22-02-016 2021 NDCTP included SCE, SDG&E, A4NR, Public Watchdogs, TURN, and Pacific Gas & Electric Company. Public Watchdogs is not a party to this A.24-12-003 2024 NDCTP.

[154] SCE/SDG&E Opening Brief at 23-24. SCE/SDG&E Reply Brief at 12.

[155] *Id.*

[156] TURN Reply Brief at 14.

June 30, 2024 and December 31, 2024, were "relatively small," and that "new NDT adequacy analyses" with updated SNF removal assumptions will be submitted in "less than two years" in the upcoming 2027 NDCTP.[157]

TURN also takes issue with an absence of future DOE litigation claim proceeds modeling in SCE and SDG&E's NDT adequacy analysis in this 2024 NDCTP. TURN asserts that SCE and SDG&E declined its request to include modeling of the potential impact on trust fund adequacy applying an assumption of a 100% rate of recovery for future DOE litigation claim proceed.[158]

SCE and SDG&E counter that although they were not obligated to update their analysis before the next NDCTP to reflect "hypothetical litigation proceeds," their 2024 NDCTP Application and testimony did include proposals to file supplemental testimony with the Commission, with updated analysis within 30 days of receipt of any DOE Claim 5 litigation proceeds received during the pendency of this 2024 NDCTP. The IOUs reiterate that no DOE claim proceeds have been received since filing of the 2021 NDCTP and add that their update proposals were not included in the June 3, 2025 Scoping Memo in the instant 2024 NDCTP.[159]

TURN proffers that based on its analysis of the net rate of recovery for SONGS Round 1 through 4 Claims, the SONGS co-owners have realized an 88% success rate. TURN posits, that applying a reduced "conservative" 85% recovery

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[157] SCE/SDG&E Reply Brief at 15-16.

[158] TURN Opening Brief and 27. See also Ex. TURN-304, Attachment B (*SCE Responses to Turn Data Request*) at Ex. TURN-304-025. and *Response to Question 25* at Ex. TURN-304-026. See also Ex. TURN-304, Attachment C at Ex. TURN-304-049 and *Question No. 3 SDG&E Response* at Ex. TURN-304-050.

[159] A.24-12-003 at 6-7. See also SCE/SDG&E Opening Brief at 24. See also SCE/SDG&E Reply Brief at 13. See SCE/SDG&E June 2026 DOE Supplement at 2-3. See also Ex. SCE-0007 at 10 (10:10-14). See also Scoping Memo at 4-5.

rate, the SONGS NQNDTs and QNDTs are sufficiently funded, including possible surpluses that should allow the DOE litigation proceeds to flow back to ratepayers when received; rather than be deposited in the NQNDTs for future return of unspent funds to ratepayers.[160]

TURN prepared an alternate trust fund adequacy analysis related to the at-issue disposition of DOE Litigation proceeds in support of its opposing view that NDT balances are forecasted to be adequate to support "decades of additional SNF storage costs without need to use DOE litigation proceeds or restart ratepayer collections." Summarily, TURN utilized various methods and assumptions listed below to adjust the IOUs 2024 NDCTP cash flow modeling:

- Applied SONGS NQNDT and QNDT fund balances for the period ending December 31, 2024 as the analysis starting point, rather than June 30, 2024;
- Assumed SNF removal delay costs through 2056;
- Projected SONGS QNDT and NQNDT balances through the year 2056;
    - Allocated general decommissioning expenses costs to SONGS QNDTs;
    - Allocated SNF removal delay related storage and management costs, beyond those assumed in the DCEs, only to the SONGS NQNDTs;
    - Calculated the average value of the after-tax NEIL dividend received by the IOUs between 2021 and 2024;
    - Assumed that 50% of the average value of after-tax NEIL dividends received by SCE and SDG&E will be deposited into each of their respective SONGS NQNDT

[160] TURN's analysis calculates DOE SNF Claim 1-4's rate of recovery percentage by dividing net proceeds awarded by the principal amount of the original claim. See also Ex. TURN-301 at 21.

in the year received, through 2056 and without escalation or corresponding inflation;[161]

- Applied an 85% rate of recovery to project the amount of Round 5 and Round 6 DOE SNF litigation proceeds; and
- Assumed incremental SONGS SNF removal delay costs deductions from NQNDTs beginning in 2052.[162]

TURN projects that based on its alternative cash flow modeling, the SONGS NDTs will be over funded at the end of 2056, with or without depositing DOE SNF litigation proceeds into the NQNDTs. TURN tabled its findings in 2056 nominal dollars in Exhibit TURN-301 herein. TURN further argues that its modeling demonstrates that without DOE litigation proceeds, SCE's QNDT and NQNDTs can support another 30.73 years of SNF delay costs; and SDG&E another 48.61 years of delay costs. TURN adds that, with the addition of future Round 5 and Round 6 claim proceeds at its applied 85% rate of recovery, SCE NDTs can support another 40.60 years of SNF delay costs and SDG&E another 56.99 years of delay costs.[163]

The IOUs disagree with TURN's alternate NDT funding adequacy analysis. SCE and SDG&E argue that TURN's approach and models are both "flawed" and "one-sided" in that they only assume increased NDT fund balances without analysis of corresponding impacts of continued SNF removal delays and increased SNF storage and management costs. The IOUs add that other "flaws" in TURN's adequacy analysis include a use of 2056 nominal dollars

[161] D.24-08-001, OP 2 at 38. *Id.*, Appendix A, Section D (*Agreement*), subsection 7 (*NEIL Dividends*) at A-9.

[162] TURN Opening Brief at 27-29. See also Ex. TURN 301 at 19-20.

[163] Ex. TURN-301 at 23 (*Comparison of Projected Trust Fund Surpluses with Incremental Spent Fuel Storage Costs* ($2056)). See also TURN Opening Brief at 30.

(2056 $); rather than comparable 2014 nominal dollars (2014 $) and nominal dollars as of the date of the SNF management and other decommissioning costs analysis, as in prior NDTCPs.[164]

In support of its proposal to refund 100% of net DOE Litigation claim proceeds to SCE and SDG&E ratepayers beginning with Round 5, TURN also points to Governor Newsom's Executive Order N-5-24, which provides in pertinent part:

> 3. The California Public Utilities Commission is requested to take immediate action under existing authorities to modify or sunset any underperforming or underutilized programs or orders whose costs exceed the value and benefits to electric ratepayers. The commission is requested to return any unused funds collected from ratepayers for underperforming programs and utility investments in the form of a bill credit, if it identifies such funds.[165]

As discussed in Section 4 above, the federal AEA statutes and NRC rules govern nuclear power plant decommissioning, during the entire decommissioning and after the license is terminated, including cleanup of radioactively contaminated plant systems and structures, and removal of the radioactive SNF. Federal regulations require financial assurances through segregated trust funds, surety bonds, letters of credit, insurance, parent company guarantees and other funding mechanisms from start to finish of the decommissioning process.[166] Federal regulation preempt state regulations in this area.

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[164] SCE/SDG&E Reply Brief at 15-18.

[165] Governor Gavin Newsom, State of California, Executive Department, Order No. N-5-24 (October 30, 2024) at OP 3. See also TURN Opening Brief at 43-44.

[166] U.S. Atomic Energy Act of 1954, Section 193(d) (*Insurance and Decommissioning*) as amended 42 U.S.C. §2243(d)(2). See also 10 C.F.R. Section 53.1010 (*Financial Assurances for*

Footnote continued on next page.

The California Decommissioning Act and Commission Decisions and orders mandate that nuclear power plants owned by California utilities provide financial assurances and fund the cost of decommissioning with externally managed trust funds.[167] The decommissioning activities and NDTs at issue in this 2024 NDCTP do not align with the "underperforming or underutilized programs" or "orders whose costs exceed the value and benefits to electric ratepayers" described in Governor Newsom's Executive Order N-5-24.[168]

10.4. A4NR

A4NR takes issue with the accuracy of SCE and SDG&E's assumptions in the 2024 NDCTP DCEs for SONGS Units 2 and 3 regarding the length of time SNF and Greater than Class C (GTCC) waste[169] will remain stored onsite at SONGS[170] but supports continued deposit of DOE Litigation proceeds into the SONGS NQNDTs pursuant to OP 3 of D.24-08-001.

Decommissioning), Section 53.1040 (*Methods for Providing Financial Assurances for Decommissioning*) and §70.25 (*Financial Assurances and Record Keeping for Decommissioning*). See 26 U.S.C. Section 486A (*Special Rules for Nuclear Decommissioning Costs*).

[167] See California Nuclear Facility Decommissioning Act of 1985, Pub. Util. Code Section 8325. See also CPUC D.87-05-062 (May 29, 1987). See also Ex. SCE-0006 at 2, 10, and 17. See also Ex. SDGE-0104 at 2-3.

[168] See, e.g., *Professional Engineers in California Government v. Schwarzenegger* (2010) 50 Cal.4th 989, 1015 (describing how the Governor's authority over the terms and conditions of state employment emanates from a legislative delegation); *Duke Energy Trading & Mktg., L.L.C. v. Davis* (9th Cir. 2001) 267 F.3d 1042, 1058-1059 (finding that certain Governor Davis executive orders, "to the extent that they conflict with [Federal Energy Regulatory Commission] requirements are void under the Supremacy Clause of the United States Constitution").

[169] The NRC defines GTCC as radioactive waste not classified as high-level radioactive waste, transuranic waste, spent nuclear fuel, or byproduct material; with concentrations of radionuclide atomic material but which exceeds established limits of Class C low-level- radioactive waste. See also 10 C.F.R. §61.55 (a)(2)(iv) (*Waste Classification*).

[170] Ex. A4NR-0201, A07 (4:1-13) at 4; A09 (7:06-14) at 7; A11 (11:1-18) at 11; A14 (14:12-23) at 14; A16 (15:33-16:14) at 15-16; and A21 (25:4-14) at 25.

A4NR contends that broader analysis and additional modeling is needed from SCE and SDG&E as to short-term, long-term, and indefinite-term SNF removal delay assumptions and impacts before effecting additional change to the disposition of the DOE SNF litigation proceeds in this 2024 NDTCP.[171] A4NR also recommends that the Commission order SCE and SDG&E to submit SONGS Unit 1 and Units 2 and 3 DCEs in the next 2027 NDCTP applications, including analysis of:

> [T]he specific assumptions made about the operation of the DOE queue – including the national volume of SNF/GTCC, available storage capacity, and whether shutdown sites are prioritized for SNF/GTCC removal – in any assessment of the length of time SNF/GTCC will remain onsite at SONGS, including . . . three GEIS-based scenarios . . . .[172]

A4NR does not support TURN's proposal to refund all DOE SNF Round 5 and Round 6 Claim proceeds to SCE and SDG&E customers. Nor does A4NR support Cal Advocates proposals to equally split the proceeds between SONGS NQNDTs and IOU ratepayer ERRA refunds, adding that it is too soon to "relitigate the balance struck" in D.24-08-001.[173] A4NR proffers that: (1) it has been less than two years since D.24-08-001 was issued in October 2024; (2) Round 5 and Round 6 DOE SNF Claim proceeds are not yet available; and (3) ratepayer contributions to SONGS Units 1, 2, and 3 NDTs have remained at

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[171] A4NR Reply Brief at 6-8.

[172] A4NR Opening Brief at 11-12. See also 10 C.F.R. §51.23 (*Environmental Impacts of Continued Storage of Spent Nuclear Fuel Beyond the Licensed Life for Operation of a Reactor*). See also NRC, (2014) *Generic Environmental Impact Statement for Continued Storage of Spent Nuclear Fuel: Final Report (NUREG-2157)* (GEIS). NRC's GEIS is a study assessing the environmental impacts of storing spent nuclear fuel beyond a reactor's licensed life over three timeframes: short-term (60 years), long-term (160 years), and indefinite.

[173] A4NR Opening Brief at 6-7 and 11-12. See also A4NR Reply Brief at 3, 5 and 8. See also TURN Opening Brief at 43. See also Cal Advocates Opening Brief at 7-8.

$0.00 since 2016, with all SNF Storage Costs being paid from the SONGS NDTs. A4NR further argues that D.24-08-001 provides opportunities for the Commission to continually review both QNDT and NQNDT balances and forecasted costs in each subsequent NDCTP to minimize any potential intergenerational equity concerns until SONGS is fully decommissioned.[174]

10.5. Discussion

While each party has presented compelling arguments, based on our review, continuing to deposit DOE litigation proceeds in the SONGS NQNDTs is the preferable choice because it enables the utilities to pay for SNF storage costs if DOE's performance is delayed further. We agree with SCE that the DCEs assumed SNF removal schedule is highly uncertain and acknowledge that the DOE's SNF storage start date has been pushed back three years in each of the last two NDCTPs, with further delay likely. Those delays have already increased spent fuel management costs by almost $250 million since the 2014 SONGS DCE and used up the contingency amount originally set aside for that purpose. SCE calculates that, under the DCE's current schedule, the trusts have a margin of only $85 million for SONGS Unit 2 and $207 million for SONGS Unit 3 before customer contributions would need to resume, with no allowance for further DOE delay. Therefore, we find it reasonable and conclude that DOE litigation proceeds paid to SCE and SDG&E for spent fuel management and storage costs for SONGS to continue to be deposited into SCE and SDG&E's respective NQNDTs as ordered in the 2021 NDCTP Commission D.24-08-001.

[174] A4NR Reply Brief at 8. See also. Pub. Util. Code §8322(f). See also D.24-08-001 at 24 and 36. See also Ex. CADV-0400 at 12. See also SCE/SDG&E Opening Brief at 2. See also D.18-11-034 at 67, citing D.14-12-082 at 132 and D.17-05-020 at 73.

10.6. Compliance With Prior Commission Decisions[175]

In this 2024 NDTCP review period, SCE and SDG&E request Commission findings that the IOUs have complied with prior Commission NDCTP decisions applicable to the SONGS and PVNGS decommissioning matters in the 2012 NDCTP,[176] the 2015 NDCTP,[177] the 2018 NDCTP,[178] and the 2021 NDCTP;[179] including a finding of compliance with D.24-08-001 requirements to provide specific modeling and forecasting as to DCE, SNF storage costs, NQNDT balances, and DOE litigation proceeding variables.[180]

Intervenor TURN opposes the request on the ground that SCE and SDG&E have not complied with OP 5 of D.24-08-001, which provides in pertinent part:

> In the 2024 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP), Southern California Edison Company and San Diego Gas & Electric Company shall
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> ***
>
> (d) 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, and
>
> (e) and present the annualized forecasted decommissioning costs, forecasted spent fuel storage costs, and forecasted Non-Qualified Nuclear Decommissioning Trust fund balances. This analysis should clearly demonstrate projected

[175] TURN Opening Brief at 18.

[176] D.14-12-082.

[177] D.18-10-010 and D.18-11-034.

[178] D.21-12-026.

[179] D.24-08-001.

[180] A.24-12-003 at 16. See also SCE/SDG&E Opening Brief at 32. See also Ex. SCE-0007 at 9-11. See also Ex. SDGE-0101 at 13-17. See also Ex. SCE-0008 at 1-6.

annual starting and ending balances of the Non-Qualified Nuclear Decommissioning Trust fund balances.[181]

As discussed in Section 10.3 above, TURN contends that SCE and SDG&E have not provided any analysis of the impact of future DOE SNF litigation claim deposits on the balance of NQNDT and therefore has not complied with the analysis required by OP 5(d) of D.24-08-001. TURN acknowledges that the SONGS Round 5 and Round 6 DOE SNF claim proceeds have not been received but asserts that the IOUs' 2024 NDCTP trust fund modeling should include scenarios that assume all pending and future DOE claims will succeed. TURN contends that such modeling is pertinent to the Commission's review of the adequacy of decommissioning funding and identification of possible NDT surpluses, including whether DOE litigation proceeds should continue to be deposited in SONGS NQNDTs to cover SNF removal delay and storage costs pursuant to OP 3 of D.24-08-001.

As detailed above, TURN posits, that applying a reduced 85% recovery rate, the SONGS NQNDTs and QNDTs are sufficiently funded, including possible surpluses that should allow the DOE litigation proceeds to flow back to ratepayers when received; rather than be deposited in the NQNDTs for future return of unspent funds to ratepayers.[182]

SCE and SDG&E take issue with TURN's argument that they have not complied with OP 5 of D.24-08-001. The IOUs point to the plain language of OP 5 in support of its modeling, noting "no Round 5 or Round 6 litigation proceeds had been received when the analysis was performed." The IOUs also point to the

[181] TURN Opening Brief at 18 -19. See also Ex. TURN-301 at 17-19. See also D.24-08-001, OP 5(d)-(e) at 37.

[182] Ex. TURN-301 at 21.

content of its 2024 Application to underscore efforts to comply, citing a proposal to file supplemental testimony with the Commission, with updated analysis within 30 days of receipt of any DOE Claim 5 litigation proceeds received during the pendency of this 2024 NDCTP.[183] The IOUs further assert that that their February 28, 2025 email update to ALJ McGary and all Parties to this proceeding demonstrate efforts to comply with D.24-08-001.[184]

TURN's arguments appear to ignore the plain language of OP 5(d)-(e) and that the record evidence that the Round 5 Claim and Round 6 Claim proceeds have not been received, were not received during the pendency of the 2021 NDCTP, were not received after entry of D.24-08-001, and as of the closure of the record. It is also undisputed that Commission records include an email dated February 28, 2025 (3:19 p.m.) from SCE, addressed to ALJ McGary, with a cc to A4NR, TURN, Cal Advocates, SDG&E and the full A.24-12-003 Official Service List providing a status update on DOE SNF Round 5 Claim litigation proceedings with the DOE regarding SONGS spent nuclear fuel.

Accordingly, we do not agree with TURN's assessment that SCE and SDG&E have not complied with prior Commission NDCTP decisions applicable to the SONGS and PVNGS decommissioning matters.[185]

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[183] A.24-12-003 at 6-7. See also SCE/SDG&E Opening Brief at 24. See also SCE/SDG&E Reply Brief at 13.

[184] SCE/SDG&E June 2026 DOE Supplement at 2-3. See also Ex. SCE-0007 at 10. See also Ex. TURN-304, Attachment B at Ex. TURN-304-033. *Id*., Attachment C at Ex. TURN-304-050.

[185] Pub. Util. Code §1709 ("In all collateral actions or proceedings, the orders and decisions of the commission which have become final shall be conclusive"); see also Order Modifying D.14-02-016 and Denying Rehearing of the Decision, as Modified, D.14-06-053, at 13-15 (citing *Camp Meeker Water System, Inc. v. Public Utilities Com.* (1990), 51 Cal.3d 845, 852, fn. 3) (finding that section 1709 barred parties' attempts to relitigate the findings of a study relied upon in a prior, final Commission decision to show a procurement need).

Intervenors Cal Advocates does not contest SCE and SDG&E's compliance with OP 5 of D.24-08-001 or other Commission Decisions. A4NR does not request a finding of non-compliance but does request that the Commission order more comprehensive modeling by SCE and SDG&E in the upcoming 2027 NDCTP related to DOE SNF removal delay assumptions and potential timeline and cost impacts on SONGS substructure removal forecasts. As noted above, the deadline for enforcement of or amendment to Special Condition 3 of California Coastal Development Permit 9-19-0194's current onshore structures removal terms for SONGS is June 1, 2028.[186]

As discussed in Section 10.4, A4NR's proposals for additional modeling related to SONGS: (1) DOE SNF removal delay assumptions, and (2) potential impacts of Special Condition 3 of California Coastal Development Permit 9-19-0194 enforcement or amendment are reasonable, may add to clarity of DCE modeling assumptions, and aid the Commission's reasonableness reviews in the SONGS and PVNGS 2027 NDCTP review period.

While we reject TURN's 2024 NDCTP request for a Commission finding that SCE and SDG&E are not in compliance with prior Commission decisions, we do find value in future NDCTP modeling of the impact of: (1) spent nuclear fuel removal delay assumptions, (2) DOE SNF claim filing projections, (3) DOE SNF claim award and rate of recovery projections, (4) projected DOE claim recovery impacts on NQNDT and QNDT fund adequacy including potential surpluses. We find the proposal reasonable and appropriate for inclusion in DCE modeling for SONGS and PVNGS 2027 NDCTP review period.

[186] A4NR Opening Brief at 3, 10, and 12. See also A4NR Reply Brief at 1 and 4-5. See also A4NR Ex. A4NR-0201 at 15-18.

For the above reasons, we find that the IOUs submitted sufficient testimony and evidence in this 2024 NDCTP regarding efforts to comply with D.24-08-001. Further, we find that SCE and SDG&E are in compliance with prior Commission decisions applicable to decommissioning, including OP 5 of D.24-08-001 in this review period.

11. Summary of Public Comment

The Commission encourages and welcomes comments from the public on issues and proceedings to help us reach informed decisions. Commission Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comments submitted in a proceeding must be summarized in the final decision issued in that proceeding.

In this A.24-12-003 proceeding, remote and in-person Public Participation Hearings were held by ALJ McGary in San Clemente, California on July 16, 2026 and July 17, 2026 respectively.[187] Additionally, 64 comments were posted to the Docket card for A.24-12-003 and approximately eight comments were emailed to directly to the Commission's Public Advisors Office. The public comments, posts, and emails were primarily from Southern California residents residing in the Kern County,[188] Los Angeles County,[189] Orange County,[190] Riverside

[187] See Reporter's Transcript (RT) of July 16, 2025 Public Participation Hearing (PPH) volume 1; See also RTPPH volume 2.

[188] Ridgecrest, CA.

[189] Agoura Hills, Glendora, La Canada Flintridge, Lancaster, Long Beach, La Verne, Rancho Palos Verdes, Santa Monica, Signal Hill, and South Pasadena, CA.

[190] Brea, Cypress, Fullerton, Garden Grove, Huntington Beach, Irvine, Laguna Hills, Laguna Beach, San Clemente, Santa Ana, and Tustin, CA.

County,[191] San Bernardino County,[192] San Diego County,[193] Santa Barbara County,[194] Tulare County,[195] and Ventura County[196] regions, with a lone out of state commenter from Chicago, IL. A minority of the Public Commenters conveyed general support for the decommissioning of SONGS, citing to the positive impacts of nuclear decommissioning in the areas of public health and safety, long term environmental integrity, and the San Onofre community's interest in return of its coastal land for public use and enjoyment but urging continued long term environmental oversight in addition to fiscal oversight. Collectively, a majority of the Public Commenters expressed general opposition to the NRC's decommissioning of the SONGS and PVNGS facilities. Those Commenters also put forth specific questions or concerns about the impact of the decommissioning on grid reliability in light of increasing energy demands related to artificial intelligence (AI), data centers, electric vehicles, weather events, and other residential needs. The Commenters also inquired and/or opined as to customer cost burdens; the sufficiency of non-fossil fuel wind, solar, and other clean energy resources in the absence of or reduction in nuclear energy resources; potential additional environmental impacts related to the SNF maintenance and removal process; mistrust of IOU practices and Commission regulatory and oversight processes; and whether ongoing and future decommissioning activities might result in future increases to consumer rates

[191] Beaumont, Blythe, Norco, and Riverside, CA.

[192] Fontana, Highland, Oak Hills, Redlands, and Victorville, CA.

[193] Carlsbad, Cardiff by the Sea, Del Mar, Downey, Encinitas, Ocean Beach, Santee, and San Diego, CA.

[194] Santa Barbara, CA.

[195] Exeter, Carpinteria, and Visalia, CA.

[196] Oxnard, Thousand Oaks, and Westlake Village, CA.

and/or negatively impact fixed, low income, senior citizen or other limited consumer budgets.

12. Procedural Matters

This decision affirms all rulings made by the ALJ and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

13. Comments on Proposed Decision

The proposed decision of ALJ Jack Chang in this matter was mailed to the parties in accordance with Public Utilities Code Section 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

14. Assignment of Proceeding

Commissioner Darcie L. Houck is the assigned Commissioner and Jack Chang is the assigned ALJ for this proceeding.

Findings of Fact

1. A.24-12-003 was filed by SCE and SDG&E on December 6, 2024.
2. A.24-12-003 seeks Commission review and determination of reasonableness of: (1) decommissioning cost estimates (DCEs), (2) decommissioning activities, and (3) actual decommissioning costs incurred by SCE and SDG&E related to San Onofre Nuclear Generating Station (SONGS) for the 2024 NDCTP review period, January 1, 2021 to December 31, 2024.
3. SONGS facilities are comprised of Units 1, 2, and 3, located on U.S. Navy owned real property parcels at Marine Corps Base Camp Pendleton in Orange County, CA, Nuclear Regulatory Commission (NRC) Region IV.
4. SCE and SDG&E do not own the real property on which SONGS is located but are authorized to use the site under grants of easement and leases from the U.S. Navy and the California State Lands Commission (CSLC).

5. SCE pays the U.S. Navy for leases and easements that were formerly utilized for plant support facilities such as parking, security station, warehouses, drainage, water, telecommunication, and sewer utility lines, and other administrative functions when SONGS was operational.

6. SONGS Unit 1, when operational, was a pressurized water reactor nuclear generation facility with approximately 450-MWe capacity and ceased operations on November 30, 1992.

7. The U.S. Navy granted SCE an easement to operate SONGS Unit 1 at the current site.

8. In 2024, the U.S. Navy easement for SONGS Unit 1 was renewed for five years to 2027.

9. Offshore conduits utilized by SONGS Unit 1 in its operations are leased by SCE from CSLC.

10. The CSLC lease for the SONGS Unit 1 offshore conduits expires in 2027.

11. SONGS Unit 2 and Unit 3 facilities, when operational, consisted of two pressurized water reactors with a combined generation capacity of approximately 2,250 MWe and ceased operations on June 12, 2013.

12. SCE is the NRC licensee, operating agent, and decommissioning agent for SONGS Units 1, 2, and 3.

13. SDG&E participates in monitoring and oversight of the decommissioning of the SONGS Units.

14. SCE holds an 80% interest and SDG&E holds a 20% interest in SONGS Unit 1 decommissioning liability.

15. SDG&E is a minority owner in SONGS Unit 1 and is fiscally responsible for paying its 20% ownership share of SONGS Unit 1 operation and decommissioning costs.

16. The approximate decommissioning liability for SONGS Unit 2 and Unit 3 are shared by SCE (75.747%), SDG&E (20.00%), the City of Riverside, CA (1.79%), and the City of Anaheim, CA (2.47%).

17. A.24-12-003 also seeks Commission review and determination of reasonableness of: (1) DCEs, (2) decommissioning activities, and (3) actual decommissioning costs incurred by SCE related to the Palo Verde Nuclear Generating Station (PVNGS) for the January 1, 2021 to December 31, 2024 review period.

18. PVNGS facilities consist of Units 1, Unit 2 and Unit 3 located in Maricopa County in the State of Arizona and are operated by Arizona Public Service (APS).

19. The PVNGS is co-owned by Applicant SCE (15.8%), APS (29.10%), the Salt River Project (17.49%), the El Paso Electric Company (15.80%), the Public Service Company of New Mexico (10.20%), the Southern California Public Power Authority (5.91%), and the Los Angeles Department of Water and Power (5.70%).

20. APS is not a Commission regulated utility.

21. SDG&E holds no ownership interest in PVNGS.

22. PVNGS NRC Operating licenses were issued on December 31, 1984 for Unit 1; December 9, 1985 for Unit 2; and March 25, 1987 for Unit 3.

23. The current NRC operating licenses for the PVNGS facilities expire for PVNGS Unit 1 on June 1, 2045, for PVNG Unit 2 on April 24, 2046, and for PVNGS Unit 3 on November 25, 2047.

24. SCE and SDG&E recorded costs of $5.07 million for SONGS Unit 1 decommissioning activities incurred during the January 1, 2021 through December 31, 2023 review period.

25. SCE and SDG&E recorded decommissioning costs of $518.6 million for undistributed activities and Major Projects completed for San Onofre Nuclear

Generation Station Unit 2 and Unit 3 incurred during the January 1, 2021 through December 31, 2023 review period.

26. SCE uses 2014 dollars as the baseline in the SONGS reasonableness reviews for its variance analyses to allow for constant year dollar comparisons between estimated and recorded costs. The 2014 SONGS Units 2 and 3 Decommissioning Cost Estimate was the first Commission-approved DCE for SONGS 2 and 3 after the permanent cessation of operations.

27. SDG&E's recorded share is $1.0 million (2014 $) for SONGS Unit 1 decommissioning costs, $104.9 million (2014 $) for SONGS Units 2 and 3 decommissioning costs, and $3.1 million (2014 $) for SDG&E-only labor and non-labor costs for SONGS incurred during the January 1, 2021 through December 31, 2023 review period.

28. SCE and SDG&E have complied with the Cost Categorization guidelines approved in D.21-12-026 in this proceeding.

29. PVNGS is operational, with physical decommissioning work projected to begin in successive years between 2045 and 2047 following the expiration of PVNGS NRC operator licenses.

30. The PVNGS DCE adopts 2023 dollars because the DCE for PVNGS was conducted in 2023.

31. SCE does not seek approval for recorded decommissioning costs for currently operational PVNGS in this 2024 NDCTP review period.

32. Operational Scenario modeling for DCEs assumes removal of spent nuclear fuel from SONGS Units 1, 2, and 3; followed by subsurface structure removal from all SONGS Units in a single campaign.

33. Settlement Scenario modeling for DCEs assumes removal of spent nuclear fuel from SONGS from SONGS Units 1, 2, and 3; followed by a

multi-campaigned subsurface structure removal from SONGS Units 2 and 3; and later subsurface structure removal from SONGS Unit 1.

34. SCE and SDG&E's modeling of Nuclear Electric Insurance Limited (NEIL) dividend's impact on future trust fund adequacy in the 2027 NDCTP should be reflected in 2014 dollars and utilize the average sum of NEIL dividends actually received during the January 1, 2024 to December 31, 2026 three-year period directly preceding filing of 2027 NDCTP.

35. Recorded costs in each of the categories TURN identifies in the SONGS Unit 1 and Units 2 and 3 2024 DCE fell well below the 2020 DCE forecast.

36. The 2024 SONGS DCE largely carries assumptions in the 2020 SONGS DCE forward without explaining the variances.

37. SCE's argument that historical averages are premature for a complex, changing project carries little weight for SONGS Unit 1.

38. SONGS Unit 1 is already essentially in an ISFSI-only condition and SCE concedes that historical averages may be appropriate to calculate cost estimates for a site in that condition.

39. The STIP forecast for SONGS Unit 1 and Unit 2 and 3 is inconsistent with SCE's recording practice.

40. SCE has not justified increasing labor-staffing or lease contingencies that already include CPI escalation.

41. An SCE 2024 SONGS Unit 1 DCE at $209 million (2014 $) reflects the $6.011 million in quantified reductions identified as appropriate by the Commission.

42. SCE's and SDG&E's proposal to set SCE's 2023 PVNGS DCE with an overall contingency at 25% is not adequately supported by the record.

43. In this 2024 NDCTP review period, SCE and SDG&E ratepayers did not need to contribute funds to SONGS decommissioning activities.

44. The last date of SCE customer contributions to the corpus of each of the SONGS Units 1, 2, and 3 NDTs and PVNGS Units 1, 2, and 3 NDTs was April 1, 2014.

45. The last date of SDG&E ratepayer contributions to the corpus of each of the SDG&E SONGS Units 1, 2, and 3 NDTs was January 1, 2016.

Conclusions of Law

1. It is reasonable to approve recorded costs for the SONGS Unit 1 projects in the sum of $5.07 million (100% share, 2014 $) for the January 1, 2021 through December 31, 2023 review period.

2. It is reasonable to approve recorded costs for the SONGS Units 2 and 3 in the sum of $518.6 million (100% share, 2014 $) for the January 1, 2021 through December 31, 2023 review period.

3. It is reasonable to approve $1.0 million in 2014 dollars for SDG&E's recorded share of SONGS Unit 1 decommissioning costs, $104.9 million (2014 $) for SDG&E's recorded share of SONGS Units 2 and 3 decommissioning costs, and $3.1 million (2014 $) for SDG&E-only recorded labor and non-labor costs for SONGS incurred during 2021-2023 review period.

4. The Commission should utilize the *Reasonableness Framework*, formally known as *Milestone Framework*, to review of the reasonableness of the recorded costs for distributed activities for Major Projects completed in each triennial review period for SONGS Units 2 and 3 and the recorded costs for undistributed Activities costs incurred during the SONGS Units 2 and 3 triennial review period.

5. It is reasonable for SCE and SDG&E's DCEs in the 2027 NDCTP to continue to include Operational Scenario modeling assuming removal of spent nuclear fuel from SONGS Units 1, 2, and 3; followed by subsurface structure

removal from all SONGS Units in a single campaign in their 2027 NDCTP application.

6. It is reasonable for SCE and SDG&E 's DCEs in the 2027 NDCTP to continue to include Settlement modeling assuming removal of spent nuclear fuel from SONGS Units 1, 2, and 3; followed by subsurface structure removal from SONGS Units 2 and 3; and later subsurface structure removal from SONGS Unit 1 in multiple campaigns.

7. It is reasonable for SCE and SDG&E's future trust fund adequacy modeling in the 2027 NDCTP review period to include forecasting of the impact of the assumption of deposit of 50% of NEIL dividends into each of the respective NQNDT for SONGS Units 1, 2, and 3, on trust fund adequacy.

8. It is reasonable for SCE and SDG&E's modeling of NEIL dividend's impact on future trust fund adequacy in the 2027 NDCTP to be reflected in 2014 $ and utilize the average sum of NEIL dividends actually received during the January 1, 2024 to December 31, 2027, 3-year period directly preceding filing of 2027 NDCTP.

9. It is reasonable for SCE and SDG&E's DCEs in the 2027 NDCTP to continue to include a scenario in which DOE begins removing spent nuclear fuel from SONGS immediately after SCE's share of net Round 5 DOE litigation proceeds is fully expended, approximating a 60-year post-shutdown storage period.

10. A4NR's proposals for additional modeling related to SONGS (1) DOE SNF removal delay assumptions and (2) the impact of Special Condition 3 of California Coastal Development Permit 9-19-0194 enforcement or amendment are reasonable, may add to clarity of DCE assumptions and analysis, and aid the

Commission's reasonableness reviews in the SONGS and PVNGS 2027 NDCTP review period.

11. SCE has met its burden to demonstrate the reasonableness of its recorded SONGS Units 1, 2, and 3 decommissioning costs for the January 1, 2021 to December 31, 2023 triennial review period.

12. SDG&E has met its burden to demonstrate the reasonableness of its recorded SONGS Units 1, 2, and 3 decommissioning costs for the January 1, 2021 to December 31, 2023 triennial review period.

13. SCE has met its burden to demonstrate the reasonableness of estimates of SONGS Units 1, 2, and 3 decommissioning costs estimates for the January 1, 2021 to December 31, 2023 triennial review period as adjusted in this decision. The reasonableness of a contingency factor may vary between nuclear plants and at different stages of decommissioning.

14. It is reasonable to maintain a contingency of 19.4% for PVNGS decommissioning costs estimates for the 2024 NDCTP review period on the grounds that SCE has not introduced sufficient evidence to support an increased contingency of 25% for the 2023 PVNGS DCE.

15. It is reasonable to order SCE and SDG&E to file a Tier 1 Advice Letter within 30 days of this decision with the reduced decommissioning costs estimates for PVNGS to reflect a contingency 19.4% contingency for this 2024 NDTCP review period.

16. SONGS Unit 1 NDTs are sufficiently funded and do not require restart of SCE and SDG&E customer contributions to meet future decommissioning liabilities for SONGS Unit 1 in this January 1, 2021 to December 31, 2023 triennial review period.

17. SONGS Unit 2 NDTs and SONGS Unit 3 NDTs are sufficiently funded and do not require restart of SCE and SDG&E customer contributions to meet future decommissioning liabilities for SONGS Units 2 and 3 in the January 1, 2021 to December 31, 2023 triennial review period.

18. SCE has satisfied its burden of proof that annual contributions to their respective PVNGS Units 1, 2 and 3 NQNDTs and QNDTs should be maintained at $0.00.

19. PVNGS Units 1, 2, and 3 NDTs are sufficiently funded and do not require restart of SCE customer contributions to the corpus of the NDTs to meet future decommissioning liabilities for PVNGS in this January 1, 2021 to December 31, 2023 triennial review period.

20. SCE and SDG&E should deposit litigation proceeds received from the DOE for spent nuclear fuel removal delays, management, and storage costs into their respective NQNDT accounts for the SONGS facilities as provided for in OP 3 of the 2021 NDCTP Commission D.24-08-001, beginning with pending Round 5 Claim proceeds.

21. The DOE litigation proceeds, as well as any investment gains from these funds, should be used only for the purposes of spent fuel management and storage costs for SONGS.

22. It is reasonable to require SCE and SDG&E to analyze and model the potential impacts of enforcement of or post June 1, 2028 amendment to Special Condition 3 of California Coastal Development Permit 9-19-0194's deadlines for SONGS onshore structures removal on SONGS decommissioning activities and cost estimates in the 2027 NDCTP review period for SONGS and PVNGS.

23. SCE and SDG&E have satisfied the burden of proof warranting approval of their proposed amendment to the Reasonableness Framework for SONGS

Units 2 and 3 decommissioning costs in this 2024 NDCTP related to new and existing Major Project lists, line items, and naming conventions.

24. It is reasonable to approve proposed amendments to the Reasonableness Framework for reviews of SONGS Units 2 and 3 decommissioning costs to implement updates to Major Project List, updates to Major Project Line Items, and a check point title change from "Major Check Point 3" to "License Termination Plan" in this 2024 NDTCP.

25. SCE and SDG&E are in compliance with prior decisions applicable to decommissioning, including OP 5 of D.24-08-001.

26. All rulings of the assigned Commissioner and the assigned ALJ should be affirmed herein, and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or assigned ALJ should be denied.

27. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company's and San Diego Gas & Electric Company's recorded decommissioning costs in the sum of $5.07 million (100% share, 2014 $) for San Onofre Nuclear Generation Station Unit 1 decommissioning activities incurred during the January 1, 2021 through December 31, 2023 review period are approved as reasonable.

2. Southern California Edison Company and San Diego Gas & Electric Company's recorded decommissioning costs in the sum of $518.6 million (100% share, 2014 $) for undistributed activities and Major Projects completed for San Onofre Nuclear Generation Station Unit 2 and Unit 3 incurred during the January 1, 2021 through December 31, 2023 review period are approved as reasonable.

3. San Diego Gas & Electric Company's recorded $1.0 million (2014 $) share of SONGS Unit 1 decommissioning costs, $104.9 million (2014 $) share of SONGS Units 2 and 3 decommissioning costs, and $3.1 million (2014 $) of SDG&E-only labor and non-labor costs for SONGS incurred during the January 1, 2021 through December 31, 2023 review period are approved as reasonable.

4. Southern California Edison Company and San Diego Gas & Electric Company's 2024 decommissioning cost estimate for the San Onofre Nuclear Generation Station Unit 1, as adjusted, in the sum of $209 million (100% share, 2014 $) and approved as reasonable.

5. Southern California Edison Company and San Diego Gas & Electric Company's 2024 decommissioning cost estimates for San Onofre Nuclear Generation Station Unit 2 and Unit 3, in the sum of $4,709.4 million (100% share, 2014 $) is approved as reasonable.

6. Southern California Edison Company and San Diego Gas & Electric Company shall use the 2023 and updated 2024 decommissioning cost estimate values adopted in this decision for all decommissioning planning for San Onofre Nuclear Generating Station Unit 1, Unit 2, and Unit 3.

7. Southern California Edison (SCE) and San Diego Gas & Electric Company (SDG&E) shall use a 19.4% contingency for its 2023 Palo Verde Nuclear Generating Station Decommissioning Cost Estimate. Within 30 days of the issuance date of this decision, SCE and SDG&E shall file a Tier 1 Advice Letter with the adjusted 2023 Decommissioning Cost Estimate.

8. Southern California Edison Company shall use the 2023 decommissioning cost estimate values adopted in this decision for all decommissioning planning for Palo Verde Nuclear Generating Station Unit 1, Unit 2, and Unit 3.

9. Southern California Edison Company and San Diego Gas & Electric Company are authorized to maintain their respective annual customer contributions at $0.00 for each of their San Onofre Nuclear Generating Station Unit 1 Qualified Nuclear Decommissioning Trusts and Non-Qualified Nuclear Decommissioning Trusts.

10. Southern California Edison Company and San Diego Gas & Electric Company are authorized to maintain their respective annual customer contributions at $0.00 for each of the San Onofre Nuclear Generating Station Unit 2 and Unit 3 Qualified Nuclear Decommissioning Trusts and Non-Qualified Nuclear Decommissioning Trusts.

11. Southern California Edison Company is authorized to maintain annual customer contributions at $0.00 for each the Palo Verde Nuclear Generating Station Unit 1, Unit 2, and Unit 3 Qualified Nuclear Decommissioning Trusts and Non-Qualified Nuclear Decommissioning Trusts.

12. Southern California Edison Company and San Diego Gas & Electric Company shall deposit litigation proceeds received from the United States Department of Energy for spent nuclear fuel removal delays, management, and storage costs into their respective Non-Qualified Nuclear Decommissioning Trust accounts for the San Onofre Nuclear Generating Station facilities as provided for in Ordering Paragraph 3 of the 2021 Nuclear Decommissioning Cost Triennial Proceeding decision, D.24-08-001, beginning with pending Round 5 Claim proceeds.

13. The DOE litigation proceeds, as well as any investment gains from these funds, shall be used only for the purposes of spent fuel management and storage costs for the San Onofre Nuclear Generating Station. The Commission may

review the disposition of these funds at any future Nuclear Decommissioning Cost Triennial Proceeding.

14. Southern California Edison Company and San Diego Gas & Electric Company shall file the next Nuclear Decommissioning Cost Triennial Proceeding for the January 1, 2024 to December 31, 2026 review period with the Commission, no later than December 31, 2027 (2027 NDCTP).

15. Southern California Edison Company and San Diego Gas & Electric Company decommissioning cost estimates for the 2027 NDCTP review period shall continue to include separate Operational Scenario and Settlement Scenario analyses of the projected timeline for San Onofre Nuclear Generating Station (SONGS) substructure removal including but not limited to the following assumptions and considerations:

(1) California Coastal Development Permit 9-19-0194: Potential impacts of enforcement or post June 1, 2028 amendment to Special Condition 3 of California Coastal Development Permit 9-19-0194's current onshore structures removal terms for SONGS on decommissioning activities and cost estimates.

(2) Operational Scenario (Single Campaign): Removal of spent nuclear fuel from SONGS Units 1, 2, and 3; followed by subsurface structure removal from all SONGS Units in a single campaign.

(3) Settlement Scenario (Multiple Campaigns): Removal of spent nuclear fuel removal from SONGS from SONGS Units 1, 2, and 3; followed by subsurface structure removal from SONGS Units 2 and 3; and later subsurface structure removal from SONGS Unit 1.

16. Southern California Edison Company and San Diego Gas & Electric Company future trust fund adequacy modeling for San Onofre Nuclear Generating Station (SONGS) in the next Nuclear Decommissioning Cost

Triennial (2027 NDCTP) review period shall include forecasting of the impact of the assumption of deposit of fifty percent (50%) of future Nuclear Insurance Limited (NEIL) dividends into the respective Non-Qualified Nuclear Decommissioning Trust for SONGS Units 1, 2, and 3. Such analysis and modeling of future trust fund adequacy shall be reflected in 2014 nominal dollars and utilize the average sum of NEIL dividends actually received during the three-year period from January 1, 2024 to December 31, 2027, directly preceding filing of the 2027 NDCTP.

17. In their 2027 Nuclear Decommissioning Cost Triennial Proceeding application, Southern California Edison Company and San Diego Gas & Electric Company shall include in their San Onofre Nuclear Generating Station (SONGS) decommissioning cost estimates and trust fund adequacy analysis a scenario in which the U.S. Department of Energy (DOE) begins removing spent nuclear fuel from SONGS immediately after SCE's share of net Round 5 DOE litigation proceeds is fully expended, approximating a 60-year post-shutdown storage period. This scenario shall be included in addition to their standard adjustment of the assumed DOE spent fuel acceptance date.

18. Southern California Edison Company and San Diego Gas & Electric Company shall analyze and model the potential impacts of enforcement of or post June 1, 2028 amendment to Special Condition 3 of California Coastal Development Permit 9-19-0194's deadlines for San Onofre Nuclear Generating Station (SONGS) onshore structures removal on SONGS decommissioning activities and cost estimates in the 2027 Nuclear Decommissioning Cost Triennial Proceeding review period for SONGS and Palo Verde Nuclear Generating Station.

19. Southern California Edison Company and San Diego Gas & Electric Company's proposed amendments to the adopted Reasonableness Framework for reviews of San Onofre Nuclear Generating Station Unit 2 and Unit 3 decommissioning costs (formerly known as the *Milestone Framework*) to implement updates to the Major Project List, updates to Major Project Line Items, and a check point title change from "Major Check Point 3" to "License Termination Plan" are hereby approved and adopted.

20. Within 60 days of the issuance of this decision, Southern California Edison Company and San Diego Gas & Electric Company shall each submit Tier 1 Advice Letters to the Energy Division to implement this decision, including the specific amendments and updates to the Reasonableness Framework approved in this decision.

21. All disbursements from the Nuclear Decommissioning Trust Funds are provisional and subject to an obligation to refund any improper costs to the Trust Funds.

22. Within 60 days of the issuance date of this decision, the Decommissioning Cost Categorization Guidelines originally adopted in Commission Decision 21-12-026 (Application 18-03-009) at Ordering Paragraph 8 and attached and fully incorporated as Appendix B to this Application 24-12-008 Decision, shall be filed with the Commission's Energy Division as a Tier 1 Advice Letter.

23. Southern California Edison Company and San Diego Gas & Electric Company shall each continue to utilize the Cost-Categorization Guidelines approved and adopted in Decision 21-12-026 to provide future decommissioning cost estimates through the end of the decommissioning projects and annual recorded costs for the applicable *Reasonableness Framework* period.

24. All disbursements from the Nuclear Decommissioning Trust Funds are provisional and subject to an obligation to refund any improper costs to the Trust Funds.

25. All outstanding matters requested by any party or participant not specifically addressed in this decision, or not previously addressed, are deemed denied as moot for purposes of this 2024 Nuclear Decommissioning Cost Triennial Proceeding.

26. Application 24-12-003 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A

Acronyms and Abbreviations

APPENDIX B

Decommissioning Cost Categorization Guidelines