Plan For The 2016 SONGS 2&3
Decommissioning Cost Estimate

Before the
Public Utilities Commission of the State of California

Rosemead, California
March 1, 2016
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I.

SONGS 2&3 DECOMMISSIONING COST ESTIMATE OVERVIEW

The California Public Utilities Commission (Commission) requires Southern California Edison Company (SCE) to submit an updated decommissioning cost estimate (DCE) for San Onofre Nuclear Generating Station Unit Nos. 2&3 (SONGS 2&3) in each Nuclear Decommissioning Cost Triennial Proceeding (NDCTP). This testimony explains SCE’s plan for preparing and submitting the 2016 SONGS 2&3 DCE for the Commission’s review in the 2015 NDCTP.

After SCE announced its decision to permanently retire SONGS 2&3, SCE notified the Commission that it would prepare a new decommissioning cost estimate for SONGS 2&3 after developing a site-specific decommissioning plan that would incorporate a decommissioning start date of June 7, 2013 instead of what had been forecasted in previous cost studies. SCE informed the Commission that this new estimate would be included in the post-shutdown decommissioning activities report (PSDAR) that SCE would submit to the NRC. SCE submitted the PSDAR, DCE, and other related documents to the NRC in September 2014. In Application (A.) 14-12-007, SCE submitted its 2014 SONGS 2&3 DCE for Commission review, requesting the Commission to find the $4.411 billion (100% share, 2014$) SONGS 2&3 DCE reasonable. Evidentiary hearings concluded in August 2015, opening briefs were filed in October 2015, followed by reply briefs in November 2015. As of March 1, 2016, a final decision on that application remains pending.

Because the Commission’s approval of the 2014 SONGS 2&3 DCE remains pending, SCE has not updated the SONGS 2&3 DCE for the 2015 NDCTP. In addition, there are several significant decommissioning activities in progress. Therefore, as discussed below, SCE plans to submit an updated SONGS 2&3 DCE in December 2016 to allow the potential financial impact of these activities to be factored into the updated DCE.
II.

COMMISSION REVIEW OF THE 2016 DCE SHOULD OCCUR IN PHASE 2 OF 2015 NDCTP

As discussed in Exhibit SCE-01, SCE is proposing that the Commission review the 2016 SONGS 2&3 DCE in Phase 2 of this proceeding. SCE anticipates that the amount of information submitted by the three utilities in the 2015 NDCTP for Commission review will result in a lengthy proceeding. In addition to Pacific Gas & Electric Company’s submittals for Diablo Canyon Power Plant (Diablo Canyon) and Humboldt Bay Power Plant Unit No. 3 (Humboldt Bay 3), SCE will submit updated DCEs for SONGS 1, SONGS 2&3, and Palo Verde. SCE also will submit supporting testimony for reasonableness reviews for SONGS 1 decommissioning expenses incurred during 2009-2012, SONGS 1 decommissioning expenses incurred during 2013-2015, and SONGS 2&3 decommissioning expenses for activities completed during 2015.1

Placing the Commission review of the 2016 SONGS 2&3 DCE in Phase 2 of this proceeding, would provide parties sufficient time to review the other submittals and allow SCE additional time to update the SONGS 2&3 DCE in late 2016.

1 As explained in Exhibit SCE-01, SCE is also proposing in this proceeding that the Commission review 2014 SONGS 2&3 decommissioning expenses and 2013-2014 nuclear fuel contract termination expenses.
III.

UPDATES TO THE SONGS 2&3 DCE IN 2016

SCE plans to update the SONGS 2&3 DCE in the latter part of 2016. As discussed in A.14-12-007, SCE and the SONGS decommissioning co-participants have decided that it would be prudent to engage a decommissioning general contractor (DGC) to complete major SONGS 2&3 decommissioning activities. An update of the SONGS 2&3 DCE in the latter part of 2016 would allow SCE to complete the DGC procurement process and to inform the DCE with forecast DGC expenses.

Besides the selection of the DGC, there are other activities in progress at SONGS. The activities include the completion of Cold & Dark modifications and expanding the Independent Spent Fuel Storage Installation (ISFSI). The status and cost of these activities would also be included in the 2016 SONGS 2&3 DCE.

Another update that will be reflected in the 2016 DCE will be the assumption for DOE to begin taking spent fuel from the industry in 2028 instead of 2024.

In addition, the final Commission decision on the 2014 SONGS 2&3 DCE that will be issued in A.14-12-007 may require additional actions or information to be incorporated in the next DCE. With the opportunity to submit the updated DCE in December 2016, SCE will be able to include any information required by the final decision.

In conclusion, an update of the SONGS 2&3 DCE in late 2016 would provide up-to-date information regarding SONGS 2&3 decommissioning for Commission review in the 2015 NDCTP. The Commission’s review of the updated 2016 DCE would include information concerning the DGC and other activities and assumptions that will be available later this year, rather than delay the Commission’s review for three years until the next NDCTP.
Appendix 1
Witness Qualifications
SOUTHERN CALIFORNIA EDISON COMPANY

QUALIFICATIONS AND PREPARED TESTIMONY

OF JOSE LUIS PEREZ

Q. Please state your name and business address for the record.
A. My name is Jose Luis Perez, and my business address is 2244 Walnut Grove Ave, Rosemead, CA 91770.

Q. Briefly describe your present responsibilities at the Southern California Edison Company.
A. I am a Principal Manager in the Nuclear Decommissioning Organization responsible for CPUC regulatory activities and financial planning & analysis for SONGS issues.

Q. Briefly describe your educational and professional background.
A. I earned an MBA from the University of California, Irvine in 1997. I earned a Bachelor of Science Degree in Civil Engineering from California State University, Long Beach in 1977. I am a Registered Professional Engineer in the State of California. Since joining Edison in 1982, I have held various management positions in nuclear generation business, finance, regulatory affairs, planning & strategy, and project controls organizations. In addition, I have managed various projects, including SONGS 1 decommissioning shortly after permanent shutdown and industry restructuring financial analysis. Prior to joining Edison, my professional background included various home office and jobsite positions in the civil engineering, nuclear power plant start-up, and project controls organizations of Bechtel Power Corporation and the collection and analysis of construction cost data for publication in cost estimating manuals for Marshall and Swift Publications.

Q. What is the purpose of your testimony in this proceeding?
A. The purpose of my testimony in this proceeding is to sponsor the portions of Exhibit SCE-07: Plan for the 2016 SONGS 2&3 Decommissioning Cost Estimate.

Q. Was this material prepared by you or under your supervision?
A. Yes, it was.
Q. Insofar as this material is factual in nature, do you believe it to be correct?
A. Yes, I do.
Q. Insofar as this material is in the nature of opinion or judgment, does it represent your best judgment?
A. Yes, it does.
Q. Does this conclude your qualifications and prepared testimony?
A. Yes, it does.