

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Joint Application of Southern California Edison
Company (U338E) and San Diego Gas & Electric
Company (U902E) to Find the 2014 SONGS Units 2
and 3 Decommissioning Cost Estimate Reasonable and
Address Other Related Decommissioning Issues.

A.14-12-007
(Filed December 10, 2014)

PROTEST BY CITIZENS OVERSIGHT

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INTRODUCTION

1 This protest is filed according to the rules specified by the California Public Utilities Commission
2 (CPUC) Rules of Practice and Procedure¹, Rule 2.6. The Application A.14-12-007, entitled, “Joint
3 Application of Southern California Edison Company (U338E) and San Diego Gas & Electric Company
4 (U902E) to Find the 2014 SONGS [(San Onofre Nuclear Generating Station)] Units 2 and 3
5 Decommissioning Cost Estimate Reasonable and Address Other Related Decommissioning Issues,”²
6 (“Annual Application”) filed December 10, 2014, and first published on January 16, 2015 in the Daily
7 Calendar³ of the CPUC.

8 According to Rule 2.6, protests are timely if received within 30 calendar days of the first
9 announcement of an application in the Daily Calendar. Thus, this protest is timely.

BACKGROUND

10 Citizens Oversight (AKA “Citizens Oversight Projects” – COPS) is a 501(c)3 nonprofit
11 organization with corporate offices in Delaware and primary offices in California. The central mission
12 of COPS is to encourage public participation and civic engagement. Such oversight by the public
13 reduces waste, fraud, and abuse that otherwise can occur.

14 COPS has also operated through the fictitious name “Coalition to Decommission San Onofre”
15 (CDSO) as a party to the investigation into the outages at SONGS (I.12-10-013, et al) and the 2012
16 Nuclear Decommissioning Cost Triennial Proceeding (2012 NDCTP) A.12-12-012/013, which were
17 recently processed by the CPUC.

18 Any NDCTP consists of four important aspects: a) creation of an estimate of decommissioning
19 costs that can be used to determine the level to which trust funds should be funded; b) the
20 determination of rates sufficient to fund the trusts; c) management of the trust funds including trust
21 oversight and investment strategy; and d) review of actual decommissioning costs over the prior period.

22 We are entering a new phase of active decommissioning of SONGS Units 2 and 3, as well as any
23 remaining issues of SONGS 1. This application is an outgrowth of the recent NDCTP and the Advice
24 Letters that were submitted at the end of 2013 to gain access to the decommissioning trusts prior to

1 “Rules Of Practice And Procedure”, revised 4/1/2014

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M089/K380/89380172.PDF>

2 <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M143/K524/143524821.PDF>

3 Daily Calendar, Tuesday, December 16, 2014 –

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M143/K299/143299161.PDF>

1 submission of the Post Shutdown Activities Report (PSDAR), Decommissioning Cost Estimate (DCE)
2 and Irradiated Fuel Management Plan (IFMP) which were available on September 23, 2014. Those
3 documents are included in the Application.

4 COPS objected⁴ to the Advice Letter (2968E) filed at the end of 2013 because we asserted that no
5 monies should be dispersed from the trusts prior to the formulation of a complete plan (PSDAR, DCE,
6 and IFMP). We also have suggested that the methodology of using Advice Letters for this purpose is
7 improper and the NDCTP proceeding, which occurs once every three years, is too infrequent to
8 adequately address active decommissioning projects. These arguments were made in the NDCTP
9 proceeding and our protests to the Advice Letters are now becoming even more relevant in this new
10 Application.

OVERVIEW

11 This Application represents an artful attempt by the “Utilities” (SCE and SDG&E) to minimize
12 oversight, thwart public review, avoid a detailed and final engineering cost estimate, dilute
13 reasonableness reviews, while maximizing profiteering. Although we support the use of annual
14 applications to review the reasonableness of the work that has occurred and plan the upcoming year, we
15 do not support the use of the Advice Letter process for anything other than brief notifications of
16 transfers from the trusts which have already been planned and significant change orders. Advice Letters
17 must not be used for reconciliations of the previous period, extensive new plans, or reconciliations with
18 spending plans, because of limited review opportunities by the public. As we understand it, the plan
19 disclosed in the Application is to reconcile actual spending with planned spending only in Advice
20 Letters and not in the Annual Applications. We do not support this audacious attempt by the Utilities to
21 avoid public review of spending.

BIG PICTURE

22 The utilities are generally faced with many unknowns as they provide service. For example, electric
23 rates are set based on estimates of the cost of purchasing or generating that electricity in the future, the
24 amount of electricity needed, heavily contingent on weather conditions, and the like. The business of
25 providing this power is primarily operational in nature rather than project-oriented. The systems are in
26 place and the variation is primarily due to the future conditions of cost and volume. Thus, the
27 methodology of the collection of rates and payment of expenses with adjustments later to square up the

4 See “CDSO Protest of SCE Advice Letter 2968E” <http://www.copswiki.org/Common/M1410>

1 revenue requirement is a model that is almost unavoidable given the constraints of the realities of that
2 business.

3 Such is not the case with project-oriented activities such as this decommissioning project. In our
4 review of recent projects approved by the CPUC and executed by the various Investor Owned Utilities
5 (IOUs), we find that the same regulatory mechanisms used for providing service are inappropriately
6 used to provide oversight to project-oriented activities. These mechanisms are far from adequate to
7 provide appropriate controls for these projects, which are marked by non-repetitive actions but with
8 less reliance on future unknowns, although some still exist.

9 The methods for funding and managing such projects is well understood and highly refined. Any
10 unanticipated changes are dealt with using change orders which are individually justified and reviewed
11 by the contract administrator. Contingency is only needed if actually justified by such change orders.

12 The decommissioning of San Onofre is a very large project, with a total estimated cost of about
13 \$4.4 billion. Although we think some progress has been made to improve oversight of the project, it is
14 still far from public expectations. These expectations have been demonstrated in recent elections
15 concerning the approval of spending by the public for other projects in school districts, hospital, and
16 other special districts.

17 Most specifically, we take notice of Proposition 39⁵, an initiative state constitutional amendment
18 and statute which appeared on the November 7th, 2000, California general election ballot, which
19 passed with 53.4 percent of the total votes cast.[1] Its principal effect was to amend Proposition 13,
20 lowering the required supermajority necessary in order for voters to impose local school bond acts from
21 2/3 of all votes cast, to fifty-five percent, and imposing reasonable oversight criteria when spending
22 those funds.

23 Although we are not claiming that Proposition 39 is legally binding on the CPUC nor the Utilities,
24 we believe that the oversight mechanisms in place for spending for these bond acts is now a normal
25 expectation of the public when managing public monies. Among other things, this legislation required:

- 26 • Annual, independent financial and performance audits until all funds have been spent to ensure
27 that the funds have been used only for the projects listed in the measure.
- 28 • An independent citizens' oversight committee

5 [http://en.wikipedia.org/wiki/California_Proposition_39_\(2000\)](http://en.wikipedia.org/wiki/California_Proposition_39_(2000))

1 In 2014, 128 school bond measures were approved for a total of \$12.6 billion⁶. The average school
2 bond is thus about \$100 million, and 128 independent bond oversight boards were required, one for
3 each bond and district. The current decommissioning project is 44 times larger in terms of dollar value
4 and will take far longer to complete, and yet there is no oversight committee that can provide timely
5 and consistent oversight of the project. A typical bond oversight committee is eleven people. If the
6 decommissioning project were split into typical school bond projects, we would have 484 citizens with
7 eyeballs on it on at least a monthly basis. Instead, the CPUC has zero independent public review in
8 such an oversight body that can review the project on a monthly basis.

9 Now, it is not our position that the CPUC is legally obligated to provide a similar independent
10 oversight committee. However, given the scale of the project, the level of oversight being proposed is
11 far from the standards set by Proposition 39, as no oversight committee is proposed at all. The
12 Community Engagement Panel has explicitly excluded oversight of decommissioning funds from its
13 purview.

14 Since such committees are advisory only, they do not usurp the primary responsibility of the CPUC
15 to be the final official body to provide oversight. The establishment of such advisory bodies is a
16 prudent step that can be taken to provide more robust oversight.

17 We will be providing more information in our testimony on this proposal.

ISSUES

18 In this section, we consider individual issues which contribute to our need to protest this
19 Application. We reserve the right to add more issues as we learn more through discovery and testimony,
20 and to refine our position on these issues as more details are revealed.

1. Annual Reasonableness Reviews & Advice Letter Process

21 SCE proposes an annual reasonableness review cycle:

SCE proposes in this Application that the Commission authorize SCE to file an application seeking an annual reasonableness review of the costs for decommissioning activities that were completed during the previous calendar year. This process, if approved, will allow for a more frequent review cycle than provided in the NDCTP, so that the Commission can review costs sooner and SCE can minimize the amount of spending at risk, pending a Commission reasonableness review. SCE further proposes that the Commission would continue to perform reasonableness reviews in the NDCTP for the costs of

6 http://ballotpedia.org/School_bond_elections_in_California

decommissioning activities that were completed during the calendar year that was completed before each new NDCTP is initiated.⁷

1 COPS likes the fact that this reasonableness review cycle will be annual instead of triennial. As
2 mentioned above, we have also asserted that this does not go far enough to control these funds for this
3 project-oriented purpose. Monthly reviews by an independent oversight committee is essential to
4 providing both timely review and provide adequate communication with the public. We would like to
5 see that any contingency is consumed only when associated with a change-order with adequate
6 justification for the use of contingency funds.

7 With that said, use of an annual application for reasonableness review is better than waiting for the
8 NDCTP on a triennial basis, and if combined with the monthly review by an independent committee,
9 may provide sufficient oversight to avoid waste, fraud, abuse, and outright theft of these funds.

10 The Utilities and the CPUC are misusing the Advice Letter process. The Application says:

Utilities propose submitting advice letters at least once during each calendar year regarding SONGS 2 & 3 decommissioning containing a summary of: (1) all previous funding requests and trust withdrawals, summarized by major cost categories, correlated to the most recent Commission-adopted cost study, and including nominal dollar adjustment; and (2) major cost categories for which trust withdrawals are requested, and for which previously requested funds were expended.⁸

11 Each Annual Application should include the complete current decommissioning plan, summary of
12 activities completed, the remaining decommissioning activities, and any changes made to the plan from
13 the prior Annual Application. The Annual Application should provide a detailed summary summary
14 which includes all disbursements from the Trusts made, the Advice Letters which have memorialized
15 those disbursements, and all future planned disbursements and the purpose and timing of the
16 disbursement as it fits into the overall decommissioning plan.

17 Thus, Advice Letters are simply to memorialize a trust disbursement, according to the current plan,
18 likely as a Tier 1 Advice Letter if it is a disbursement made as planned, in terms of the time and
19 amount.

20 Advice Letters would also be used to submit change orders. Insignificant changes could be handled

7 SCE-01 “Testimony On The Nuclear Decommissioning Of SONGS 2 & 3” – Page 42, Lines 16-21
([http://www3.sce.com/sscc/law/dis/dbattach5e.nsf/0/AC2E3F678FDE001388257DAB00062530/\\$FILE/A.14-12-XXX_SCE-SDGE%20Joint%20DCE%20Appl.%20-%20SCE-1.pdf](http://www3.sce.com/sscc/law/dis/dbattach5e.nsf/0/AC2E3F678FDE001388257DAB00062530/$FILE/A.14-12-XXX_SCE-SDGE%20Joint%20DCE%20Appl.%20-%20SCE-1.pdf))

8 Application, Page 8

1 as Tier 1, while more significant changes are at least Tier 2, so that these could be challenged if
2 necessary. Significant changes would also be reviewed by the Independent Citizens Oversight Panel
3 which then provides advice to the Commission and explains the changes to the public. Tier 2 Advice
4 Letters would allow such changes to be challenged by the public.

5 It seems that the current Application proposes that reconciliations of the plan and actual spending is
6 proposed for the Advice Letter Process and not for the Annual Application process. Because these are
7 detailed and perhaps extensive, using the Advice Letter process is inappropriate. We assert this should
8 be in the Annual Application.

9 We are disappointed to see no such reconciliation of spending in the current application (unless we
10 missed it in our initial review).

11 The utilities propose that the Annual Reasonableness review should be combined with the NDCTP.
12 We do not support this approach because each Annual Application should be of similar form and not
13 bogged down by all the other considerations of the NDCTP to expedite completion, avoid extensive
14 hearings, allow comparison with other plans, and promote effective assignment of personnel.

2. Reasonableness Standard

15 SCE-1 Page 45, Lines 5-23 describes a watered-down reasonableness standard.

Assuming the Commission authorizes SCE to submit updated decommissioning cost estimates for remaining costs and annual reasonableness review applications for completed decommissioning activities, SCE requests that the Commission consider a slightly modified standard for annual reasonableness reviews. Such a standard would simultaneously impose greater rigor upon SCE to accurately estimate the costs of decommissioning work that is scheduled to be completed during each calendar year, and facilitate the reasonableness reviews by the Commission.

In each annual update to the decommissioning cost estimate for remaining costs, SCE would provide a summary level forecast of the costs for each decommissioning activity that is scheduled to be completed during the following calendar year, separated into its corresponding decommissioning cost category and period, as shown in Table III-2 above. SCE would further summarize the estimated costs for work to be completed in each category and period by distributed and undistributed costs. This would provide significantly improved granularity for the Commission to use as a basis for the reasonableness reviews of all such estimated costs. In exchange, SCE requests that if the costs recorded for completed activities in a particular cost category and period during the corresponding calendar year are bounded by the estimated costs for those activities, SCE's expenditures for those

activities would be presumed reasonable. Any entity claiming that SCE acted unreasonably would, therefore, bear the burden of proving SCE acted unreasonably. SCE would be responsible for proving that material variances from the recently approved decommissioning cost estimate for remaining costs are reasonable.

1 Although we support the improved granularity, we do not support the notion that getting under the
2 cost threshold automatically means that the action was also reasonable. There are other aspects that
3 must be considered, such as timeliness and quality of the action performed. The “improved granularity”
4 is better to be sure, as we noticed and have loudly complained about the essentially zero granularity
5 provided of actual spending in the NDCTP for SONGS 1 spending, with no support documents nor any
6 ability to explain these expenditures in testimony at that proceeding.

7 But just because SCE is proposing a modest level of granularity, that does not mean that they
8 should be relieved of all responsibility to explain the reasonableness of their actions. However, if the
9 Commission adopts our proposal to require change orders to document changes as the project proceeds,
10 and each one of these is explained in an Advice Letter and significant changes are reviewed by the
11 Review Committee as well, then there is little chance that any challenge would surface later.

12 We must also underline that the “threshold” for spending on any action in the plan should not
13 include any contingency funds (0%) if no unexpected contingencies were encountered for that line
14 item. (See “Contingency Funding” below)

15 Thus, it is not necessary to change the reasonableness standard.

3. NDCTP

16 The Application proposes that the triennial NDCTP include an Annual Application as defined here.
17 We submit that this is a mistake and it will be better to keep the Annual Application for an ongoing
18 decommissioning project as a separate application so the document will not change dramatically from
19 one application to the next, and the other issues which are extraneous to the actual management of the
20 project are correctly kept in the NDCTP and will not clutter the Annual Application.

4. Workshop

21 COPS is interested in participating in the workshop. The Application says:

...the Utilities will coordinate with Energy Division and other interested parties to schedule a decommissioning cost workshop in connection with this Application, in order to explain the DCE and accounting practices for decommissioning costs. At

the workshop, the Utilities also will seek to develop formats for presenting decommissioning costs and cost comparisons to enhance transparency and increase the amount of summary information available while preserving a brief and accessible document.⁹

1 This workshop should include not only an explanation, but should also provide a means to allow
2 the utilities to consider ideas from participants for improved coordination of project oversight in terms
3 of the entirety of the process, including the information to be included in Advice Letters, Annual
4 Applications, and the NDCTP proceedings.

5. DOC

5 The Utilities propose “engaging a third-party decommissioning operations contractor (DOC) to
6 manage the project, with oversight by SCE and the other SONGS decommissioning participants.”¹⁰ The
7 Application explains that

Prior to this decision, SCE engaged CH2M Hill to evaluate other decommissioning projects since 1990 to assess the viability of utilizing a DOC for SONGS decommissioning. CH2M Hill observed that most of the commercial nuclear power station decommissioning projects that have been completed since that time were managed by the utilities that operated the stations. This reflected the utilities’ view that decommissioning and fuel transfer activities were similar to those required to operate and maintain a nuclear power station.

Although the utilities who selected this self-management decommissioning model completed the projects, many experienced significant schedule delays and associated cost increases compared to the initial decommissioning estimates. SCE seeks to avoid these pitfalls here and seeks to improve decommissioning performance, including minimizing schedule and cost risks. Given the complexity and difficulty of major, radiological decommissioning activities, SCE believes the schedule and cost risks inherent in a major decommissioning project such as SONGS decommissioning are better addressed by an experienced contractor who has performed similarly scaled projects. Under this model, the DOC will be contractually responsible for completing major, time- and cost- critical decommissioning activities at SONGS necessary for license termination, as specified in the DOC contract.¹¹

8 We are curious to know what CH2M found related to projects that used a DOC, whether these
9 projects also experienced “significant schedule delays and associated cost increases compared to the
10 initial decommissioning estimates,” and whether the overall cost less than if the utility had conducted

9 Application, Page 7

10 SCE-1 Page 15, Lines 5,6

11 SCE-1 Page 15 Line 14 to page 16 Line 2

1 the project.

2 The Application does not speak to the process being used to solicit and process DOC bids. We are
3 worried that only large companies will be able to bid on such a large project, and that local firms and
4 workers will be cut out of the deal. We also see this as a way to potentially provide a company a
5 significant profit, which is otherwise not allowed, from what we understand about the
6 decommissioning process.

7 The application informs the Commission and other parties that “SCE presently plans to require the
8 DOC bidders to submit their final bids in 2Q 2015.”¹² I'm glad that SCE feels it is appropriate to finally
9 let everyone know that this process is already well on its way and that the other stakeholders have
10 almost no say in the suitability of using a DOC, or other factors, such as the overall process for
11 oversight of the project.

12 COPS will be looking for information about the process used to solicit these bids and how the DOC
13 will be selected from the bidders.

14 COPS is worried that the use of a DOC will result in double-dipping profiteering.

15 We reject the notion that all planning is “proprietary.” Once the DOC is selected, there is no longer
16 any “competition” and the public should have full access to all documents.

17 We must also assert what seems to be obvious, but has been ignored in other projects: Even if SCE
18 should hire a DOC to manage the project, SCE cannot abdicate their responsibility for the ultimate
19 results of the project, including the possibility of failure. They are responsible for contract and cannot
20 abdicate their responsibility or liability for the results.

21 It looks like the CPUC is allowed to review this project only AFTER all the contracts are awarded.
22 Where does the public or even the CPUC get input in the requirements stage and input into the required
23 deliverables? If it's only after the contract is awarded or gone out to bid, that seems a bit late. There
24 should be cost/benefit analysis done on all the big impact and big cost items. We should be able to see
25 the bid document to make sure it matches the approval that comes out of the approved alternative.

6. Contingency Funding

26 The manner in which contingency funding is handled needs to be refined. Even though the estimate
27 has been improved to be site-specific, SCE still claims that unknowns are still just as great.

12 SCE-1 Page 19

Both ABZ and ES/CBI included a contingency factor of 25% to estimated SONGS 2 & 3 decommissioning costs in their respective studies.¹³

1 We find it is quite remarkable that SCE can spend a great deal of money and time on a new study,
2 which they claim is more accurate because it is “site specific,” but the contingency funds required
3 (25%) remains the same. Just the opposite is normally the case. As design plans firm up, the ambiguity
4 decreases, and thus the contingency percentage should decrease as well. See Figure 1, showing the
5 standard view that contingency decreases in such projects as the details of the design are firmed up.

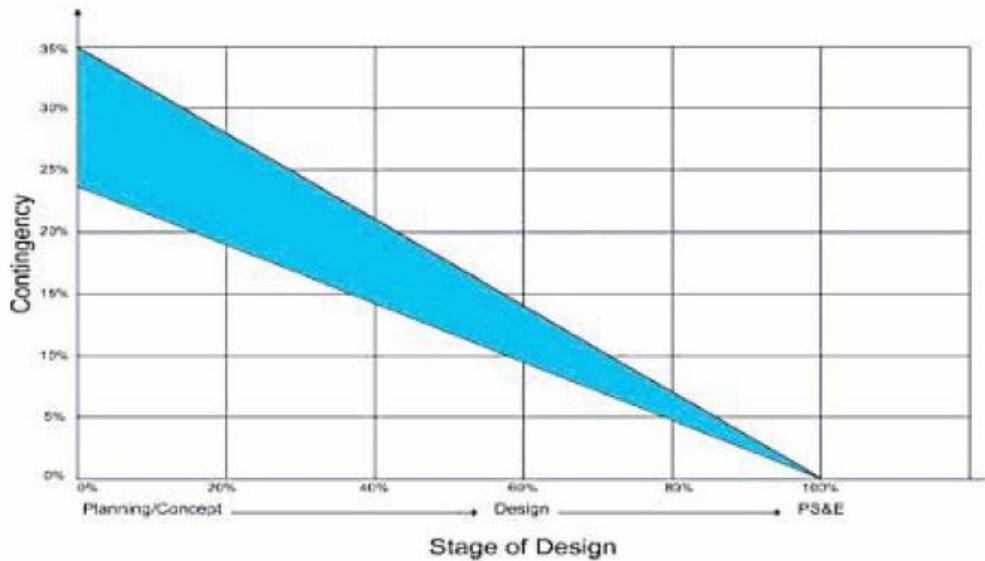


Figure R3.3-2. Ohio DOT design completion contingency guidelines for cost estimating of major projects.

*Figure 1: Contingency decreases as design plans firm up.
(From "Guidebook on Risk Analysis Tools and Management Practices to Control Transportation Project Costs" Transportation Research Board, 2010)*

6 Another strange thing about this treatment is that SCE is attempting to pump up the contingency by
7 including it for tasks that have already been completed. Normally, once a task is completed, the
8 contingency associated with that task is eliminated if it is unused, and the task is recorded at actual
9 cost. When the final \$100 is spent on the project, there is, at most, \$25 of contingency available for that
10 task, not the entire \$880 million which was initially included in the overall estimated cost.

The ES/CBI DCE, however, includes approximately \$280 million (100% level, 2014 dollars) of SONGS 2 & 3 decommissioning costs that were recorded in 2013 and early 2014, whereas the ABZ study does not contain recorded costs. These

13 SCE-1 Page 35, Lines 3-4

costs included post-shutdown transition costs, decommissioning planning costs, and separation payments to SCE employees whose jobs were terminated due to the closure of SONGS 2 & 3. Because SCE did not apply contingency to those recorded costs, and because the estimated costs in the ES/CBI DCE were slightly lower than the ABZ Study, the amount of contingency in the ES/CBI DCE was \$84 million (100% level, 2014 dollars) less than the amount of contingency in the ABZ Study.¹⁴

1 So apparently, SCE thinks it is correct to apply contingency to recorded costs. This is incorrect,
2 since costs that are already recorded have no ambiguity, and therefore contingency is inappropriate.

3 We want to underline our position that contingency funds should remain unused unless unforeseen
4 events are encountered that require additional funding. Additionally, we would like to see a mechanism
5 such that if a line-item costs less than expected, then the contingency fund would increase, and
6 ratepayers are refunded this amount at the end. At this point, we only see a means for the costs to go up,
7 but never to go down. A balancing account used by the Commission may be appropriate.

8 Ideally, there should be an incentive to reduce the overall expenses, minimize contingency funds
9 used, and then refund any remaining trust fund balance directly to the ratepayer.

7. Decommissioning Cost Estimate

10 There are two very different purposes for the decommissioning cost estimates:

- 11 1. To determine contributions to the decommissioning trusts
- 12 2. To manage and control costs of actual decommissioning

13 These two purposes are vastly different, and the cost estimates for each one are different and should
14 not be mixed. The estimate used for contributions to the trusts can be rough estimates, preferably
15 “conservative” – i.e. a bit on the high side. Whereas, any actual decommissioning project should use
16 estimates that are far more exacting, with an attempt to save money and hopefully return any surplus to
17 the ratepayer. That is, biased on the low side.

18 But the latest estimate is still “squishy.”

It is important to note, however, that the ES/CBI DCE is not an engineered estimate for each decommissioning activity. In addition, this estimate is necessarily based on assumptions regarding certain project costs that remain unknowable at this time, such as the timing and rate of the removal of the spent

14 SCE-1 Page 35, Lines 4-13

fuel from the SONGS site by DOE.¹⁵

1 Any estimate is only as good as any assumptions that are made. Surprisingly, the estimates
2 provided by the utilities in the various proceedings are fraught with a number of assumptions that
3 everyone admits are far from reality, but they continue to be used nonetheless. This is the “ignorant
4 manager” approach, and you expect the “ignorant manager” to say: “we don't know for sure that it is
5 any different and so we will use the last figure, even though no one believes it can be true.”

6 In contrast, the estimates could be refined by using a range of possible values, most particularly for
7 the “known unknowns.”

This DCE is based on many of the same assumptions as the ABZ Study, including the following:

- DOE will commence accepting fuel from the industry in 2024 and will remove the 10 last fuel from the SONGS ISFSI in 2049,
- All onshore substructures and offshore conduits are removed,¹⁶

8 The realities of spent fuel removal have changed dramatically in the past several years. The fact that
9 these cost estimates do not include a realistic appraisal of this assumption is an embarrassing example
10 of the “ignorant manager” syndrome. Instead, we should see an evaluation of actual costs to deal with
11 the spent fuel, including the following considerations:

- There is no confidence by anyone that the DOE will begin to remove nuclear waste from the site by 2024. The Department of Energy published an estimate that a long-term repository may start to be available by 2048¹⁷. Even if the Yucca Mountain facility were opened today, it would quickly be filled with existing high-level nuclear waste, particularly from federal weapons development efforts, and there is no guarantee that the site would take all of the waste from San Onofre.
- The San Onofre site is a very poor selection for permanent storage of waste, and yet it appears that this will be the case for the foreseeable future. Therefore, the cost estimate should include

15 SCE-1 Page 14, lines 11-14

16 SCE-1 Page 27, lines 8-11

17 “Strategy for the Management and Disposal of Used Nuclear Fuel and High Level Radioactive Waste” (Jan 2013) DOE – <http://energy.gov/sites/prod/files/Strategy%20for%20the%20Management%20and%20Disposal%20of%20Used%20Nuclear%20Fuel%20and%20High%20Level%20Radioactive%20Waste.pdf> – “The Administration’s goal is to have a repository sited by 2026; the site characterized, and the repository designed and licensed by 2042; and the repository constructed and its operations started by 2048.”

1 costs to build and maintain this site through the term of the 60 years decommissioning schedule.

- 2 • It may also be prudent to include the cost of building an interim storage site, away from the
3 coast (to avoid the salt air which accelerates corrosion of the casks), high population areas, and
4 tsunami and earthquake risks, for the storage of all California nuclear waste material. This site
5 could be used for the waste from San Onofre, Diablo Canyon, Humbolt and Rancho Seco sites,
6 as those are also in high-risk coastal areas and/or high population density, and earthquake risk
7 zones that are inappropriate for nuclear waste storage.
- 8 • SCE should be asked to perform a cost/benefit analysis regarding where they choose to site the
9 waste, including corrosion factors as a variable. We understand the current site does not meet
10 California Coastal regulations.
- 11 • Although SCE has selected Holtec as the vendor for the construction of a larger ISFSI on the
12 site, the NRC has not approved the UMAX system that SCE wants to buy. And the NRC has not
13 developed aging management requirements for the NRC decision. Some analysts feel it is worse
14 than the current Areva NUHOMS system we have at San Onofre, and if an off-site interim
15 facility is available this can save money from a big-picture standpoint, by avoiding the buildout
16 of additional dry cask storage system on site, and instead transporting the fuel to the common
17 interim facility.

18 This line item will probably require significantly more funding to be adequately addressed. We
19 believe that the CPUC should take proactive steps to establish such an interim consolidated repository
20 in a suitable area in California.

Conduits

21 On the other hand, the onshore structures and offshore conduits may require less funding, as these
22 may be better left in place to minimize environmental impacts. From our reading, it appears that at least
23 \$95 million is earmarked for this purpose, which could be saved if the substructures or conduits are not
24 completely removed.

25 For some time now, SCE has been talking about the possibility of avoiding the removal of the
26 conduits:

In 2005, however, the CSLC agreed to amend a similar easement for the SONGS 1
offshore conduits to allow for the partial removal (of vertical structures) and

abandonment in place of conduits.¹⁸

SCE has submitted language for the Navy's consideration, and discussions regarding an amendment remain ongoing. Until such an amendment to the easement is executed, however, it would be premature to assume that any of the easement's terms will be changed, or to modify the scope of the SONGS 2 & 3 DCE based on a desired or assumed, but still speculative, outcome. The ES/CBI DCE, therefore, includes the estimated costs to remove all improvements as currently required in the site easement.¹⁹

SCE plans to seek an amendment to the easement regarding the decommissioning of the SONGS 2 & 3 conduits. Therefore, the SONGS Participants do not yet know whether the CSLC will prescribe an amendment to this easement similar to the amendment granted to the easement for the SONGS 1 conduits, or if so, how other alternatives would impact work scope and cost.²⁰

1 It is important to evaluate the environmental impacts of these decisions to make sure that the choice
2 to allow the conduits to remain is the best choice for the environment. If so, then COPS supports
3 leaving them in place.

4 We would rather see the estimates as a range, including these known unknowns, and perhaps a risk
5 assessment should be applied, I.e in terms of an estimated probability that the cost will either be
6 required or not. We are unsure why SCE has not made more progress determining the reality of these
7 known unknowns. Our investigation during this proceeding should help to resolve these so the
8 Commission can take an appropriate position.

9 We also note that there are various approaches to dealing with concrete portions of the plant that
10 had been radiated:

In addition, the ABZ Study assumed that a substantial quantity of concrete in the containment structures would be scabbled and shipped to a licensed LLRW disposal facility, and the remainder would be disposed of as clean material. In contrast, the ES/CBI DCE assumed that all concrete structures inside containment would be "ripped and shipped," that is, demolished without scabbling and all shipped to a licensed LLRW disposal facility. The "rip and ship" process reduced labor costs relative to the ABZ Study but increased LLRW disposal costs. Due primarily to the combined effect of these two differences, Waste Disposal costs increased by \$92 million (100% 22 level, 2014 dollars) relative to the ABZ Study.²¹

18 SCE-1 Page 47, Lines 12-14

19 SCE-1 Page 48, Lines 26-31

20 SCE-1 Page 49, Lines 16-20

21 SCE-1 PAGE 33, Lines 15-21

1 We do not know how the selected contractor will elect to deal with this waste, and the tradeoffs
2 between employee costs and waste processing is subjective and includes environmental impact
3 concerns. Therefore, this should be included as an unknown variable.

4 COPS is concerned that inadequate consideration is being given to the fact that delaying demolition
5 of some parts of the site may be prudent so as to reduce radioactivity exposures to workers and the
6 public. This may be the best choice from an environmental impact perspective. It might also save
7 money, because better decommissioning tools will be available in a few decades. These tradeoffs
8 should at least be analyzed with safety as the highest priority, including safety to the environment.

9 For example, there is no engineering reason to rush into the demolition of the main reactor
10 confinement structures and their radioactive contents. We note that many of the most dangerous
11 radioactive elements are those with short half-lives. As they quickly decay, they emit large quantities of
12 energetic sub-atomic particles which cause genetic mutation and cancer, whereas those elements with
13 longer half-lives do not emit them as rapidly. Waiting several decades can allow the plant to become
14 less radioactive through normal decay, particularly of these most dangerous fission products, and thus
15 reduce the risk of the decommissioning process. Thus, these delays should be considered in the plan.

8. Contributions to Trusts

16 One of the key proposals in this Application is the elimination of trust contributions:

SCE requests the Commission authorize contributions to its SONGS 2 & 3 NDTs of \$0.00 (zero) at this time, and SDG&E requests the Commission authorize contributions to its SONGS 2 & 3 NDTs of \$0.00 (zero) as of January 1, 2016, based upon the current estimate of decommissioning costs, current level of funding of the NDTs, projected escalation rates, and financial market conditions known at this time.²²

17 This may not be appropriate based on the decommissioning costs, as described above. COPS will
18 need more time to evaluate the proposal to reduce contributions to zero, but it may very well be the
19 case that even if the conduits and substructures are not completely removed, the savings will not
20 balance out the extra funds needed for prudent nuclear waste storage.

9. Community Outreach Costs

21 The Application discusses increased Community Outreach Costs:

Prior to the permanent closure of SONGS 2 & 3, SCE did not anticipate the level

22 Application Page 8

of community outreach that would be required to maintain proactive communications with the wide variety of stakeholders with interest in the SONGS 2 & 3 decommissioning project. The ABZ Study, therefore, did not include community outreach costs, or the cost of the SONGS Decommissioning Community Engagement Panel. The ES/CBI DCE includes these costs, resulting in a \$27 million (100% level, 2014 dollars) increase over the ABZ Study.²³

1 The costs for community outreach is astronomical. In our interview with the Grossmont Healthcare
2 District, they said their Independent Citizens Bond Oversight Committee (ICBOC) had expenses of
3 about \$35K per year. The Community Engagement Panel (CEP) panelists are all volunteers. Even if
4 you assume the oversight of SONGS decommissioning was 100 times harder, you are still only at \$3.5
5 million. There is something wrong here, and will be one subject of our data request investigation.

6 To top it off, the CEP says that review of actual decommissioning costs is outside their mission,
7 despite requests by COPS to include the review of actual decommissioning costs and dissemination of
8 this information to the public. So unless the CEP actually performs the advisory oversight function, it
9 does not fulfill the expectations of the public.

CONCLUSION

10 Therefore, for the reasons mentioned above, COPS files this protest and requests that it be made a
11 party in the proceeding. Other requests not mentioned above are not agreed to just because we did not
12 mention them (such as the balancing account proposal) but we need more information before we can
13 make any statement as to our position.

14 Respectfully Submitted

15 -/s/--

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22 January 15, 2015

23 SCE-1 Page 34, Line 23 through Page 35, Line 2