

Application No.: A.24-12-____
Exhibit No.: SDGE-01
Witnesses: Tracy M. Dalu
Juan C. Fernandez

PREPARED DIRECT TESTIMONY

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

**(SDG&E's Oversight and Fiscal Management Role at SONGS, DOE Litigation
Proceeds, and Compliance with Prior Commission Decisions)**



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

December 6, 2024

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**PREPARED DIRECT TESTIMONY
ON BEHALF OF SDG&E**

I. OVERVIEW OF SDG&E’S REQUEST (T. DALU)

In this 2024 Nuclear Decommissioning Cost Triennial Proceeding (“NDCTP”), San Diego Gas & Electric Company (“SDG&E”) is providing testimony in support of its requests that the California Public Utilities Commission (“CPUC” or “Commission”):

- 1) Approve as reasonable the Southern California Edison Company (“SCE”) 2024 San Onofre Nuclear Generating Station (“SONGS”) Unit 1 (“SONGS 1” or “SONGS Unit 1”) decommissioning cost estimate (“DCE”) for remaining SONGS 1 decommissioning work and SDG&E’s 20% share of the costs (\$43.0 million, 2014\$);¹
- 2) Approve as reasonable the 2024 SONGS Units 2&3 (“SONGS 2&3” or “SONGS Units 2&3”) DCE for SONGS 2&3 decommissioning work and SDG&E’s 20% share of the costs (\$941.9 million, 2014\$);²
- 3) Approve as reasonable the \$18.6 million (SDG&E share, 2014\$) estimate of future SDG&E-only costs for SONGS 1 and SONGS 2&3;³
- 4) Approve SDG&E’s request to maintain its annual contributions to its SONGS 1 Nuclear Decommissioning Trusts (“NDTs”) at zero (\$0.00), based upon the current estimate of decommissioning costs for SONGS 1, current level of funding

¹ The total updated SCE SONGS 1 DCE is \$215.0 million (100%, 2014\$). Exhibit (“Ex.”) SCE-04C at 2.

² The total updated SONGS 2&3 DCE is \$4,709.4million (100%, 2014\$). Ex. SCE-04C at 1.

³ Ex. SDGE-03 at 2.

of the SONGS 1 NDTs, projected escalation rates, and financial market conditions known as of December 6, 2024;⁴

- 5) Approve SDG&E's request to maintain its annual contributions to its SONGS 2&3 NDT at zero (\$0.00), based upon the current estimate of decommissioning costs for SONGS 2&3, current level of funding of the SONGS 2&3 NDTs, projected escalation rates, and financial market conditions known at the time the Joint Application was filed December 6, 2024;⁵
- 6) Approve as reasonable the \$1.0 million (SDG&E share, 2014\$) for SONGS 1 decommissioning expenses invoiced to SDG&E by SCE for completed distributed activities and undistributed costs for the 2024 NDCTP review period;⁶
- 7) Approve as reasonable the \$104.9 million (SDG&E share, 2014\$) for SONGS 2&3 decommissioning expenses invoiced to SDG&E by SCE for completed distributed activities and undistributed costs for the 2024 NDCTP review period;⁷
- 8) Approve as reasonable the \$3.1 million (2014\$) in SDG&E-only costs for SONGS incurred during the 2024 NDCTP review period;⁸ and
- 9) Find that SDG&E is compliant with prior Commission decisions regarding the NDCTP.⁹

⁴ Ex. SDGE-04 at 2.

⁵ Ex. SDGE-04 at 3.

⁶ Ex. SDGE-02 at 1.

⁷ Ex. SDGE-02 at 1.

⁸ Ex. SDGE-02 at 1.

⁹ See *infra* at 14-17.

1 **A. Procedural Background**

2 Approximately every three years, the California electric utilities that have ownership
3 shares in nuclear power plants file NDCTP applications. As set forth by the Commission in
4 Decision (“D.”) 10-07-047, the objectives of the NDCTP are “[1] to set the annual revenue
5 requirements for the decommissioning trusts for the nuclear powerplants owned by Southern
6 California Edison Company, San Diego Gas & Electric Company, and Pacific Gas and Electric
7 Company, [2] to verify the utilities are in compliance with prior decisions applicable to
8 decommissioning and [3] to determine whether actual expenditures by the utilities for
9 decommissioning activities are reasonable and prudent.”¹⁰

10 **B. Content of SDG&E’s NDCTP Testimony Volumes**

11 SDG&E offers the following testimony to cover these various areas:

12 **1. Overview**

13 Testimony in Ex. SDGE-01 provides an overview of SDG&E’s Oversight
14 role at SONGS, including SDG&E’s oversight role at the plant and its
15 Fiscal Management roles and procedures. It also provides information on
16 the NDT cost recovery process, proceeds from litigation with the United
17 States Department of Energy (“DOE”) received during the triennial
18 period, and compliance with prior Commission decisions.

19 **2. SONGS 1 and SONGS 2&3 Reasonableness Reviews**

20 Testimony in Ex. SDGE-02 presents SONGS 1 and SONGS 2&3,
21 including SDG&E-only decommissioning expenses incurred by SDG&E,
22 that are subject for review in this NDCTP. It also provides support for a

¹⁰ D.10-07-047 at 2.

finding of reasonableness for these costs recorded by SDG&E for SONGS 1 and SONGS 2&3, including SDG&E-only costs.

3. SCE 2024 SONGS 1 and SONGS 2&3 DCE

Testimony in Ex. SDGE-03 provides support for a finding of reasonableness for the updated SCE 2024 SONGS 1 DCE, and SONGS 2&3 DCE, including future SDG&E-only costs.

4. SONGS 1 and SONGS 2&3 Trust Fund Contributions, Trust Fund Management, Tax Issues and Regulatory Accounting

Testimony in Ex. SDGE-04 presents SDG&E's financial assumptions and analyses, trust fund contribution requests for SONGS 1 and SONGS 2&3, trust fund committee requirements, tax issues associated with the decommissioning of SONGS and the regulatory accounting for SONGS 1 and SONGS 2&3.

II. SONGS OVERSIGHT BY SDG&E (T. DALU)

SONGS is licensed under the Nuclear Regulatory Commission ("NRC") as three units. SDG&E has a 20% minority ownership stake in each of the three nuclear units and, as such, is contractually obligated to pay its 20% ownership share of all expenses, including decommissioning expenses. Ever since the SONGS site entered the decommissioning period in June 2013, SDG&E has worked to create decommissioning oversight, both of activities at SONGS and the related fiscal and accounting activities. SDG&E has bolstered current processes and established new processes and procedures. This testimony describes SDG&E's oversight processes and procedures.

1 **A. SDG&E’s Oversight Role of Activities at SONGS (T. Dalu)**

2 While SDG&E is not the decommissioning agent for SONGS (the agent is SCE),
3 SDG&E is an NRC licensee and has sought to make significant improvements in its
4 decommissioning oversight role at SONGS through different processes.

5 First, ever since SCE announced SONGS’ permanent cessation of operations, SDG&E
6 created an internal SONGS decommissioning group (“SONGS Team”) that reported to
7 SDG&E’s Vice President – Enterprise Risk Management and Compliance through August 2019
8 and subsequently to SDG&E’s Vice President – Land and Environmental Services. Starting in
9 2016, SDG&E increased the number of employees dedicated to SONGS decommissioning
10 oversight and as of the end of 2023, SDG&E employed six full-time employees focused on
11 SONGS decommissioning oversight. The Manager of Nuclear Decommissioning is responsible
12 for managing the SONGS Team to ensure that SDG&E’s oversight is effective. The Principal
13 Nuclear Decommissioning Advisor is located on-site and focuses on day-to-day oversight
14 activities at SONGS. The Fiscal Nuclear Decommissioning Advisor and a team of three other
15 employees (“Fiscal Team”), a subset of the SONGS Team, are responsible for SDG&E’s fiscal
16 management role as a minority owner of SONGS.

17 Second, when the plant was producing electricity, SDG&E stationed a dedicated
18 employee at the plant to follow major activities at the site and to report to SDG&E management
19 plant status relative to projects and budget. Now that SONGS is in decommissioning, SDG&E
20 stations the Principal Nuclear Decommissioning Advisor at the plant to participate in middle and
21 upper management site meetings to keep apprised of decommissioning activities and plans. The
22 Principal Nuclear Decommissioning Advisor participates in daily plant meetings, monthly
23 project status and update meetings, and monthly SONGS Participants Executive Committee and
24 Budget Committee meetings. In addition to keeping current on NRC issues, SDG&E also

1 attends NRC inspection entrance and exit conferences and reviews NRC inspection reports and
2 other relevant NRC reports related to SONGS.

3 Third, in April 2015, SDG&E and the other SONGS Co-Participants¹¹ executed a
4 Decommissioning Agreement that governs SDG&E co-owner participation roles and
5 responsibilities during decommissioning for all three units. This agreement materially improved
6 the rights of the minority co-owners in dealing with SCE. The Decommissioning Agreement
7 established the decommissioning agent, participant funding responsibilities and participant
8 involvement in the governance of the decommissioning agent. The Decommissioning
9 Agreement also established the Executive, Budget, Fiscal, and Legal committees. The Budget
10 and Executive committees approve major monetary commitments. SDG&E actively participates
11 in all four of the committees. In addition, independent nuclear experts (*i.e.*, the
12 Decommissioning Agent Advisor) assists the Executive Committee on an as-needed basis.

13 Fourth and lastly, to supplement its oversight role, SDG&E has utilized and anticipates
14 using external decommissioning consultants on an as-needed basis. In addition, SDG&E
15 personnel periodically attend industry conferences that focus on decommissioning.

16 **B. SDG&E's Fiscal Management Role and Procedures (J. Fernandez)**

17 As a 20% minority owner of all three units at SONGS, SDG&E has a fiscal responsibility
18 to fund 20% of the decommissioning activities at SONGS. Since the June 2013 shutdown
19 announcement, SDG&E has developed several procedures and processes to fulfill its fiscal
20 management role as a minority owner of SONGS.

¹¹ SONGS 1 Participants are SCE and SDG&E. SONGS 2&3 Participants are SCE, SDG&E, the City of Anaheim, and the City of Riverside.

SDG&E structured its new internal Fiscal Team, a subset of the SONGS Team, to emphasize fiscal review. Prior to decommissioning, SDG&E had one full-time employee dedicated to fiscal review for SONGS. At the end of 2023, this group now has four employees with the primary goal of providing diligent fiscal management over the decommissioning of SONGS, its related costs and regulatory requirements and filings. SDG&E has a Fiscal Nuclear Decommissioning Advisor who is dedicated to ensuring that costs billed by SCE and SDG&E internal costs are reviewed, reported and in compliance with CPUC and NRC requirements. The Fiscal Team also has one Principal Budget Analyst, one Senior Accountant, and one Associate level Staff Accountant, all of whom are dedicated to the accounting, reporting, and review of SONGS decommissioning expenses. In addition, the SDG&E SONGS Fiscal Team reviews and analyzes the monthly SONGS cost and contingency reports, prepares documentation for and reviews SDG&E's withdrawal of SONGS costs from its NDTs, prepares SDG&E's share of costs presented in the quarterly expenditure report filings, the annual forecast and recorded cost advice letter filings, and all costs presented in the NDCTP's. The SDG&E SONGS Fiscal Team also tracks performance to budget and to the decommissioning cost estimate for decommissioning activities on a monthly basis and follows up with SCE regarding significant under- and over-budget line items to determine the reasons for each variance. In addition, under the Decommissioning Agreement, upon the Budget Committee's recommendation, the Executive Committee reviews and approves the annual decommissioning budget. The agreement also stipulates that material contracts or change orders to existing contracts, require Budget Committee and/or Executive Committee approval depending on the dollar value of the request. SDG&E is an active and voting member of these committees.

1 The SDG&E SONGS Fiscal Team reviews SCE’s monthly decommissioning invoices
2 before authorizing payments. Each invoice is reviewed for accuracy and SDG&E follows up
3 with SCE concerning any unusual or unexpected fluctuations. Payment of invoices are approved
4 by the SONGS Team management. Beginning in 2015, SCE’s monthly decommissioning
5 invoices segregated costs by unit and by decommissioning cost categories as required by the
6 NRC and the Commission. SCE invoices also started including an Advanced Funding Request
7 (“AFR”) line item. The AFR line item is an estimate of the funding needed by SCE to fund
8 decommissioning operations for the upcoming month and is included to mitigate the lag between
9 SCE’s payment of decommissioning charges and its recovery from the Co-Participants.

10 SDG&E’s review processes include confirming the detailed actual cost support files and
11 the AFR support files, provided by SCE, are properly supported and reconcile to the monthly
12 invoiced amount for each unit. Costs are also reviewed to ensure they are classified by the
13 appropriate cost categories. When issues arise, SDG&E has a proactive approach to
14 communicate with SCE staff, develop an understanding and impact of the issue, and favors an
15 attempt to remedy the problem in real time. If this cannot be achieved, and when necessary,
16 SDG&E disputes specific line items invoiced. In 2021 – 2023, SDG&E identified \$1.74 million
17 of billing issues that it brought forward to SCE. In Attachment A, SDG&E provides a log of
18 billing discrepancies or issues identified by SDG&E surrounding SONGS decommissioning
19 costs billed by SCE in 2021 – 2023 and a resolution for each.

20 Lastly, in 2021 – 2023 in accordance with the Decommissioning Agreement, attestations
21 were performed by Baker Tilly, concerning decommissioning costs incurred by SCE for the
22 period of January 1, 2021, through December 31, 2023. The attestation reports concluded that
23 SONGS decommissioning costs for the period were accurate, only included actual

1 decommissioning costs, and were appropriately allocated among the Co-Participants. In addition
2 to the Baker Tilly attestations, SDG&E performs annual Sarbanes Oxley (“SOX”) control
3 testing¹² to ensure the adequacy and effectiveness of the SDG&E business controls in place over
4 nuclear decommissioning expenditures billed by SCE and SDG&E’s NDT withdrawal processes.
5 To date, there have been no deficiencies noted in any of the SOX testing performed regarding
6 SONGS decommissioning.

7 **C. Nuclear Decommissioning Trust Cost Recovery Process (J. Fernandez)**

8 SDG&E also has established processes to retrieve funds from its NDTs to pay for nuclear
9 decommissioning costs. The procedures vary by unit, and follow directives established by the
10 Commission.

11 In D.99-06-007, the Commission established continuing authorization for SDG&E to
12 access trust funds for SONGS 1 decommissioning costs as needed. The decision “authorize[d]
13 the decommissioning of San Onofre Nuclear Generating Station Unit 1 (SONGS 1) and
14 amendment of the Master Trust Agreements (MTAs) to facilitate timely availability of the funds
15 to pay the costs of decommissioning.”¹³ SDG&E’s resulting process is to pay for monthly
16 decommissioning charges from its working cash account and shortly thereafter request trust
17 fund reimbursement for SONGS Unit 1 costs billed by SCE and associated Unit 1 SDG&E-only
18 charges. The request for trust reimbursement process begins when the Fiscal Team prepares a
19 Trust Reimbursement Package which includes a “Trust Withdrawal Certificate.” The “Trust
20 Withdrawal Certificate” lists the reimbursement amount, the date funds are to be withdrawn and
21 is reviewed and authorized by the SONGS Manager of Decommissioning, the SDG&E Vice

¹² SOX control testing is mandated by The Sarbanes-Oxley Act of 2002. SOX is a U.S. federal law requiring all companies doing business in the United States to comply with the regulation.

¹³ D.99-06-007 at 1.

1 President - Controller and Chief Accounting Officer and the authorized representative designated
2 by the SDG&E NDT Committee prior to execution of any trust fund withdrawals. Each trust
3 reimbursement request is supported by a comprehensive support package which includes the
4 previously approved SCE SONGS 1 decommissioning invoices, SDG&E-only cost schedules,
5 and any other relevant information required to validate the requested reimbursement amount.
6 Upon approval of the Trust Withdrawal Certificate, the SDG&E Pension and Trust Investments
7 team contacts the SDG&E NDT Trustee, currently BNY Mellon, and arranges for assets to be
8 sold from the NDTs. Once this process is complete, the Trustee wires the funds to reimburse
9 SDG&E's working cash for decommissioning payments to SCE and for its SDG&E-only
10 decommissioning costs.

11 For SONGS 2&3, SDG&E received authority in 2016¹⁴ to access trust funds for the
12 upcoming year of forecasted decommissioning expenditures. Specifically, D.16-04-019
13 authorized SDG&E to file annually Forecast and Recorded Decommissioning Disbursement Tier
14 2 Advice letters consistent with its share of SONGS 2&3 decommissioning costs as presented by
15 SCE and billed to SDG&E by SCE, plus any additional administrative costs unique to SDG&E,
16 often referred to as SDG&E-only or SDG&E internal costs. Such advice letters must show
17 information supporting the requested disbursements.

18 Based on information provided by SCE and forecasted amounts included in the approved
19 DCE, SDG&E files the forecasted decommissioning disbursement Tier 2 advice letter in the
20 fourth quarter every year to request the authority to withdraw funds up to that forecasted amount
21 in the following year (*i.e.*, 4th quarter 2023 forecast advice letter filing for the 2024 calendar

¹⁴ D.16-04-019, Ordering Paragraph ("OP") 5; SDG&E Advice Letter 2909-E, approved August 2, 2016, effective August 1, 2016.

1 year expenses). This includes the estimated disbursement amounts required to cover the cost of
2 SDG&E's 20% share billed from SCE and SDG&E-only costs that are expected during the
3 following year. It also includes an estimated amount to be spent for each activity during the
4 period, a correlation of the activities and costs to the most recently approved DCE, and an
5 explanation for any differences (amount and timing) from the most recently approved DCE.
6 SDG&E also files a recorded decommissioning disbursement Tier 2 advice letter in the
7 following year capturing the true-up of actual expenses to the forecast amount for the previous
8 calendar year's activity (*i.e.*, May 2024 recorded advice letter filing capturing the true-up of
9 2023 calendar year expenses).

10 Accordingly, SDG&E initiated new processes in 2016 to allow for timely and accurate
11 reimbursement from the NDTs after each forecast advice letter is approved by the Commission.
12 Similar to the process noted above for SONGS Unit 1, SDG&E pays for SONGS Units 2&3
13 decommissioning charges from its working cash account and then requests reimbursement from
14 its NDTs. As detailed in the SONGS Unit 1 language above, individual trust reimbursement
15 packages are prepared for Unit 2 and Unit 3 decommissioning charges which include review and
16 authorization of "Trust Withdrawal Certificates" by the three parties specified above. The trust
17 packages include previously approved SCE SONGS decommissioning invoices, SDG&E-only
18 cost schedules, and other information required to validate the requested reimbursement amount.

19 As described previously, once approval of the Trust Withdrawal Certificate, the Pension
20 and Trust Investments team contacts the SDG&E NDT Trustee, currently BNY Mellon, and
21 arranges for assets to be sold from the NDTs. Once this is complete, the Trustee wires funds to
22 reimburse SDG&E's working cash for SONGS Unit 2 and SONGS Unit 3 decommissioning
23 payments to SCE and for its SDG&E-only decommissioning costs.

1 **III. DOE LITIGATION PROCEEDS RECOVERED DURING THE TRIENNIAL**
2 **PERIOD (T. DALU)**

3 In D.18-11-034, the Commission directed SDG&E to provide updated information
4 regarding spent nuclear fuel claims against the United States DOE in the next NDCTP.
5 Specifically, the Commission ordered: 1) “disclosure of settlements, awards, or other resolutions
6 of damage claims completed in the triennial period, based on the United States Department of
7 Energy’s failure to accept spent nuclear fuel,” and “[t]he Utilities shall also establish how the
8 recoveries were allocated to the [each SONGS] unit that incurred the cost to ensure that the
9 appropriate share of net proceeds were commensurate with payments of the underlying costs
10 supporting the resolved claims, and to the extent appropriate, placed into the related nuclear
11 decommissioning trust funds or returned to ratepayers in the manner approved by the
12 Commission”¹⁵

13 On November 22, 2019, SCE, on behalf of itself and the SONGS co-participants, filed
14 a complaint in the U.S. Court of Federal Claims for spent fuel management costs incurred on
15 or after January 1, 2017, through July 31, 2018. The damages claimed were \$168 million. A
16 decision on this claim is anticipated in the first quarter of 2025. If received, SDG&E will
17 provide supplemental testimony in compliance with D.18-11-034, or if the DOE litigation has
18 not been resolved, an update on the litigation by the end of February 2025. On July 6, 2024,
19 SCE on behalf of itself and the SONGS co-participants, filed a complaint in the U.S. Court of
20 Federal Claims for spent fuel management costs incurred August 1, 2018 through December 31,
21 2021. The damages claimed are \$284 million. SDG&E will provide an update regarding the
22 status of the July 6, 2024, claim or any new filed claims in the next NDCTP.

¹⁵ D.18-11-034 at OP 13.

1 **IV. TREATMENT OF FUTURE DOE REFUNDS (T. DALU)**

2 In D.24-08-001 the Commission approved SDG&E's "request to deposit any future
3 litigation proceeds from the DOE into their respective Non-Qualified Nuclear Decommissioning
4 Trust funds [{"NQNDTs"}] to pay for the additional spent fuel management costs the utilities
5 will incur as a result of DOE's delayed removal."¹⁶ As such, upon receipt of any future DOE
6 refunds, SDG&E will deposit any proceeds, net of litigation costs to the appropriate SONGS 1,
7 2, and 3 NQNDTs and will disclose such deposits in future NDCTPs. In accordance with D.24-
8 08-001, Ordering Paragraphs 5(a) – 5(e), SDG&E provides the following information.

9 **A. Provide updated information on the United States Department of Energy's**
10 **(DOE) spent fuel removal start date and completion date.**

11 Please see Exhibit SCE-07, page 9, Section V.A.

12 **B. Present forecasted decommissioning costs and forecasted spent fuel storage**
13 **costs based on the expected DOE spent fuel removal start date and**
14 **completion date.**

15 Please see Exhibit SCE-07, page 8, Section V.B.

16 **C. Specify any DOE litigation proceeds received during the period between the**
17 **filing of the 2021 NDCTP and the 2024 NDCTP and any DOE litigation**
18 **proceeds expected to be received in the 2024 NDCTP.**

19 SDG&E has not received any DOE litigation proceeds since it filed the 2021
20 NDCTP. It is anticipated that the court will issue its decision, and the appeal
21 period will pass for the claim covering the period of January 1, 2017 – July 31,
22 2018, in the first quarter of 2025. If received, SDG&E will provide
23 supplemental testimony in compliance with D.18-11-034, or if the DOE
24 litigation has not been resolved, an update on the litigation by the end of
25 February 2025.

¹⁶ D.24-08-001 at 2, and OP 3.

1 **D. Compare forecasted decommissioning costs, with the forecasted spent fuel**
2 **storage costs included, against the forecasted Non-Qualified Nuclear**
3 **Decommissioning Trust fund balances, with the amount of DOE litigation**
4 **proceeds received included.**

5 As of December 31, 2023, the current net liquidation value of the SONGS 1
6 NQNDT is \$30.5 million and the SONGS 2&3 NQNDT is \$4.5 million.
7 SDG&E has not received nor deposited any DOE refunds into the NQNDTs
8 since the 2021 NDCTP.

9 **E. Present the annualized forecasted decommissioning costs, forecasted spent**
10 **fuel storage costs, and forecasted Non-Qualified Nuclear Decommissioning**
11 **Trust fund balances. This analysis should clearly demonstrate projected**
12 **annual starting and ending balances of the Non-Qualified Nuclear**
13 **Decommissioning Trust fund balances.**

14 Please see Exhibit SCE-07, page 10, Section V.E. For SDG&E's NQNDT fund
15 balances, please see section D above.

16 **V. COMPLIANCE WITH PRIOR COMMISSION DECISIONS (T. DALU)**

17 As set forth by the Commission in D.10-07-047, one of the objectives of the NDCTP is to
18 verify the utilities are in compliance with prior decisions applicable to decommissioning.¹⁷ In
19 the 2018 NDCTP to comply with D.18-11-034, SDG&E provided a comprehensive table
20 demonstrating compliance with prior decisions.¹⁸ In the 2021 NDCTP, SDG&E provided
21 compliance information for on-going requirements from prior decisions and new requirements
22 from D.21-12-026.¹⁹ In this NDCTP, SDG&E provides compliance information for ongoing
23 requirements from prior decisions and new requirements from D.24-08-001.

17 D.10-07-047 at 2.

18 A.18-03-009, Ex. SDGE-08 at 6-11.

19 A.22-02-016, Ex. SDGE-01 at 17-18.

SDG&E Compliance with Prior Commission Decisions

Decision	Ordering Paragraphs Applicable to SDG&E	How Compliance Was Achieved
D.24-08-001	3. SDG&E shall deposit the litigation proceeds received from the United States Department of Energy (DOE) into the Non-Qualified Nuclear Decommissioning Trust accounts. 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 the San Onofre Nuclear Generating Station. 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.	SDG&E will deposit its share of future DOE litigation proceeds, net of attorney fees, etc., into its Non-Qualified Nuclear Decommissioning Trust accounts upon receipt.
	4. Within 60 days of the issuance of the decision, SDG&E shall submit a Tier 1 Advice Letter with Energy Division to implement the decision, including the specific terms of the Settlement Agreement between Southern California Edison Company, San Diego Gas & Electric Company, The Utility Reform Network, Public Advocates Office, and Alliance for Nuclear Responsibility approved in the decision.	SDG&E discusses the implementation of each term of the 2021 NDCTP Settlement Agreement and other requirements needed to fully implement D.24-08-001 in SDG&E's Post-Decision Implementation Tier 1 Advice Letter 4527-E. SDG&E filed this Advice Letter on October 4, 2024 and a disposition letter was received on November 26, 2024.
	5. In the 2024 NDCTP, SCE and SDG&E shall (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 Non-Qualified Nuclear Decommissioning Trust fund balances, with the amount of DOE litigation proceeds received included, and (e) present the annualized forecasted decommissioning costs, forecasted spent fuel storage costs, and forecasted Non-Qualified Nuclear Decommissioning Trust fund balances. This analysis	See Exhibit SDGE-01, DOE Litigation Proceeds, submitted in this proceeding.

Decision	Ordering Paragraphs Applicable to SDG&E	How Compliance Was Achieved
	should clearly demonstrate projected annual starting and ending balances of the Non-Qualified Nuclear Decommissioning Trust fund balances.	
	6. SCE and SDG&E shall file the next 2024 Nuclear Decommissioning Cost Triennial Proceeding no later than December 31, 2024.	SCE and SDG&E filed the 2024 NDCTP by December 31, 2024.
D.21-12-026	9. Southern California Edison Company and San Diego Gas & Electric Company shall augment their current practice to include a discussion of relevant DGC Agreement amendments that produce significant variances, as part of future reasonableness review proceedings, according to the schedule identified in the Milestone Framework.	Provided in testimony Ex. SDGE-02.
D.18-11-034	11. San Diego Gas & Electric Company (SDG&E) must file annually Forecast and Recorded Decommissioning Disbursement Tier 2 Advice Letters (AL) consistent with its share of San Onofre Nuclear Generating Station 2 and 3 decommissioning costs as presented by Edison and billed to SDG&E by Edison, plus include any additional administrative costs unique to SDG&E. Each such AL must show information supporting the requested disbursements consistent with the Milestone Framework adopted herein.	SDG&E filed the following ALs: <ul style="list-style-type: none"> • 2021 Forecasted Costs filed December 1, 2020, in AL 3651-E, approved December 22, 2020, and effective December 31, 2020. • 2021 Recorded Costs filed May 5, 2022, in AL 3997-E, approved June 2, 2022, and effective June 6, 2022. • 2022 Forecasted Costs filed December 3, 2021, in AL 3905-E, approved December 24, 2021, and effective January 3, 2022. • 2022 Recorded Costs filed May 1, 2023, in AL 4205-E, approved June 8, 2023, and effective May 21, 2023. • 2023 Forecasted Costs filed November 29, 2022, in AL 4113-E, approved January 12, 2023, and effective December 29, 2022. • 2024 Forecasted Costs filed November 21, 2023, in AL 4318-E, approved and effective December 21, 2023 • 2023 Recorded Costs filed May 10, 2024, in AL 4445-E, approved and effective June 10, 2024.
D.18-10-010	4. Southern California Edison Company and San Diego Gas & Electric Company must file after-the-fact reasonableness reviews of expenditures for decommissioning San Onofre Nuclear Generating Station Units 1, 2 and 3 in the Nuclear Decommissioning Cost Triennial Proceedings, unless otherwise directed.	Provided in testimony Ex. SDGE-02.
D.14-12-082	13. Southern California Edison Company, San Diego	Provided in testimony Ex. SDGE-04.

Decision	Ordering Paragraphs Applicable to SDG&E	How Compliance Was Achieved
	<p>Gas & Electric Company, and Pacific Gas and Electric Company shall ensure that their respective Nuclear Decommissioning Trust Fund Committee members timely receive the following information:</p> <ul style="list-style-type: none"> • Audited financial statements for the decommissioning trust funds; • Initiation of investment fund manager searches; • Decommissioning cost schedules, including acceleration or any other significant changes; • Approval of nuclear facility license extension; and • Withdrawals of trust funds for decommissioning expenses. 	

This concludes our prepared direct testimony.

1 **VI. STATEMENT OF QUALIFICATIONS**

2 **WITNESS QUALIFICATIONS FOR TRACY M. DALU**

3 My name is Tracy M. Dalu, and my business address is 8326 Century Park Court, San
4 Diego, California 92123. I am employed by SDG&E as the Manager of SONGS
5 Decommissioning and am a Certified Public Accountant (“CPA”). My primary responsibilities
6 are to provide oversight and proper fiscal management of SDG&E’s 20% ownership interest in
7 SONGS and to provide financial information to support legal and regulatory filings. I have been
8 in my current role since April of 2016. Prior to my current role, I was the Generation
9 Accounting Supervisor for SDG&E where my primary responsibilities were to account for and
10 report on all SDG&E owned generation facilities, including SONGS. I was also responsible for
11 the accounting and financial reporting of SDG&E’s asset retirement obligations and ensuring
12 that SDG&E was in compliance with Securities Exchange Commission (“SEC”) and regulatory
13 reporting requirements. I began work at Sempra Energy in May 2002 as an accountant for
14 Sempra Energy’s Global division and was responsible for the financial reporting of their
15 generation fleet. My responsibilities included preparing financial statements, consolidations,
16 cash flows, variance analysis and ensuring compliance with SEC reporting. Prior to my career at
17 SDG&E I spent three years working as an auditor for Price Waterhouse Coopers. I graduated
18 from San Diego State University with a Bachelor of Science in Business Administration
19 (Accounting emphasis) and obtained my CPA license in 2001.
20 I have previously testified before this Commission.

WITNESS QUALIFICATIONS FOR JUAN C. FERNANDEZ

My name is Juan C. Fernandez. My business address is 8326 Century Park Court, San Diego, CA 92123. I am employed by SDG&E as the Fiscal Nuclear Decommissioning Advisor, responsible for supporting SDG&E's fiscal oversight role of in the decommissioning of the San Onofre Nuclear Generation Station. My primary duties involve review of decommissioning charges, accounting and reporting in support of all fiscal and regulatory functions associated with San Onofre. I have been in this role since 2017. Prior to this role, and since 2006, I have held various accounting roles within SDG&E and Sempra Energy in support of the Power Generation and Transmission Revenue groups. Prior to joining SDG&E, I spent nine years at Seminole Electric Cooperative in Tampa, FL, where I was the Generation Accounting Supervisor overseeing accounting functions for Seminole owned coal and natural gas fired generating facilities.

I received a Bachelor of Science in Accounting from the University of Florida.

I have previously submitted testimony or testified before this Commission

ATTACHMENT A

BILLING ISSUES AND DISCREPANCIES IDENTIFIED BY SDG&E FOR SONGS DECOMMISSIONING COSTS BILLED BY SCE DURING THE TRIENNIAL PERIOD

Billing Issues and Discrepancies Identified by SDG&E for SONGS for SONGS Decommissioning Costs Billed by SCE
2021-2023

Issue #	Date	Amount (SDG&E 20%)	Issue	Description of Issue	Resolution
1	May-22	\$1.7M	Duplicative billing of SDS milestone payment	Two SDS milestones that had been previously advanced on March 2022 bills were also included in April 2022 bills.	SDG&E received a billing credit from SCE the following month and the error was corrected.
2	Apr-23	\$23.2k	Reimbursements for charges associated with the Nuclear Regulatory Commission ("NRC") assessed penalty	The NRC assessed a civil penalty as a result of the canister incident which occurred August 3, 2018. Holtec provided reimbursement to SCE for the NRC penalty associated with the canister incident. As a result, SDG&E filed a protest to also be refunded its portion of charges associated with the civil penalty.	SDG&E received a billing credit from SCE the following month and the error was corrected.
3	Dec-23	\$13.5k	Payroll Overhead Rate for Severance	Discrepancy in the payroll overhead rate used to calculate severance on the monthly decommissioning bill.	The following month SCE applied the appropriate overhead rates correcting the issue.