

Application No.: A.24-12-____
Exhibit No.: SDGE-02
Witnesses: Tracy Dalu
Charles D. Ladd
Juan C. Fernandez

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)**



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

December 6, 2024

TABLE OF CONTENTS

I.	INTRODUCTION (T. DALU)	1
II.	OVERVIEW (T. DALU)	2
III.	STANDARD OF REASONABLENESS REVIEW OF SDG&E’S SONGS DECOMMISSIONING COSTS (T. DALU).....	4
A.	Reasonableness Standard of Review	4
B.	SDG&E Holds an Oversight Position at SONGS.....	5
C.	The Commission Should consider SDG&E’s Unique Oversight Role at SONGS When Conducting its Reasonableness Review of SDG&E’s Costs.....	6
IV.	SDG&E’S REVIEW OF ITS RECORDED COSTS BILLED BY SCE (T. DALU)	6
A.	SDG&E’s On-Site and Accounting Review of Activities and Underlying Costs.....	7
B.	Reasonableness Review for SONGS 1 Costs	9
C.	Reasonableness Review of Completed Distributed Major Projects for SONGS 2&3 (C. Ladd).....	14
D.	Reasonableness Review of Undistributed Activities for SONGS 2&3 (T. Dalu).....	21
V.	SDG&E-ONLY COSTS INCURRED IN 2021 - 2023 ARE REASONABLE (J. FERNANDEZ).....	31
A.	SDG&E Labor Costs.....	32
B.	SDG&E Non-Labor Costs	34
C.	2021-2023 Undistributed Costs by Cost Categorization Guidelines	35
VI.	STATEMENT OF QUALIFICATIONS	37

Attachment A – Declaration of Tracy M. Dalu Regarding Confidentiality of Certain
Data/Documents Pursuant to D.17-09-023

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

I. INTRODUCTION (T. DALU)

In this document, 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 \$1.0 million (SDG&E share, 2014\$) for San Onofre Nuclear Generating Station Unit 1 (“SONGS Unit 1” or “SONGS 1”) decommissioning expenses invoiced to SDG&E by Southern California Edison Company (“SCE”) for completed distributed projects and undistributed activity for the 2024 Nuclear Decommissioning Cost Triennial Proceeding (“NDCTP”) review period;
- 2) Approve as reasonable the \$104.9 million (SDG&E share, 2014\$) for SONGS Units 2&3 (“SONGS Unit 2&3” or “SONGS 2&3”) decommissioning expenses invoiced to SDG&E by SCE for completed distributed projects and undistributed activity costs for the 2024 NDCTP review period; and
- 3) Approve as reasonable the \$3.1 million (2014\$) in SDG&E-only costs for SONGS incurred during the 2024 NDCTP review period.

This volume of testimony is organized as follows: Chapter II provides a brief overview of SDG&E’s request. Chapter III discusses the reasonableness review standard applicable to SDG&E’s requests, and how the standard should be applied considering SDG&E’s oversight role in 2021 - 2023. Chapter IV provides a review of SDG&E’s costs incurred, as billed by SCE. Chapter V provides a review of the SDG&E-only costs incurred during the 2024 NDCTP review period.

II. OVERVIEW (T. DALU)

In Application (“A.”) 16-03-004, the 2015 NDCTP, the parties agreed to a Reasonableness Framework for reasonableness reviews of SONGS decommissioning costs that was adopted by the Commission in Decision (“D.”) 18-11-034. In A.18-03-009, the 2018 NDCTP, SCE and SDG&E identified necessary updates to the original Reasonableness Framework which were adopted by the Commission in D.21-12-026.

The Reasonableness Framework groups distributed activities to form Major Projects. A Major Project occurs when all physical work for a particular project (including the disposal of any associated waste), as explicitly identified in the Decommissioning Cost Estimate (“DCE”) line items, has been completed and all associated costs have been recorded.¹

In this 2024 NDCTP for SONGS 1, two Major Projects were completed during the 2021 - 2023 review period. SDG&E’s total costs billed to SDG&E by SCE associated with those Major Projects were \$0.0 (SDG&E share, 2014\$).²

In this 2024 NDCTP for SONGS 2&3, eight Major Projects were completed. SDG&E’s total costs billed to SDG&E by SCE associated with those Major Projects were [REDACTED] million (SDG&E share, 2014\$).³

The Reasonableness Framework establishes that in the NDCTP scheduled for 2024 all undistributed activities recorded costs during the applicable NDCTP review period will be reviewed for reasonableness to determine whether “Check Point 1,” all spent fuel on Independent Spent Fuel Storage Installation (“ISFSI”), was completed.⁴ In August 2020, “Check Point 1”

¹ A.16-03-004, Exhibit (“Ex.”) SCE-SDGE-01 at 3.

² These costs are discussed further in Chapter IV.B.

³ These costs are discussed further in Chapter IV.C.

⁴ A.16-03-004, Ex. SCE-SDGE-01 at 4.

1 was completed. In 2021 – 2023, SDG&E’s total costs billed to SDG&E by SCE associated with
2 SONGS 1 undistributed activities were \$1.0 million (SDG&E share, 2014\$).⁵ In 2021 – 2023,
3 SDG&E’s total costs billed to SDG&E by SCE associated with SONGS 2&3 undistributed
4 activities were [REDACTED] million (SDG&E share, 2014\$).⁶

5 The Reasonableness Framework provides that all SDG&E-only internal costs incurred
6 during the prior three-year period will be reviewed for reasonableness in the NDCTP consistent
7 with the treatment of SCE’s undistributed activities costs in the proposed Reasonableness
8 Framework.⁷ Therefore, all SDG&E-only recorded costs for 2021 – 2023 will be reviewed for
9 reasonableness. SDG&E recorded \$3.1 million (2014\$) of SDG&E-only costs in 2021 – 2023.⁸

10 Table 1 summarizes these expenses and compares them to SDG&E’s 20% share of the
11 2020 SCE SONGS 1 DCE and the 2020 SONGS 2&3 DCE submitted in A.22-02-016 and
12 approved in D.24-08-001.

⁵ These costs are discussed further in Chapter IV.B.

⁶ These costs are discussed further in Chapter IV.D.

⁷ A.16-03-004, Ex. SCE-SDGE-01 at 4.

⁸ These costs are discussed further in Chapter V.

Table 1
Summary of 2024 NDCTP Review Period Costs for SDG&E
(2014\$ Constant Dollars in Millions, 20% Level)

	Category	DCE ⁹	Recorded	Variance
1	SONGS 1 Major Projects Completed	\$0.1	\$0.0	(\$0.1)
2	SONGS 1 Undistributed Activities Costs	\$1.5	\$1.0	(\$0.5)
3	SONGS 1 Review Period Total	\$1.6	\$1.0	(\$0.6)
4				
5	SONGS 2&3 Major Projects Completed			(\$8.4)
6	SONGS 2&3 Undistributed Activities Costs			(\$14.0)
7	SONGS 2&3 Review Period Total	\$127.3	\$104.9	(\$22.4)
8				
9	SDG&E-Only Costs	\$3.8	\$3.1	(\$0.7)

III. STANDARD OF REASONABLENESS REVIEW OF SDG&E'S SONGS DECOMMISSIONING COSTS (T. DALU)

A. Reasonableness Standard of Review

SDG&E respectfully requests that the Commission continue to apply its “reasonable manager standard” when completing its SONGS decommissioning reasonableness reviews.

The Commission’s reasonable manager standard reviews a utility’s actions based upon what the utility knew or should have known at the time the utility takes the action, not just the ultimate results or costs based on hindsight. The review standard also expressly provides that a utility’s actions “may be found to be reasonable and prudent if the utility shows that its decision-making process was sound...., *even if it turns out not to have led to the best possible outcome.*”¹⁰

The Commission’s reasonable manager standard does not hold the utilities to unachievable perfect hindsight. It is therefore appropriate for the Commission to determine that SONGS

⁹ In accordance with the 2021 NDCTP Settlement Agreement, the contingency in the 2024 SONGS 2&3 DCE associated with the fixed price Decommissioning General Contract (“DGC”) agreement has been reduced to 10%.

¹⁰ D.05-08-037 at 10-11 (emphasis added).

1 decommissioning activities and expenses are reasonable based on the information provided by
2 SCE and SDG&E in support of this Application.

3 **B. SDG&E Holds an Oversight Position at SONGS**

4 SONGS is licensed under the Nuclear Regulatory Commission (“NRC”) as three units.
5 SDG&E has a 20% minority ownership stake in each of the three nuclear units and, as such, is
6 contractually obligated to pay its 20% ownership share of all costs including decommissioning
7 costs.¹¹ As recognized by the NRC, SCE is the licensee as well as the operating agent. During
8 2021 – 2023, SCE was the decommissioning agent. In addition, from 2021 – 2023, the SONGS
9 Co-Participants were governed by the 2015 SONGS Decommissioning Agreement.¹²

10 As a minority owner, SDG&E has a fiscal responsibility to fund operations and
11 decommissioning at SONGS. In 2021 – 2023, as a minority owner, SDG&E also had an
12 oversight role at SONGS. In 2021 – 2023, SDG&E fulfilled its oversight obligations and fiscal
13 management roles in several different ways, as summarized in my direct testimony in Ex. SDGE-
14 01. For example, SCE was the decommissioning agent, which means that it was making
15 decisions about decommissioning activities at SONGS. To ensure that it stayed informed of the
16 decommissioning activities at SONGS, SDG&E stationed a dedicated employee at the plant to
17 follow major activities at the site and to report to SDG&E management plant status relative to

¹¹ SCE holds an approximately 75.74% interest, SDG&E holds a 20% interest, the City of Anaheim holds an approximately 2.47% interest, and the City of Riverside holds a 1.79% interest in SONGS 2&3 decommissioning liability.

¹² In April 2015, SDG&E executed a decommissioning agreement (“Decommissioning Agreement”) with the other three Participants that governs SDG&E co-owner participation. The Decommissioning Agreement governs the decommissioning of all three units. The Decommissioning Agreement establishes a decommissioning agent, participant funding responsibilities and participant involvement in the governance of the decommissioning agent. Pursuant to the Decommissioning Agreement, Executive, Budget, Fiscal, and Legal committees were established. The Budget and Executive committees approve major monetary commitments. In addition, an independent nuclear expert (*i.e.*, Decommissioning Advisor) assists the Executive Committee on an as-needed basis.

1 budget. SDG&E also reviewed annual budgets as well as budgets for specific decommissioning
2 projects and then tracked progress monthly.

3 **C. The Commission Should consider SDG&E’s Unique Oversight Role at**
4 **SONGS When Conducting its Reasonableness Review of SDG&E’s Costs**

5 In the 2015 NDCTP, Bruce Lacy for The Utility Reform Network (“TURN”) provided
6 testimony with the following conclusions and recommendations:

- 7 • SDG&E is currently providing adequate staff for monitoring SONGS 2&3
8 decommissioning. The costs of that staff should be found reasonable;
- 9 • The SDG&E staff is showing diligence and persistence in their monitoring
10 efforts; and
- 11 • The SDG&E monitoring effort provides opportunity for greater insight into
12 SONGS decommissioning costs which should be encouraged by the Commission
13 in future SONGS 2&3 NDCTPs.¹³

14 SDG&E respectfully recommends that the Commission keep SDG&E’s unique oversight
15 and fiscal management role in mind when it determines the reasonableness of SDG&E’s
16 decommissioning costs for this review period.¹⁴

17 **IV. SDG&E’S REVIEW OF ITS RECORDED COSTS BILLED BY SCE (T. DALU)**

18 In this instant filing, SDG&E reports \$1.0 million (SDG&E share, 2014\$) total SONGS 1
19 decommissioning expenditures and \$104.9 million (SDG&E share, 2014\$) total SONGS 2&3
20 decommissioning expenditures billed by SCE for its SONGS obligation that are covered in the
21 2024 NDCTP review period. Table 2 presents these costs billed by SCE at a summary level.
22

¹³ A.16-03-004, Ex. TURN-03 at 22.

¹⁴ SDG&E’s oversight and fiscal management roles and processes are described in detail in Ex. SDGE-01 at 4-9.

Table 2
Summary of SDG&E Costs Billed by SCE
(2014\$ Constant Dollars in Millions, 20% Level)

	Category	DCE ¹⁵	Recorded	Variance
1	SONGS 1 Major Projects Completed	\$0.1	\$0.0	(\$0.1)
2	SONGS 1 Undistributed Activities Costs	\$1.5	\$1.0	(\$0.5)
3	SONGS 1 Review Period Total	\$1.6	\$1.0	(\$0.6)
4				
5	SONGS 2&3 Major Projects Completed			(\$8.4)
6	SONGS 2&3 Undistributed Activities Costs			(\$14.0)
7	SONGS 2&3 Review Period Total	\$127.3	\$104.9	(\$22.4)

SDG&E seeks a Commission finding that \$1.0 million (SDG&E share, 2014\$) for SONGS 1 and \$104.9 million (SDG&E share, 2014\$) for completed SONGS 2&3 Major Projects and undistributed activities that SDG&E incurred during this review period are reasonable. As described below, in its oversight role, SDG&E conducted its own review of these costs and underlying activities. SDG&E also reviewed the completed Major Projects and undistributed activities costs against the 2020 SONGS 1 and SONGS 2&3 DCEs. SDG&E has concluded that the completed Major Projects and undistributed activities costs for SONGS 1 and SONGS 2&3 were reasonable and appropriate. Therefore, SDG&E respectfully requests the Commission to find its recorded costs for SONGS 1 and for SONGS 2&3 completed Major Projects and undistributed activities are reasonable.

A. SDG&E's On-Site and Accounting Review of Activities and Underlying Costs

In 2021 – 2023, SDG&E actively participated in meetings with SCE regarding completed and ongoing decommissioning activities. Based upon SDG&E's on-site representation, SDG&E concurs that these efforts were appropriate and necessary. To understand the activities occurring

¹⁵ In accordance with the 2021 NDCTP Settlement Agreement, the contingency in the 2024 SONGS 2&3 DCE associated with the fixed price Decommissioning General Contract ("DGC") agreement has been reduced to 10%.

1 at the plant, SDG&E employees attended daily plant meetings, weekly project status meetings,
2 monthly project update meetings, and monthly SONGS Participants' Executive and Budget
3 meetings and actively questioned and critically reviewed the activities and processes. SDG&E
4 understands the issues and concurs that SCE to date has taken the appropriate actions necessary
5 to decommission SONGS 1 and SONGS 2&3.

6 In addition, as SDG&E receives SCE's monthly invoices, it compares the actual costs to
7 the annual budget as well as to the 2017 and 2020 SONGS 2&3 DCE. SDG&E's 2021 recorded
8 decommissioning costs Advice Letter 3397-E and 2022 recorded decommissioning costs Advice
9 Letter 4205-E all contained a detailed comparison of the actual costs to the 2017 SONGS 2&3
10 DCE and reconciled the costs to SCE's similar Advice Letter filings for 2021 and 2022 recorded
11 decommissioning costs. The 2023 recorded decommissioning costs Advice Letter 4445-E
12 contained a detailed comparison of the actual costs to the 2020 SONGS 2&3 DCE and
13 reconciled the costs to SCE's similar Advice Letter filing for 2023 recorded decommissioning
14 costs.

15 SDG&E also conducted an accounting review of the costs presented by SCE in support of
16 this Joint Application. SCE witness R. Bledsoe presents costs for completed Major Projects and
17 undistributed activities for SONGS 1 and SCE witnesses J. Childs, J. Peattie, R. Pontes and K.
18 Chollet-Guibert present costs for completed Major Projects and undistributed activities for
19 SONGS 2&3 categories at the 100% level.¹⁶ Utilizing the accounting categories established in
20 SCE's testimony, SDG&E was able to aggregate invoiced costs to the same categories presented
21 by SCE.

¹⁶ Ex. SCE-02 and Ex. SCE-03.

B. Reasonableness Review for SONGS 1 Costs

1. Distributed Major Projects (C. Ladd)

In this 2024 NDCTP for SONGS 1, two Major Projects, ISFSI CDP Settlement Update and 2020 DCE Update were completed. SDG&E's total costs billed to SDG&E by SCE associated with those Major Projects were \$0.0 million (SDG&E share, 2014\$). Table 3 shows SDG&E's recorded Major Project costs for SONGS 1 compared to the 2020 DCE.

Table 3
Comparison of SDG&E 2024 Review Period Recorded Costs for Major Projects Completed to the SONGS 1 DCE
(20% level, 2014\$ in millions)

	Category	2020 DCE (2014\$)	Recorded (2014\$)	Variance
	Distributed Costs for Major Projects Completed During 2024 Review Period			
1	ISFSI CDP Settlement	\$0.1	\$0.0	(\$0.1)
2	2020 Decommissioning Cost Estimate Update	\$0.0	\$0.0	\$0.0
3	Total Distributed Completed Projects	\$0.1	\$0.0	(\$0.1)

*Note: Costs displayed as \$0.0 are shown in greater detail in the SDG&E 02 workpapers.

a. ISFSI CDP Settlement

A settlement agreement was reached between SCE and parties that opposed the storage of spent nuclear fuel at the SONGS facility in 2017. In this settlement, SCE agreed to pay up to \$4 million on commercially reasonable efforts to determine the feasibility of moving the spent nuclear fuel at SONGS to an offsite facility. The agreement resulted in the development of three related plans: Action Plan, Strategic Plan and Conceptual Transportation Plan. The SDGE 2020 DCE amount was \$0.1 million (100% share, 2014\$). The recorded costs at completion were \$0.0 million (100% share 2014\$) resulting in a cost variance of \$0.1 million (100% share 2014\$). The variance was because development of these plans occurred in less time than planned and consequently there were less billable hours by the contractors developing the plans.

b. 2020 Decommissioning Cost Estimate Update

A SONGS 1 DCE is prepared every three years for submittal to the CPUC as part of the NDCTP. The costs for this project are associated with the 2020 DCE update. SDG&E was billed \$0.0 million (SDG&E 20% share, 2014\$) for the DCE Update project, which was equal to the 2020 SONGS 1 DCE amount.

2. Undistributed Activities (T. Dalu)

The SONGS 1 undistributed activities costs that were billed to SDG&E were labor staffing and non-labor (NRC fees, insurance, site lease and easement expenses, third-party legal, contracted services, emergency preparedness fees, security related expenses, California Environmental Quality Act (“CEQA”) reporting, spent fuel strategic plan activities, and ISFSI Aging Management costs). SDG&E’s total cost billed to SDG&E by SCE for undistributed activities in 2021 – 2023 was \$1.0 million (SDG&E share, 2014\$).

Table 4 shows SDG&E’s recorded undistributed activities costs for SONGS 1.

Table 4
SONGS 1 - Summary Comparison of Undistributed Activities Cost to the 2020 DCE
(20% level, 2014\$ in millions)

	Category	2020 DCE (2014\$)	Recorded (2014\$)	Variance
1	Undistributed Activities Cost			
2	Labor-Staffing	\$0.5	\$0.4	(\$0.1)
3	Non-Labor	\$1.0	\$0.6	(\$0.4)
4	Total	\$1.5	\$1.0	(\$0.5)

SDG&E’s recorded cost related to undistributed activities was \$1.0 million (SDG&E share, 2014\$), which was \$0.5 million (SDG&E share, 2014\$) under the 2020 SONGS 1 DCE. Provided below are the descriptions of the category of costs and the variance explanation to the 2020 SONGS 1 DCE.

1 **a. Labor-Staffing**

2 After fuel transfer operations (“FTO”) were completed in August 2020, approximately
3 ten percent of the ISFSI management labor-staffing costs were allocated to SONGS 1.¹⁷ Labor
4 Staffing consists of Utility Staff, which includes ISFSI and plant management personnel
5 responsible for the operations, maintenance, and security of the plant facilities. A subset of
6 Utility Staff includes Key Oversight Personnel in senior site and decommissioning management
7 positions and a security force responsible for protecting the ISFSI. Labor-Staffing costs include
8 SCE employee labor costs, including applicable overheads and core contractors that are a part of
9 the SONGS decommissioning organization. SDG&E was billed \$0.4 million (SDG&E share,
10 2014\$) for 2021 – 2023 labor-staffing costs, which was \$0.1 million (SDG&E share, 2014\$)
11 under the 2020 SONGS 1 DCE amount. The underrun was due to the following reasons: The
12 labor-staffing costs recorded to SONGS 1 did not include short-term incentive plan (“STIP”)
13 compensation payments to the utility staff personnel allocated to SONGS 1 (all STIP charges
14 were recorded to SONGS 2&3); (2) no contingency was used for SCE labor-staffing costs; (3)
15 the actual labor rate for the ISFSI management key oversight personnel was lower than
16 estimated; and (4) less overtime than estimated was recorded for security force personnel.

17 **b. Non-Labor**

18 SDG&E’s recorded costs related to non-labor undistributed activities were \$0.6 million
19 (SDG&E share, 2014\$), which was \$0.4 million (SDG&E share, 2014\$) under the 2020 SONGS
20 1 DCE. Provided below are the descriptions of the category of costs and the variance
21 explanation to the 2020 SONGS 1 DCE.

¹⁷ ISFSI costs are allocated between SONGS 1, 2 & 3 based on the portion of spent fuel assemblies on the ISFSI. This results in a 10.25%, 44.75% and 45.00% allocation to SONGS 1, 2 and 3, respectively.

1 NRC Fees – SDG&E was billed \$0.2 million (SDG&E share, 2014\$) for NRC fees which
2 were \$0.0 million (SDG&E share, 2014\$) under the 2020 SONGS 1 DCE amount. NRC fees
3 incurred were annual, periodic inspection and other fees assessed by NRC to perform their
4 statutory inspection and oversight functions of SONGS 1 activities. The main reason these costs
5 were lower than the 2020 SONGS 1 DCE was that SCE incurred fewer inspection hours than
6 estimated.

7 Insurance – SDG&E was billed \$0.0 million (SDG&E share, 2014\$) for annual premiums
8 for nuclear liability and workers’ compensation insurances. The insurance for 2021 - 2023 was
9 \$0.1 million (SDG&E share, 2014\$) under the 2020 SONGS 1 DCE amount. The cause of this
10 variance was primarily due to SCE receiving Industry Credit Rating Plan credits from the
11 American Nuclear Insurers offsetting the amount of the insurance premiums paid for SONGS 1.

12 Site Lease and Easement Expenses – SDG&E was billed \$0.1 million (SDG&E share,
13 2014\$) for site lease and easement expenses which was \$0.2 million (SDG&E share, 2014\$)
14 under the 2020 SONGS 1 DCE amount. The reason for the underrun is because during the
15 development of the 2020 SONGS DCE, SCE was negotiating a new offshore conduit lease
16 agreement with the CSLC. SCE assumed that the new lease amounts would increase
17 substantially beginning in 2021. However, the new lease agreement, which was not finalized
18 until after completion of the 2020 SONGS DCE, included a smaller increase than anticipated in
19 the DCE and did not go into effect until 2022. Consequently, lease payments were billed at the
20 previously contracted rate during 2021 and lease payments during 2022 and 2023 were lower
21 than expected.

22 Contracted Services – SDG&E was billed \$0.1 million (SDG&E share, 2014\$) for
23 contracted services which was \$0.1 million (SDG&E share, 2014\$) under the 2020 SONGS 1

1 DCE amount. This underrun occurred because SCE incurred lower costs than estimated for as-
2 needed engineering support, ISFSI support staff, emergency preparedness, consulting, and
3 miscellaneous ISFSI maintenance materials and tooling purchases, and travel expenses.

4 Emergency Preparedness Fees – SDG&E was billed \$0.1 million (SDG&E share, 2014\$)
5 for emergency preparedness fees which was \$0.0 million (SDG&E share, 2014\$) under the 2020
6 SONGS 1 DCE amount.

7 CEQA Reporting – SDG&E was billed \$0.0 million¹⁸ (SDG&E share, 2014\$) for CEQA
8 reporting fees related to ISFSI radiation monitoring, which was \$0.0 million (SDG&E share,
9 2014\$) under the 2020 SONGS 1 DCE amount.

10 Spent Fuel Strategic Plan Activities – SDG&E was billed \$0.0 million¹⁹ (SDG&E 20%
11 share, 2014\$) for spent fuel strategic plan related expenses which was \$0.0 million less than the
12 2020 SONGS 1 DCE amount.

13 Security Related Expenses – SDG&E was billed \$0.0 million²⁰ (SDG&E share, 2014\$)
14 for security-related expenses which was equal to the 2020 SONGS 1 DCE amount.

15 ISFSI Aging Management – SDG&E was billed \$0.0 million (SDG&E share, 2014\$) for
16 ISFSI Aging Management, which was \$0.0 million (SDG&E share, 2014\$) higher than the 2020
17 SONGS 1 DCE amount. This was due to the 2020 SONGS 1 DCE assumption that undistributed
18 costs for ISFSI Aging Management ongoing inspections and maintenance activities would not be
19 incurred until after the completion of the distributed project. However, certain maintenance

¹⁸ Billed costs are \$0.001 million (SDG&E share, 2014\$).

¹⁹ Billed costs are \$0.001 million (SDG&E share, 2014\$).

²⁰ Billed costs are \$0.001 million (SDG&E share, 2014\$).

activities were required to be performed and were appropriately recorded as undistributed costs prior to the completion of the distributed ISFSI Aging Management project.

C. Reasonableness Review of Completed Distributed Major Projects for SONGS 2&3 (C. Ladd)

In this 2024 NDCTP for SONGS 2&3, eight major projects, Initial D&D Activities, Decontamination and Dismantlement (“D&D”) Waste, Initial Plant Building Demolition, Mesa Turnover, ISFSI CDP Settlement, Coastal Development Permit (“CDP”) Extension, Department of Toxic Substance Controls (“DTSC”) Corrective Actions, and 2020 DCE Update, were completed. SDG&E’s total costs billed to SDG&E by SCE associated with those projects were [REDACTED] million (SDG&E 20% share, 2014\$).

For the 2024 NDCTP review, SDG&E requests that the Commission approve as reasonable [REDACTED] million (SDG&E 20% share, 2014\$) billed to SDG&E for SONGS 2&3 Major Projects.

Table 5 shows SDG&Es recorded completed distributed Major Projects activities costs for SONGS 2&3.

Table 5
Comparison of SDG&E 2024 Review Period Recorded Costs for Distributed Completed Projects to the 2020 SONGS 2&3 DCE
(20% level, 2014\$ in millions)

	Category	2020 DCE (2014\$)	Recorded (2014\$)	Variance
1	Distributed Costs for Major Projects Completed During 2024 Review Period			
2	Initial D&D Activities	[REDACTED]	[REDACTED]	\$0.2
3	D&D Waste	[REDACTED]	[REDACTED]	(\$5.8)
4	Initial Plant Building Demolition	[REDACTED]	[REDACTED]	(\$1.1)
5	Mesa Site Turnover	\$5.6	\$4.2	(\$1.4)
6	ISFSI CDP Settlement	\$0.9	\$0.7	(\$0.2)
7	CDP Extension	\$0.2	\$0.1	(\$0.1)
8	DTSC Corrective Actions	\$0.5	\$0.5	(\$0.0)
9	2020 DCE Update	\$0.1	\$0.1	(\$0.0)
10	Total Distributed Completed Projects	[REDACTED]	[REDACTED]	(\$8.4)

* In accordance with the Reasonableness Framework, each of the waste-related checkpoints are equal to 25% of the waste-related costs as summarized in the 2017 DCE. Therefore, SDG&E has included its 20% share of [REDACTED] million in waste costs for checkpoint 1 (25% of 2-17 DCE D&D waste costs of [REDACTED] million). Note that SDG&E has recorded more than its 20% share of the [REDACTED] million in waste costs submitted for reasonableness.

1. Initial D&D Activities

The initial D&D activities consisted of eight projects that are to prepare for major decommissioning projects. These projects maintained the plant systems that were required to maintain fuel pool cooling and meet other license conditions. These projects were: 1) Cold and Dark - took systems out-of-service by isolating and draining liquid systems and de-energizing and air gapping electrical systems (electrical systems were re-powered by an independent 12kV ring bus and associated subsystems); 2) Prepare Work Schedule – create a work schedule that show time phased activities and means and methods to be used to complete the work; 3) Install GARDIAN System – procure and install systems that will be used to ensure waste being removed from site will free of radioactive materials; 4) Execute Waste Contracts – procure waste management contractors that will develop processes, package and transport waste; 5) Legacy Class B&C Waste Removal – Develop processes to remove legacy radioactive waste such as Tri-nuke filters that need to be transported in high integrity containers; 6) Friable Asbestos Waste Removal – Develop and implement a plan to retain specialty contractor to remove friable asbestos waste; 7) Missile Shield and Reactor Head Removal and Disposal – Package and dispose of unit 2&3 missile shields and unit 2&3 reactor heads and associated components; and 8) Containment Access Modification – enlarge the unit 2&3 containment equipment access openings to a 40 foot wide by 25 feet high opening that has doors that can be closed to seal containment and be opened to transport item in or out of containment.

SDG&E obtained the status on this project from the daily status reports and other periodic weekly and monthly meetings. SDG&E's recorded costs related to the Initial D&D Activities project were [REDACTED] million (SDG&E 20% share, 2014\$). The Initial D&D Activities project 2020 DCE cost was [REDACTED] million (SDG&E 20% share, 2014\$). This resulted in a cost variance of \$0.2 million (SDG&E 20% share, 2014\$) more than the 2020 SONGS 2&3 DCE forecast and is minor for discussion. The required work to perform initial D&D Activities project should be considered reasonable and appropriate.

2. D&D Waste

The D&D Waste project includes the characterizing, packaging, transporting, and disposing of waste from the SONGS site to appropriately licensed or permitted facilities. Per the DGCA, the SONGS Co-Participants are responsible to pay the DGC for the actual waste taxes and fees. This D&D Waste project line item represents a schedule milestone for the shipment of 250 million pounds of waste and represents the first of 4 waste milestones (checkpoint #1) shown on Table IV-4 of Ex. SCE-03C.

SDG&E obtained the status on this waste milestone from the daily status reports and other periodic weekly and monthly meetings. The D&D Waste project 2020 DCE cost was [REDACTED] million (SDG&E 20% share, 2014\$). SDG&E's recorded cost related to this distributed project was [REDACTED] million (SDG&E 20% share, 2014\$) which is \$5.8 million (SDG&E 20% share, 2014\$) less than the 2020 SONGS 2&3 DCE forecast. The primary driver for the \$5.8 million (SDG&E 20% share, 2014\$) cost variance was that there was an amendment that was not executed at the time of the 2017 SONGS 2&3. This amendment was related to a scope change associated with backfill and backfill materials. The D&D Waste project work was necessary and should be considered reasonable and appropriate.

3. Initial Plant Building Demolition

The Initial Plant Building Demolition project includes establishing contracts with demolition contractors, procuring building demolition equipment and then demolishing buildings. This project demolished all the following buildings/structures: 1) make-up demineralizer area and turbine buildings; 2) unit 2 full flow condensate polishing demineralizer 3) south security processing facility; 4) the service building; 5) emergency diesel generator buildings; 6) transformer pads, 7) administration/warehouse/shop (AWS) building, and 8) outage control and maintenance buildings.

SDG&E obtained the status on this project from the daily status reports and other periodic weekly and monthly meetings. SDG&E's recorded costs related to the Initial Plant Building Demolition project were [REDACTED] million (SDG&E 20% share, 2014\$). The Initial Plant Building Demolition project 2020 DCE cost was [REDACTED] million (SDG&E 20% share, 2014\$). This resulted in a cost variance of \$1.1 million (SDG&E 20% share, 2014\$) less than the 2020 SONGS 2&3 DCE forecast. The timing of some associated payment milestones shifted since the 2020 SONGS 2&3 DCE. Because the milestones are based on fixed price, when the milestones are de-escalated to 2014 dollars, due to delays, the cost is lower. The required Initial Plant Building Demolition project work performed should be considered reasonable and appropriate.

4. Mesa Site Turnover

SCE's Mesa lease with the Navy consists of ten parcels of land and requires the return of this property in the same condition as when the property was first leased.

SCE's Mesa lease with the Navy consists of ten parcels of land and requires the return of this property in the same condition as when the property was first leased. After the Mesa facilities were demolished SCE completed a process with the California Environmental Protection Agency's Department of Toxic Substances Control and obtained a No Further Action

1 Letter that certifies that the property is available for unrestricted use. An Environmental
2 Condition of Property report was submitted by SCE that describes the condition of the leased
3 Mesa property being returned to the Navy and the CERCLA (Comprehensive Environmental
4 Response, Compensation, and Liability Act) Record of Decision was approved.

5 SDG&E obtained the status on this project from the daily status reports and other
6 periodic weekly and monthly meetings. SDG&E's recorded costs related to this distributed
7 project were \$4.2 million (SDG&E 20% share, 2014\$). The Mesa Turnover project 2020 DCE
8 cost was \$5.6 million (SDG&E 20% share, 2014\$). This resulted in a cost variance of \$1.4
9 million (SDG&E 20% share, 2014\$) less than the 2020 SONGS 2&3 DCE forecast. This was
10 due to some project scope being moved to the Mesa Post Release Work Activities project.
11 Performing the Mesa Turnover project work was necessary and required by the Navy and should
12 therefore be considered reasonable and appropriate.

13 **5. ISFSI CDP Settlement**

14 As a part of the action plan arising from the ISFSI CDP Settlement Agreement, SCE
15 formed a coalition to advocate for the relocation of SONGS spent fuel to an offsite, NRC-
16 licensed storage or disposal facility. In addition, as a part of the transportation plan arising from
17 the ISFSI CDP Settlement Agreement, SCE will undertake activities to ensure the SONGS site
18 infrastructure and regulatory programs are ready for transportation of spent fuel to offsite
19 locations.

20 SDG&E obtained the status on this project from the daily status reports and other
21 periodic weekly and monthly meetings. The 2020 SONGS 2&3 DCE estimate was \$0.9 million
22 (20% share, 2014 \$) for ISFSI CDP Settlement Agreement. The recorded ISFSI CDP Settlement
23 Agreement project cost for the reviewed period is \$0.7 million (SDG&E 20% share, 2014\$).
24 The \$0.2 million (SDG&E 20% share, 2014\$) variance was a result of the work being performed

1 faster than planned such that certain consultants could be released earlier than initially planned.
2 The ISFSI CDP Settlement project work performed was completed and required in accordance
3 with the Settlement Agreement and should therefore be considered reasonable and appropriate.

4 **6. CDP Extension**

5 A Coastal Development Permit (“CDP”) extension was obtained from the California
6 Coastal Commission (“CCC”) by SCE in 2022 for the Orano²¹ (formerly Areva TN) ISFSI
7 system. This extended the Orano CDP term through 2035 which aligns with the Holtec ISFSI
8 CDP expiration date.

9 SDG&E monitored the implementation and progress of this project from the daily status
10 reports and other periodic weekly and monthly meetings. SDG&E’s recorded costs related to
11 this distributed project were \$0.1 million (SDG&E 20% share, 2014\$) which is \$0.1 million
12 (SDG&E 20% share, 2014\$) less than the 2020 SONGS 2&3 DCE. The variance can be
13 attributed to the work scope of specialty consultants performing permit application work being
14 less than anticipated.

15 The required work performed to obtain a CDP extension was necessary and required and
16 should be considered reasonable and appropriate.

17 **7. DTSC Corrective Action**

18 The DTSC is authorized to issue an order to require corrective action at any facility, such
19 as SONGS, that was issued a Resource Conservation and Recovery Act permit to operate a
20 hazardous waste treatment, storage, and disposal facility. A Corrective Action Consent
21 Agreement, was entered into between DTSC and SCE in 2020, required SCE to prepare and

²¹ In 2017 Areva reorganized into three separate companies. Orano is the new company that handles fuel cycle operations including management of spent nuclear fuel.

1 implement work plans for the investigations and potential future remediations of soil and
2 groundwater. Activities to be completed included preparation and implementation of work plans
3 for the investigations and remediations of soil and groundwater, installation of ground water
4 wells, with reviews performed by DTSC and Camp Pendleton Federal Facilities Agreement
5 agencies.

6 SDG&E obtained the status on this project from the daily status reports and other
7 periodic weekly and monthly meetings. SDG&E's recorded costs related to this distributed
8 project were \$0.5 million (SDG&E 20% share, 2014\$), which is in line with the 2020 SONGS
9 2&3 DCE forecast. This work was performed to fulfill a regulatory requirement and should be
10 considered reasonable and appropriate.

11 **8. DCE Update**

12 The CPUC requires that DCEs shall be periodically revised.²² SCE submits its DCE
13 updates for Commission review in its periodic NDCTPs. SCE engaged HKA to develop the
14 2024 DCE and ABZ Incorporated to perform reviews of the 2024 DCE. The costs incurred for
15 the DCE update were primarily for payments to contractors performing the update, the
16 independent reviews and for an SCE project manager.

17 As the draft revisions of the DCE update were being developed, SDG&E reviewed and
18 made comments on the initial, interim, and final drafts of the updated DCE and attended DCE
19 meetings and DCE workshops. SDG&E obtained additional status of this project during the
20 weekly participants meetings and Budget Committee meetings. SDG&E's recorded costs related
21 to this distributed project were \$0.1 million (SDG&E 20% share, 2014\$) which is in line with the
22 2020 SONGS 2&3 DCE forecast. This completed project work to update the 2020 SONGS 2&3

²² California Public Utilities Code section 8326.

DCE was required to be done in conjunction with the NDCTP and should be considered reasonable and appropriate.

D. Reasonableness Review of Undistributed Activities for SONGS 2&3 (T. Dalu)

For the 2024 NDCTP review SDG&E requests that the Commission approve as reasonable [REDACTED] million (SDG&E share, 2014\$) billed by SCE in 2021 - 2023 for SONGS 2&3 undistributed activities. Table 6 shows SDG&E aggregated 2021 – 2023 recorded SONGS 2&3 undistributed activities costs compared to the 2020 SONGS 2&3 DCE.

**Table 6
Comparison of SDG&E Undistributed Activities Costs to the 2020 SONGS 2&3 DCE
(20% level, 2014\$ in millions)**

	Category	2020 DCE (2014\$)	Recorded (2014\$)	Variance
1	Labor-Staffing			
2	Utility Staff	\$7.7	\$6.9	(\$0.8)
3	Key Oversight Personnel	\$2.9	\$2.2	(\$0.7)
4	Security Force	\$2.5	\$2.5	(\$0.0)
5	Subtotal	\$13.1	\$11.6	(\$1.5)
6	Decommissioning General Contractor Staff²³	[REDACTED]	[REDACTED]	\$1.7
7				
8	Non-Labor			
9	Fees, Permits and Leases	\$3.1	\$2.9	(\$0.2)
10	Plant Operations	\$9.3	\$4.8	(\$4.5)
11	Other Non-Labor	\$8.8	0.4	(\$8.4)
12	Subtotal	\$21.2	\$8.1	(\$13.1)
13				
14	Service Level Agreements	\$3.1	\$2.0	(\$1.1)
15				
16	Total Undistributed Activities Costs	[REDACTED]	[REDACTED]	(\$14.0)

²³ In accordance with the 2021 NDCTP Settlement Agreement, SCE reduced the contingency in the 2020 DCE associated with the fixed price DGC Agreement to 10%.

1 **1. Labor-Staffing**

2 Labor-staffing costs include the required staffing to provide the oversight, management
3 and other activities necessary to support the decommissioning project and the security force over
4 the spent fuel pool. This category of cost includes SCE labor costs, including applicable
5 overheads and short-term incentive program expenses and core contractors that are part of the
6 SONGS decommissioning organization. SDG&E was billed \$11.6 million (SDG&E share,
7 2014\$) for 2021 – 2023 labor-staffing costs, which was \$1.5 million (SDG&E share, 2014\$)
8 under the 2020 SONGS 2&3 DCE amount. The primary reason for the variance was that the
9 certain utility staff positions recorded their time to the Greater than Class C (“GTCC”)
10 distributed project instead of to undistributed labor staffing as planned in the 2020 DCE. In
11 addition, positions that were vacant at the time of the 2020 DCE preparation were ultimately not
12 filled and were able to be covered by existing Utility Staff or Contracted Services.

13 SDG&E reviewed the undistributed labor staffing costs billed to them and recorded for
14 the 2021 – 2023 time period and considers them to be appropriate and reasonable
15 decommissioning expenses.

16 **2. DGC Staffing**

17 SDS is the DGC contractually responsible for completing major decommissioning
18 activities. The undistributed DGC staffing costs include non-manual labor by DGC management
19 and oversight personnel incurred for the oversight of DGC distributed activities. SDG&E was
20 billed █████ million (SDG&E share, 2014\$) for 2021 – 2023 DGC staffing costs, which was \$1.7
21 million (SDG&E share, 2014\$) higher than the 2020 SONGS 2&3 DCE. The variance in DGC
22 staffing costs can primarily be attributed to an increase in craft labor escalation due to 2020 craft

labor escalation being paid in 2021, resulting in an additional year of costs. This increase was offset by lower contingency use than assumed in the 2020 DCE.

SDG&E reviewed the undistributed DGC staffing costs billed to them and recorded for the 2021 – 2023 time-period and considers them to be appropriate and reasonable decommissioning expenses.

3. Non-Labor

The undistributed non-labor costs billed to SDG&E have been grouped into three major categories, which include: Fees, Permits and Leases; Plant Operations; and Other Non-Labor activities. SDG&E's total Non-Labor recorded costs for 2021 - 2023 were \$8.1 million (SDG&E share, 2014\$), which was \$13.1 million under the Undistributed Non-Labor costs forecasted in the 2020 SONGS 2&3 DCE. Table 7 shows SDG&E's aggregated 2021 - 2023 recorded SONGS 2&3 Undistributed Non-Labor costs compared to the 2020 SONGS 2&3 DCE.

Table 7
Comparison of SDG&E Undistributed Non-Labor Activities Costs to the 2020 DCE
(20% level, 2014\$ in millions)

	Category	2020 DCE (2014\$)	Recorded (2014\$)	Variance
1	Undistributed Non-Labor			
2	Fees, Permits and Leases			
3	Site Lease and Easement Expenses	\$1.2	\$1.1	(\$0.1)
4	Association Fees and Expenses	\$0.3	\$0.2	(\$0.1)
5	Emergency Preparedness Fees	\$0.7	\$0.7	(\$0.0)
6	NRC Fees	\$0.6	\$0.6	\$0.0
7	Environmental Permits and Fees	\$0.3	\$0.3	(\$0.0)
8	Subtotal	\$3.1	\$2.9	(\$0.2)
9				
10	Plant Operations			
11	Contracted Services	\$8.7	\$4.6	(\$4.1)
12	ISFSI Aging Management	\$0.3	\$0.1	(\$0.2)
13	Decommissioning Advisor	\$0.1	\$0.0	(\$0.1)
14	Security Related Expenses	\$0.1	\$0.1	(\$0.0)
15	Utility Staff Health Physics Supplies	-	\$0.0	\$0.0
16	COVID-19 Sequestration & Misc. Costs	-	\$0.0	\$0.0

	Category	2020 DCE (2014\$)	Recorded (2014\$)	Variance
17	Subtotal	\$9.3	\$4.8	(\$4.5)
18				
20	Other Non-Labor			
21	Insurance	\$1.2	(\$4.0)	(\$5.1)
22	Energy	\$2.8	\$1.4	(\$1.5)
23	CEQA Reporting	1.0	\$0.6	(\$0.4)
24	Third-Party Legal	\$0.7	\$0.3	(\$0.4)
25	DTSC Corrective Action – Ongoing Monitoring	\$0.8	\$0.4	(\$0.4)
26	Information Technology	\$0.9	\$0.8	(\$0.2)
27	Community Engagement Panel	\$0.5	\$0.2	(\$0.3)
28	Water	\$0.4	\$0.2	(\$0.1)
29	Office Space	\$0.1	\$0.0	(\$0.1)
30	Spent Fuel Strategic Plan Activities	\$0.2	\$0.1	(\$0.1)
31	Severance	\$0.2	\$0.3	\$0.1
32	DGC Executive Oversight Committee	\$0.0	\$0.0	(\$0.0)
30	Subtotal	\$8.8	\$0.4	(\$8.4)
31				
32	Total Undistributed Non-Labor Activities Costs	21.2	\$8.1	(\$13.0)

Provided below are the descriptions of each non-labor activity and the variance explanation to the 2020 SONGS 2&3 DCE.

a. Fees, Permits, and Leases

Site Lease and Easement Expenses – SDG&E was billed \$1.1 million (SDG&E 20% share, 2014\$) for site lease and easement expenses for 2021 – 2023. These fees were required in order to make annual easement and lease payments to the Navy for the onshore plant site, the SONGS Mesa facility and to the CLSC for the SONGS 2&3 offshore conduits. Site lease and easement expenses were \$0. million (SDG&E share, 2014\$) lower than the 2020 SONGS 2&3 DCE which is minor for discussion.

Association Fees and Expenses – SDG&E was billed \$0.2 million (SDG&E 20% share, 2014\$) for association fees and expenses for 2021 – 2023. These costs included Nuclear Energy Institute membership fees, costs for Internal Nuclear Management Group (“INMG”) Advisor, a

1 third-party industry expert who advises SCE Executives on decommissioning matters and
2 Electric Power Research Institute (“EPRI”) membership fees and were \$0.1 million (SDG&E
3 share, 2014\$) lower than those forecasted in the 2020 SONGS 2&3 DCE.

4 Emergency Preparedness Fees – SDG&E was billed \$0.7 million (SDG&E 20% share,
5 2014\$ for emergency preparedness fees for 2021 – 2023. SCE provided funding to local
6 jurisdictions for the management of radiological emergency preparedness, including planning,
7 response, and recovery activities and paid fees in accordance with a Memorandum of
8 Understanding, updated in 2020, with the counties of Orange and San Diego and the three cities
9 of San Clemente, San Juan Capistrano, and Dana Point. These costs will continue until all spent
10 fuel has been removed from SONGS and were in line with those forecasted in the 2020 SONGS
11 2&3 DCE.

12 NRC Fees – SDG&E was billed \$0.6 million (SDG&E 20% share, 2014\$) for NRC fees
13 for 2021 – 2023. The 10 C.F.R. Part 171.15 annual license fees and 10 C.F.R. Part 170.12
14 inspection fees are required to be paid until the NRC licenses are terminated. These costs were
15 in line with the 2020 SONGS 2&3 DCE.

16 Environmental Permits and Fees – SDG&E was billed \$0.3 million (SDG&E 20% share,
17 2014\$) for environmental permits and fees for 2021 – 2023. These costs were in line with those
18 estimated in the 2020 SONGS 2&3 DCE and were necessary to comply with a variety of
19 environmental regulations. These costs included environmental permits that required periodic
20 payment and fees.

21 SDG&E reviewed the Fees, Permits and Leases costs billed to them and recorded for the
22 2021 – 2023 time-period and considers them to be appropriate and reasonable decommissioning
23 expenses.

1 **b. Plant Operations**

2 Undistributed Plant Operation expenses are typically time dependent, recurring,
3 unavoidable costs associated with activities necessary for plant operations and maintenance, that
4 are not directly attributable to a specific project or project scope. Plant Operation Expenses
5 recorded for 2021 – 2023 include contracted services, ISFSI aging management,
6 decommissioning advisor, security related expenses, utility staff health physics supplies and
7 COVID-19 sequestration and miscellaneous costs.

8 Contracted Services – SDG&E was billed \$4.6 million (SDG&E 20% share, 2014\$) for
9 contracted services for 2021 – 2023. The undistributed contracted services category was used
10 for services and activities needed to meet regulatory requirements related to the safe storage of
11 spent fuel on-site; and to provide services required to maintain the plant and general facility.
12 Contracted service costs incurred were typically for shorter-term supplemental resources,
13 specialty contractors and consultants, third-party services, materials, equipment and supplies.
14 Contracted services were \$4.1 million (SDG&E 20% share, 2014\$) lower than the 2020 SONGS
15 2&3 DCE due to lower scalable staffing costs resulting from the COVID-19 pandemic. COVID
16 19 protocols and absenteeism due to COVID-19 resulted in D&D scope-shifting to later years
17 and the onboarding of certain scalable staff later than planned.

18 ISFSI Aging Management – SDG&E was billed \$0.1 million (SDG&E 20% share,
19 2014\$) for costs associated with the ISFSI Aging Management Program for ongoing activities
20 including the preparation of safety analysis reports and ISFSI maintenance and in-service
21 canister inspections. This was \$0.2 million lower than the 2020 SONGS 2&3 DCE due to lower
22 ISFSI preservation costs and lower canister inspection costs due to SCE negotiating a lower price
23 for inspections.

Decommissioning Advisor – SDG&E was billed \$0.0²⁴ million (SDG&E 20% share, 2014\$) for decommissioning advisor costs for 2021 - 2023 and included outside consultants who provided subject matter expertise regarding decommissioning regulatory issues, spent fuel storage and project management. This was \$0.1 million lower than the 2020 SONGS 2&3 DCE which is minor for discussion.

Security Related Expenses – SDG&E was billed \$0.1 million (SDG&E 20% share, 2014\$) for security related expenses for 2021 – 2023. These costs covered uniforms, weapons, ammunition, background investigations, training and vendor support for the security force needed to secure the spent fuel and were in line with the 2020 SONGS 2&3 DCE.

SDG&E reviewed the Plant Operations costs billed to them and recorded for the 2021 – 2023 time-period and considers them to be appropriate and reasonable decommissioning expenses.

c. Other Non-Labor

The Other Non-Labor expense grouping consists of various recurring or unavoidable fees and other payments required for decommissioning. Other Non-Labor costs recorded for 2021 – 2023 are insurance, energy, CEQA reporting, third-party legal, DTSC corrective action – ongoing monitoring, information technology, community engagement panel, water, office space, spent fuel strategic plan activities, severance and DGC executive oversight committee.

Insurance – SDG&E was billed a credit of \$4.0 million (SDG&E 20% share, 2014\$) for insurance costs. This included a \$2.7 million (SDG&E share, 2014\$) credit for NEIL insurance

²⁴ Billed costs are \$0.001 million (SDG&E share, 2014\$).

1 dividends received during 2021 – 2023.²⁵ These insurance dividends offset the required nuclear
2 liability and property insurance as well as the general liability and workers compensation
3 insurance resulting in a \$5.1 million (SDG&E 20% share, 2014\$) underrun from insurance costs
4 estimated in the 2020 SONGS 2&3 DCE.

5 Energy – SDG&E was billed \$1.4 million (SDG&E 20% share, 2014\$) for energy costs
6 needed to power the SONGS site for 2021 - 2023. These costs were \$1.5 million (SDG&E 20%
7 share, 2014\$) lower than those forecasted in the 2020 SONGS 2&3 DCE due to lower actual
8 energy costs than estimated.

9 CEQA Reporting – SDG&E was billed \$0.6 million (SDG&E 20% share, 2014\$) for
10 costs incurred as a result of the CEQA review and approval of the CDP. These costs were \$0.4
11 million lower than those included in the 2020 SONGS 2&3 DCE due to FEIR mitigation
12 activities being required less frequently than assumed in the prior estimate.

13 Third-Party Legal – SDG&E was billed \$0.3 million (SDG&E 20% share, 2014\$) for
14 third-party legal costs incurred during 2021 – 2023. These costs were \$0.4 million (SDG&E
15 20% share, 2014\$) lower than the 2020 SONGS 2&3 DCE due to lower than expected legal
16 costs associated with the extension of the Navy lease and easements and less third party legal
17 costs for DGCA contract issues.

18 DTSC Corrective Action – Ongoing Monitoring – SDG&E was billed \$0.4 million
19 (SDG&E 20% share, 2014\$) for costs resulting from the 2020 Corrective Action Consent
20 Agreement (“CACA”) which requires ongoing monitoring of activities during D&D and the

²⁵ The Settlement Agreement associated with the 2021 NDCTP required the Utilities to provide 50% of their share of NEIL dividends to customers through ERRAs beginning in 2023. SDG&E deposited the other 50% into its SONGS 2&3 NQNDT’s in November 2024 in accordance with the Settlement Agreement.

1 preparation and implementation of work plans for the investigations and remediations of soil and
2 groundwater. These costs were \$0.4 million lower than the 2020 SONGS 2&3 DCE due to
3 lower than anticipated costs.

4 Information Technology – SDG&E was billed \$0.8 million (SDG&E 20% share, 2014\$)
5 for information technology (“IT”) costs for 2021 – 2023. These costs included software and
6 network licenses, pay network service providers and internal technical support needed at the
7 SONGS site. Costs were \$0.2 million (SDG&E 20% share, 2014\$) less than the 2020 SONGS
8 2&3 DCE due to actual recorded costs being lower than what was estimated.

9 Community Engagement Panel – SDG&E was billed \$0.2 million (SDG&E 20% share,
10 2014\$) for SONGS community engagement panel costs incurred during 2021 – 2023. These
11 costs are \$0.3 lower than those estimated in the 2020 SONGS 2&3 DCE and covered the cost of
12 periodic meetings with the public to provide information on various issues, including
13 decommissioning plans, spent fuel management, emergency planning, security and the
14 environmental review process.

15 Water – SDG&E was billed \$0.2 million (SDG&E 20% share, 2014\$) for potable and
16 service water required for the SONGS site for 2021 – 2023. These costs are \$0.1 million lower
17 than those estimated in the 2020 SONGS 2&3 DCE.

18 Office Space – SDG&E was billed \$0.0 (SDG&E 20% share, 2014\$) for office
19 space/trailers on site at SONGS during 2021 – 2023. This was \$0.1 million (SDG&E 20% share,
20 2014\$) lower than the SONGS 2&3 2020 DCE which assumed that in 2021 an additional trailer
21 space would be purchased to provide a visitor center for site tours and office space for the
22 SONGS Communications Group. This did not occur due to the COVID-19 pandemic and this
23 plan has since been cancelled.

1 Spent Fuel Strategic Plan Activities – SDG&E was billed \$0.1 million (SDG&E 20%
2 share, 2014\$) for spent fuel strategic plan activity costs for 2021 – 2023. As part of the action
3 plan that arose from the ISFSI CDP Settlement Agreement, a coalition was formed to advocate
4 for relocation of the SONGS spent fuel to an offsite storage or disposal facility, with the
5 objective being to remove all spent nuclear fuel and radioactive waste from SONGS as soon as
6 possible. These costs were \$0.1 million lower than the SONGS 2&3 2020 DCE.

7 Severance – Under the California Nuclear Facilities Decommissioning Act of 1985, SCE
8 employees at SONGS who are severed because of the shutdown and permanent retirement of
9 SONGS are eligible for severance benefits. These benefits include lump sum cash payments
10 based on years of service, outplacement services, and reimbursement for educational expenses.
11 SDG&E was billed \$0.3 million (SDG&E 20% share, 2014\$) for severance benefit costs for
12 2021 – 2023, which was a \$0.1 million (SDG&E 20% share, 2014\$) increase in costs over the
13 2020 SONGS 2&3 DCE. The increase is a result of there being additional SCE employees in the
14 2024 SONGS 2&3 DCE.

15 DGC Executive Oversight Committee – SDG&E was billed \$0.0 million (SDG&E 20%
16 share, 2014\$) for DGC Executive Oversight Committee for 2021 – 2023. These costs were
17 primarily to resolve contractual disputes and were in line with the 2020 SONGS 2&3 DCE.

18 SDG&E reviewed the Other Non-Labor costs billed to them and recorded for the 2021 –
19 2023 time-period and considers them to be appropriate and reasonable decommissioning
20 expenses.

21 **4. Service Level Agreement**

22 The SLAs cost category represents costs incurred from SCE intra-company agreements
23 between SCE Corporate and SONGS, to provide A&G functions (e.g., Controller's, Audits, Risk
24 Management, Law, etc.) required to support decommissioning activities. SDG&E was billed

1 \$2.0 million (SDG&E 20% share, 2014\$) for 2021 – 2023 SLA costs, which was \$1.1 million
2 (SDG&E 20% share, 2014\$) under what was forecasted in the 2020 SONGS 2&3 DCE. The
3 lower than estimated SLA costs can be attributed to underruns in Audit Services due to the audits
4 performed in 2021 – 2023 requiring less SCE support, lower labor related supply management
5 costs, and lower legal costs due to their being fewer than expected disputes and issues at
6 SONGS.

7 SDG&E considers the undistributed SLA costs recorded for 2021 to 2023 to be
8 appropriate and reasonable decommissioning expenses.

9 SDG&E reviewed the Other Non-Labor costs billed to them and recorded for the 2021 –
10 2023 time-period and considers them to be appropriate and reasonable decommissioning
11 expenses.

12 **V. SDG&E-ONLY COSTS INCURRED IN 2021 - 2023 ARE REASONABLE**
13 **(J. FERNANDEZ)**

14 In 2021 – 2023, SDG&E incurred SDG&E-only costs of \$3.1 million (2014\$)
15 specifically related to decommissioning SONGS 1 and 2&3. SDG&E was responsible for and
16 paid 100% of these costs and they were not billed to SDG&E by SCE nor were they shared by
17 SCE.

18 These costs are organized into two high-level categories: Labor and Non-Labor. Labor
19 refers to SDG&E internal labor. Non-Labor has several components including consulting,
20 outside legal, and other non-labor expenses. Shown below in Table 8 are SDG&E's actual
21 internal costs for 2021 – 2023, in (2014\$), compared to SDG&E's forecasted internal costs in the
22 2020 SONGS 2&3 DCE in (2014\$).

23 **Table 8**
24 **Comparison of SDG&E 2021 -2023 Recorded SDG&E-Only Costs to the DCE**
25 **(SDG&E Share, 2014\$ in millions)**
26

	Category	DCE ²⁶	Recorded ²⁷	Variance
1	Labor²⁸	\$3.2	\$2.9	(\$0.3)
2				
3	Non-Labor			
4	Consultant and Outside Legal	\$0.5	\$0.1	(\$0.4)
5				
6	Other Non-Labor Costs ²⁹	\$0.1	\$0.1	\$0.0
7	Non-Labor Subtotal	\$0.6	\$0.2	(\$0.4)
8				
9	Total SDG&E-Only Costs	\$3.8	\$3.1	(\$0.7)

SDG&E respectfully requests that the Commission find that SDG&E's total for SDG&E-only SONGS decommissioning costs of \$3.1 million (2014\$) for 2021 – 2023 are reasonable.

A. SDG&E Labor Costs

In years 2021 – 2023, SDG&E incurred labor costs of \$2.9 million (2014\$) for its role in overseeing activities at the plant and reviewing the costs. During the 2021 – 2023 period, SDG&E's SONGS team had a total of six employees, including a Manager of Nuclear Decommissioning, responsible for managing the SONGS team to ensure that SDG&E's oversight was effective, a Fiscal Manager, dedicated to ensuring that billed and SDG&E internal costs are reviewed, reported, and in compliance with CPUC and NRC requirements, an on-site Principal Nuclear Decommissioning Advisor and three financial/budget analysts dedicated to accounting and reporting for SONGS decommissioning and other fiscal management activities required as a minority owner of SONGS.

SDG&E's Principal Nuclear Decommissioning Advisor reviewed day-to-day decommissioning activities and progress, by attending daily plant meetings and weekly project

²⁶ These estimates include pensions and benefits, other labor loaders and purchasing overheads.

²⁷ These numbers include pensions and benefits, other labor loaders and purchasing overheads.

²⁸ These labor costs also include internal labor loaders, such as pension and benefits, performance incentives, payroll taxes, worker's compensation, vacation, sick and paid leave.

²⁹ Examples of "Other Non-Labor Costs" are employee expenses and lease payments.

1 status updates and provided regular contact and interaction with SONGS decommissioning
2 management and personnel. In addition, the SDG&E on-site employee served as the alternate
3 representative on the SONGS Budget Committee, providing the SDG&E Budget Committee
4 representative with valuable insight as to decommissioning operations on the ground on a real-
5 time basis. The Manager of Nuclear Decommissioning attended all executive level meetings at
6 SONGS and served as an alternate on the SONGS Executive Committee. The Manager also was
7 the SDG&E witness for policy and reasonableness review in the NDCTPs.

8 The SONGS Fiscal Manager served as the SDG&E SONGS Budget Committee
9 Representative, the SONGS Fiscal Committee Representative, the SDG&E SONGS Audit
10 Committee representative to oversee the annual review of SONGS decommissioning costs and
11 was the SDG&E witness for SONGS fiscal matters in the NDCTP. In addition, the SONGS
12 Fiscal Manager over saw the Fiscal Team, which included three financial/budget analysts (two
13 senior level and one staff), responsible for reviewing invoices, tracking expenditures against
14 SCE-internal budgets and DCE estimates, and performing monthly variance analysis used to
15 enhance oversight of SONGS billed costs. In addition, the Fiscal Team was responsible for
16 preparing and tracking all monthly trust withdrawals and reporting them in compliance with
17 NRC and CPUC requirements, supporting the SDG&E SONGS internal audit and preparing all
18 information needed for SONGS decommissioning regulatory filings. In 2021 – 2023, SDG&E
19 received invoices for decommissioning work activities such as Initial Plant Building Demolition,
20 completion of Initial D&D tasks, MESA Site turnover, and various DGC milestone payments for
21 D&D and associated waste shipments. These projects not only require a review and approval of
22 billed costs, but also require analysis of the incurred cost compared to the DCE estimates,

1 analysis and understanding of change orders, and analysis of potential impacts to other projects
2 or decommissioning work.

3 Specific project work undertaken at SONGS in 2021 – 2023 that SDG&E monitored
4 included detailed budget review, approval and reporting, work related to business governance of
5 SDG&E’s 20% ownership stake in SONGS, coordination and oversight of the various projects
6 such as Initial Plant Building Demolition, Initial D&D tasks, MESA Site turnover, as well as
7 ongoing D&D projects and continued waste removal. These activities were in addition to other
8 work that SDG&E manages including, but not limited to, regulatory and legal reporting
9 requirements, ad hoc analysis of various proposals, and coordination with outside legal and
10 nuclear experts as needed.

11 As shown in Table 8 above, SDG&E-only Labor costs³⁰ in 2021 – 2023 were \$2.9
12 million, which was lower by \$0.3 million (2014\$) than what was forecasted in the 2020
13 SDG&E-only DCE. The 2020 SDG&E-only DCE forecasted six employees for SDG&E-only
14 Labor costs. In 2021 – 2023, the SONGS Team averaged six full-time employees, which was
15 consistent with what was forecasted in the 2020 SDG&E-only DCE.

16 **B. SDG&E Non-Labor Costs**

17 **1. Consultant and Outside Legal Counsel**

18 To supplement its decommissioning oversight, SDG&E retained nuclear
19 decommissioning expert consultants to assist with NDCTP regulatory support, review of the
20 D&D project schedule and forecast costs. Given the consultants extensive industry knowledge
21 and previous experience with decommissioning, SDG&E believes it is appropriate to use their
22 services when needed to supplement its oversight team. SDG&E also retained outside legal

³⁰ Labor costs also include internal labor overheads such as pension and benefits, performance incentives, payroll taxes, worker’s compensation, vacation, sick and paid leave.

1 counsel to provide legal advice and counsel for miscellaneous decommissioning issues. SDG&E
2 incurred a total of \$0.1 million (2014\$) in costs associated with consulting and outside counsel
3 legal expenses.

4 The actual non-labor costs for consultants and outside legal compared to the 2020
5 SONGS-Only DCE forecasted non-labor cost of \$0.5 million (2014\$) for consultants and outside
6 legal was lower by \$0.4 million (2014\$); the variance is primarily due to lower legal costs as the
7 DCE captured the potential legal work that did not materialize during 2021-2023.

8 **2. Other Non-Labor**

9 In 2021 – 2023, SDG&E incurred Other Non-Labor costs of \$0.1 million (2014\$) for
10 decommissioning and oversight activities. SDG&E's Other Non-Labor costs consist of
11 employee expenses, such as training, travel related costs, miscellaneous office expenses and
12 lease/easement payments made to the Department of the Navy. Actual other non-labor costs, in
13 2021-2023, were consistent with those forecasted in the 2020 SDG&E-only DCE estimate.

14 **C. 2021-2023 Undistributed Costs by Cost Categorization Guidelines**

15 In D.18-11-034, the Commission ordered SCE and SDG&E to meet with Energy
16 Division staff and other interested parties to develop protocols for recording staff time to
17 distributed activities, and to define what activities will be considered undistributed and
18 distributed activities.³¹ The Commission also ordered SDG&E to update its cost categorization
19 structure so that recordkeeping will directly and transparently reflect the appropriate location,
20 and the appropriate detail, and support for distributed activities.³² Accordingly, SDG&E
21 participated in various workshops with the Energy Division, SCE, and interested parties (Cal

³¹ D.18-11-034 at OP 5.

³² *Id.*, at OP 12.

Advocates, TURN, and the Alliance for Nuclear Responsibility or A4NR) to discuss these issues. In June 2019, the parties (SCE, SDG&E, and TURN) finalized the Cost Categorization Guidelines (“Guidelines”), which provide a greater level of detail for undistributed costs and assist the Commission and interested parties in reviewing the reasonableness of these costs. In accordance with these Guidelines, SDG&E is including supplemental Table 9 below, which categorizes its 2021 – 2023 SDG&E-only costs into the following three main categories: (1) Decommissioning Project Oversight Costs; (2) Site Costs; and (3) A&G Support Costs.

Table 9
Comparison of SDG&E 2021 -2023 Recorded SDG&E-Only Costs to the DCE
By Cost Categorization Categories
(SDG&E Share, 2014\$ in millions)

	Category	DCE	Recorded	Variance
1	Labor			
2	Oversight	\$1.3	\$1.4	\$0.1
3	Site Costs	-	-	-
4	A&G Support	\$1.9	\$1.5	(\$0.4)
5	Total Labor	\$3.2	\$2.9	(\$0.3)
6				
7	Non-Labor			
8	Oversight	\$0.3	\$0.1	(\$0.2)
9	Site Costs	\$0.1	\$0.1	\$0.0
10	A&G Support	\$0.2	\$0.0	(\$0.2)
11	Non-Labor Subtotal	\$0.6	\$0.2	(\$0.4)
12				
13	Total SDG&E-only Costs	\$3.8	\$3.1	(\$0.7)

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.
21

1 **WITNESS QUALIFICATION OF CHARLES D. LADD**

2 My name is Charles D. Ladd, and my business address is 5000 South Pacific Coast
3 Highway, San Clemente, California 92674. I am employed by SDG&E as the Principal Nuclear
4 Decommissioning Advisor, responsible for representing SDG&E's interests in the
5 decommissioning of SONGS by providing on-site oversight of the project. I attend on-site
6 routine project meetings related to schedule, status, cost, contract changes and technical issues
7 and make field observations of work in progress in the plant as SDG&E's subject matter expert.
8 I have been employed by SDG&E and in this position since January 2017.

9 I have over 30 years of experience with managing commercial nuclear power plants and
10 other nuclear facilities. I held several management positions at Florida Power and Light's
11 ("FPL") St. Lucie nuclear plant including Shift Manager and Operations Manager. St. Lucie is a
12 dual unit Combustion Engineering designed pressurized water reactor with a very similar design
13 to SONGS. After leaving FPL, I held the positions of licensing manager, and plant manager and
14 then worked as a nuclear industry consultant for major projects. As a consultant, I was a senior
15 project manager for large nuclear industry projects including steam generator replacements,
16 extended power uprates, Fukushima modifications, and the SONGS Cold and Dark project.

17 I hold a Bachelor of Science in Applied Science and Technology degree from Thomas
18 Edison State College. While at St. Lucie nuclear plant I maintained an active USNRC senior
19 reactor operator license.

20 I have previously submitted testimony before the California Public Utilities Commission.
21

1 **WITNESS QUALIFICATIONS FOR JUAN C. FERNANDEZ**

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

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

14 I have previously submitted testimony or testified before this Commission
15

ATTACHMENT A

**DECLARATION OF TRACY M. DALU REGARDING CONFIDENTIALITY OF
CERTAIN DATA/DOCUMENTS PURSUANT TO D.17-09-023**

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA
DECLARATION OF TRACY M. DALU
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO GENERAL ORDER 66-D**

I, Tracy M. Dalu, do declare as follows:

1. I am the Manager of Nuclear Decommissioning for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Estela M. de Llanos. I have reviewed the confidential information included in SDG&E’s Direct Testimony (“Exhibit SDGE-02C), submitted concurrently herewith. I am personally familiar with the facts in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decision (“D.”) 17-09-023 and General Order (“GO”) 66-D to demonstrate that the confidential information (“Protected Information”) provided in the Testimony is within the scope of data protected as confidential under applicable law.

3. In accordance with the narrative justification described in Exhibit 1, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 6th day of December 2024, at San Diego.

Tracy M. Dalu
Manager of Nuclear Decommissioning
San Diego Gas & Electric Company

EXHIBIT 1

SDG&E REQUEST FOR CONFIDENTIALITY ON THE FOLLOWING INFORMATION IN TESTIMONY

Location of Protected Information	Legal Citations	Narrative Justification
Shaded portions of direct testimony SDGE-02C at page 2 line 15, page 3 line 4, table 1 page 4, table 2 page 7, page 14 lines 10 and 12, table 5 page 14, page 15 lines 2,3 and 4, page 16 lines 3,4,17 and 18, page 17 lines 11 and 12, page 21 line 8, table 6 pages 21 and 22, page 22 line 20.	<p>California Gov. Code § 6255 (the public interest served by not disclosing the information is clearly outweighed by the public interest served by disclosure of the record).</p> <p>CPRA Exemption, Gov. Code § 6254(k) (“Records, the disclosure of which is exempted or prohibited pursuant to federal or state law”).</p> <p><i>See, e.g.</i>, D.11-01-036, 2011 WL 660568 (2011) (agreeing that confidential prices and contract terms specifically negotiated with a program vendor is proprietary and commercially sensitive and should remain confidential).</p>	<p>The Protected Information includes confidential contract cost and terms.</p> <p>Market-sensitive contract cost and term information, if disclosed could provide market participants, competitors, and vendors competitors with insight into SCE’s and SDG&E’s activities, plans, scope, sequence and other strategies, which would place SCE and SDG&E at an unfair business disadvantage. This could ultimately result in increased cost to ratepayers. If disclosed, SCE’s and SDG&E’s competitors and market participants could also derive economic value from this information.</p> <p>For example, if a vendor seeking to bid on a subcontract or another activity knew the previously negotiated pricing terms, the vendor would have an opportunity to adjust its bid prices (e.g., the vendor could bid higher than it otherwise may have bid). Public release of this information could also hinder SCE’s ability to obtain favorable contract terms for any required work, labor, materials or supplies not covered under these agreements.</p> <p>In addition, market participants, competitors and vendors competitors could misuse the information during the bidding process for other similar utility projects across the world and potentially threaten the financial health of both companies, to the detriment of the companies’ financial health to complete contractually required services for SONGS in the future without interruption.</p>