Law Office Of
Daniel J. Sponseller
409 Broad Street
Suite 200
Sewickley, Pennsylvania 15143
Ph: (412) 741-4422 Fax: (412) 741-4433
dsponseller@sponsellerlawfirm.com

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Peter T. Dietrich
Senior Vice President and Chief Nuclear Officer
Southern California Edison
PO Box 128
San Clemente CA 92672
(and via email: Pete.Dietrich@sce.com)

Suggestion That Edison Suspend Actions to Terminate SONGS Licenses or Imperil Restart Until Cost/Benefit Analysis is Completed and Made Public

Dear Mr. Dietrich:

I am an attorney with a practice representing energy consumers.

I am writing to strongly suggest that Edison suspend any further action to terminate or imperil the NRC operating licenses applicable to the San Onofre Nuclear Generation Station ("SONGS") reactors 2 and 3 or to imperil the restart or value of the reactors themselves until at a minimum the cost/benefit analysis discussed in this letter is performed, made public and evaluated.

I note that under 10 CFR 50.82(a)(2) Edison's licensed rights to operate the reactors are not impacted under that section unless and until at the earliest Edison submits a further certification regarding permanent withdrawal of fuel from the reactors pursuant to 10 CFR 50.82(a)(1)(ii). Without limiting the foregoing I specifically suggest that Edison refrain from submitting such certification until at a minimum the cost/benefit analysis discussed in this letter is performed.[1]

Edison's abrupt actions to terminate the licenses or imperil the plant could result in intentional waste on a massive scale and unnecessary, accelerated, premature and compounded expenses of decommissioning, both of which may unnecessarily result in substantial added costs and losses for ratepayers and massive unnecessary damage to the environment.

[1] I also suggest that Edison evaluate the feasibility of revoking its June 12, 2013 Notice of Certification of Permanent Cessation of Operations relating to the SONGS reactors submitted to the Nuclear Regulatory Commission, until the cost/benefit analysis described herein is completed.

Consumers have paid billions of dollars toward the costs of these emissions-free nuclear plants and for the prefunding of multi-billion dollar trust funds for their necessary and reasonable decommissioning expenses in the future, the balance of which trust funds (including any earnings thereon, after reasonable and necessary decommissioning expenses) is required to be returned or credited to consumers.

Edison has not provided any cost/benefit analysis to support its decision to destroy these assets for which customers have already paid billions of dollars and to accelerate the massive decommissioning obligation which otherwise would likely not be triggered for decades. Edison has not, for example, provided a cost/benefit analysis comparing the permanent shut-down of the facility to other available options, including but not limited to simply replacing the steam generators, or possibly mothballing the reactors for future restart depending on market conditions in the future.

The massive costs incurred by terminating the license and destroying the plant include potentially at least the following:

1. Increased costs to replace the power from the plant over the next nine to 30 years or more -- amounting potentially to many billions of dollars ;

2. Increased costs for new plants, or new transmission lines or other infrastructure upgrades to replace such power during such periods -- amounting potentially to many billions of dollars;

3. Increased carbon emissions -- estimated by some to be between 4 and 6 million additional metric tons of carbon discharge per year (the equivalent of roughly 1 to 1. 5 million additional cars operating in Southern California each year)[2] -- resulting from replacing this power with natural gas or coal-fired supply;

4. The massive cost of replacing the reactors' existing emissions-free power with replacement emissions-free sources, such as solar -- which one retired physics professor from UC Irvine has estimated would cost an additional $44 billion and take up 20 square miles of land paved with solar panels (even if the land could be found),[3] and in any event likely would not be available for decades, and when built would simply put California where it is now (with SONGS operating) in terms of overall carbon output;

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[2] See Styles, Geoffrey, "Early Retirement of US Nuclear Plant is a Step Backward," *Energy Outlook* July 8, 2013 (GSW Strategy Group LLC) (available at http://energyoutlook.blogspot.com/2013/07/early-retirement-of-us-nuclear-plants.html).

[3] See "Nuclear Power -- Difference Engine: Too Hot to Handle," *The Economist* June 17, 2013 (available at http://www.economist.com/blogs/babbage/2013/06/nuclear-power).

5. The loss of a large number of carbon credits under California's cap and trade program;

6. The increase in the real cost of decommissioning the facility on an accelerated basis resulting from terminating the license now, which would, *inter alia*, (a) reduce the ability of the over $3 billion in public trust funds to passively grow through earnings (while the plant would otherwise continue to operate for decades and generate valuable emissions free power) for the significant potential benefit of consumers, (b) reduce the potential to benefit from improved technologies for decommissioning in the future and/or (c) potentially warrant unnecessary steps to handle and monitor a spent fuel waste holding site and require double and/or inefficient handling and maintenance of spent fuel; and

7. The increased cost of holding the facility without either production or advancing toward possible restart, while Edison performs extensive necessary multi-year planning for any decommissioning, when the time spent planning for decommissioning and costs of maintaining the facility during such period could potentially be used productively to produce power or advance toward a possible restart.

Contrast this with, for example, a billion dollars to fix or replace the steam generators at SONGS, if necessary.

I suggest that Edison should take no further steps to impair the value of this asset until a complete cost/benefit analysis of the available options has been conducted, disclosed and publicly evaluated. I note that Edison management was asked about such analysis in an insightful question (talk about an acute grasp of the obvious) by San Diego Union Tribune reporter Dan McSwain during the Edison media conference call on June 7, 2013, but management declined to disclose any such analysis at that time.

The performance of this essential analysis will be vitally important to all parties involved, including Edison. For example, the results might provide a basis for the CPUC to agree to allow Edison to recover some or all future incremental costs necessary to attempt to preserve this potentially valuable asset for possible restart by Edison or for sale by Edison to another party to preserve its public benefit, perhaps subject to a long term purchase/supply contract or other arrangements substantially benefitting all parties and supporting appropriate financing. And the preservation rather than destruction of this asset may provide a basis for allowing Edison a greater recovery of sunk costs which otherwise would not be recoverable.

Similarly, any intentional failure to preserve the asset or action to otherwise prematurely destroy its value should result in appropriate additional liability -- particularly to those who have made billions of dollars in payments for the facility and for its decommissioning trust funds.

Accordingly, as stated above, I suggest that Edison provide and make public any economic analyses and cost-benefit analyses performed by it relating to its decision to shut down or imperil the value of the SONGS reactors, and refrain from any additional actions to terminate the NRC licenses or to imperil the operability or value of the plant until such cost-benefit analysis is completed, made public and evaluated.

Sincerely,

Daniel J. Sponseller, Esq.

Cc: Mark Morgan, Licensing Lead, SCE (via email: mark.morgan@sce.com)
Russell C. Swartz, Sr. VP and GC, SCE (via email: russell.swartz@sce.com)