

PRELIMINARY STATEMENT

Sheet 1

## K. NUCLEAR DECOMMISSIONING ADJUSTMENT MECHANISM

## 1. Purpose

The purpose of the Nuclear Decommissioning Adjustment Mechanism (NDAM) is to 1) record NDAM Revenue, and 2) record certain authorized and recorded costs associated with SCE's ownership share of the San Onofre Nuclear Generating Station (SONGS) and the Palo Verde Nuclear Generating Station (Palo Verde).

## 2. Definitions

## a. Franchise Fees and Uncollectibles Accounts Expense:

Franchise Fees and Uncollectibles Accounts Expense (FF&U) shall be the CPUC-authorized rate derived from SCE's most recent General Rate Case (GRC) decision to provide for Franchise Fees and Uncollectible accounts expense.

## b. NDAM Unbilled Revenues:

Unbilled Revenues are accrued ("earned" revenue for financial statement purposes) NDAM revenues associated with electric customer kWh usage that has not yet been billed by SCE.

## c. NDAM Revenue:

1. The amount of revenues billed each month related to the CPUC-authorized Nuclear Decommissioning rate component;
2. Plus: the change (plus or minus) in the amount of NDAM Unbilled Revenues (i.e., the reversal of prior month's estimate, plus the current month's estimate);
3. Less: a provision for FF&U.

## d. Interest Rate:

The Interest Rate shall be the most recent monthly interest rate on Commercial Paper (prime, three months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, three months) be discontinued, interest shall so accrue at the rate of the most recent annual interest rate on Commercial Paper that most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release G.13, or its successor publication.

## 3. Operation of the NDAM

Entries to the NDAM shall be made on a monthly basis as follows (excluding FF&U):

- a. Debit entry equal to the Nuclear Decommissioning Revenue Requirement (the most recent annual CPUC-authorized amount for SONGS 2&3 and Palo Verde, divided by twelve);

(D)

(Continued)

(To be inserted by utility)

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Senior Vice President

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PRELIMINARY STATEMENT

Sheet 2

(Continued)

K. NUCLEAR DECOMMISSIONING ADJUSTMENT MECHANISM (Continued)

3. Operation of the NDAM (Continued)

- b. Debit entry equal to the Recorded Spent Nuclear Fuel Storage Fees, which are: (1) amounts associated with nuclear fuel storage at the General Electric Morris Storage Facility; and (2) amounts paid to the City of Anaheim for storage space at the SONGS 2&3 spent fuel pools; (T)
- c. Debit entry equal to the Recorded Department of Energy Decontamination and Decommissioning (DOE D&D) Fees. Such fees are associated with SONGS and Palo Verde, and are incurred by complying with the Energy Policy Act of 1992;
- d. Debit entry equal to SCE's share of recorded amounts paid to the independent panel for its report associated with nuclear decommissioning issues as authorized in D.10-07-047.
- e. Credit entry equal to the recorded NDAM Revenue.

The sum of (a) through (e) equals the activity recorded in the NDAM each month.

Interest shall accrue monthly to the NDAM by applying the Interest Rate to the average of the beginning and ending monthly NDAM balances.

4. Nuclear Decommissioning Rate Level Changes:

Pursuant to D.15-10-037, SCE shall update its Nuclear Decommissioning rate levels to reflect the most current Commission-adopted revenue requirements in its annual year-end revenue requirement and rate consolidation advice letter. The balance forecast to be recorded in the NDAM (either overcollected or undercollected) on December 31<sup>st</sup> of the current year, plus an amount for FF&U, shall be included in the Nuclear Decommissioning revenue requirement to either be returned to, or recovered from, SCE's retail electric customers in Nuclear Decommissioning rate levels. Prior to implementing consolidated Commission-authorized revenue requirements and rate levels, the NDAM balance will be updated to reflect the latest recorded balance available.

5. Review Procedures

Pursuant to D.04-01-048 and D.04-03-023, the recorded operation of the NDAM for the Record Period (or previous calendar year 12-month period) shall be reviewed by the Commission in SCE's annual April ERRA application to ensure that the entries made in the NDAM are stated correctly and are consistent with Commission decisions.

SCE shall provide a monthly report showing the activity in the NDAM to Energy Division within 30 days of the end of each month.

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