

Olson, Michael R.

From: Olson, Michael R.
Sent: Wednesday, March 10, 2004 12:26 PM
To: Sheaffer, Richard A.; Walsh, James F.
Cc: Farrelly, Terry - E&GP; Bartolomucci, Vincent D.; Garcia, Sue E.; Borthwick, Robert; Olson, Michael R.
Subject: RE: SCE's SEC Filing re. SGR

Thanks, Rich. This is another admission that an Operating Impairment exists.

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-----Original Message-----

From: Sheaffer, Richard A.
Sent: Wednesday, March 10, 2004 12:22 PM
To: Olson, Michael R.; Walsh, James F.
Cc: Farrelly, Terry - E&GP; Bartolomucci, Vincent D.; Garcia, Sue E.; Borthwick, Robert
Subject: RE: SCE's SEC Filing re. SGR

FYI -

The filing to which this article refers appears to be a recent SCE 8-K filing available at the SEC website.

<http://www.sec.gov/Archives/edgar/data/92103/000082705204000041/0000827052-04-000041.txt>

What it says is:

San Onofre Steam Generator Replacement

SCE operates and owns approximately 75% of Units 2 and 3 at the San Onofre nuclear generating station. Like other nuclear power plants with steam generators of the same design and material properties, San Onofre Units 2 and 3 have experienced degradation in their steam generators. Based on industry experience and SCE's analysis of recent inspection data, SCE has determined that the existing San Onofre Units 2 and 3 steam generators may not enable continued reliable operation of the units beyond their scheduled refueling outages in 2009-2010. SCE currently estimates that the cost of replacing the steam generators would be about \$680 million. If the other plant co-owners pay their proportionate shares of the costs, SCE's 75% share would be about \$510 million. However, the co-owners have not approved the steam generator replacement project. To obtain timely delivery of replacement steam generators, SCE will need to enter into certain commitments in 2004. On February 27, 2004, SCE filed an application with the CPUC seeking a finding that it is reasonable for SCE to invest its share of the costs of replacing the San Onofre Unit 2 and 3 steam generators. If the CPUC finds investment in the steam generators to be reasonable and cost effective, the investment should be reflected in SCE's retail rates for recovery over the remaining useful life of the plants. SCE currently does not expect that it would proceed with replacement of the San Onofre Unit 2 and 3 steam generators without CPUC approval of reasonable cost recovery.

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