

1 different operation and maintenance accounts or work orders,
2 allocation of overheads, and cancelling work orders.

3 16. OPERATING IMPAIRMENT:

4 16.1 In the event of an Operating Impairment, the
5 Operating Agent shall proceed to take all actions reasonably
6 necessary and required to perform in a timely manner
7 Restoration Work for each Unit affected thereby; provided,
8 that the Operating Agent shall not be obligated, but shall
9 have the right, consistent with the provisions of this
10 Section 16, to proceed with Restoration Work for any Unit if
11 it appears to the Operating Agent that (1) the Net Cost of
12 Restoration Work for that Unit will exceed the amount for
13 that Unit determined in accordance with the provisions of
14 Section 16.4 or (2) the total estimated expenditures for
15 Edison will exceed its maximum liability limit pursuant to
16 Section 16.3.1. If the Operating Agent so declines to
17 proceed with Restoration Work for any Unit, it shall, as soon
18 as practicable, give the Other Parties written notice of such
19 decision. As soon as practicable after the Operating Agent
20 has knowledge of an Operating Impairment, the Edison
21 dispatcher shall advise the dispatchers of the Other Parties
22 having an Ownership Share in the Units affected thereby of
23 the general occurrence and nature and expected duration of
24 such Operating Impairment. In the event the expected
25 duration of an Operating Impairment is in excess of 60 days,
26 the Operating Agent shall advise the members of the Board of

1 Review, as soon as practicable, in writing, of the nature of
2 such Operating Impairment and of a preliminary cost estimate
3 and schedule for Restoration Work for each Unit affected
4 thereby.

5 16.2 Within 120 days of such written advice, if such
6 Restoration Work for any Unit has not been completed, the
7 Operating Agent shall submit to the Board of Review, in
8 writing, its best estimate of the Net Cost of Restoration Work
9 for that Unit and a schedule for the completion of such
10 Restoration Work. Within this same 120-day period, Edison
11 shall submit to the Board of Review an estimate of the
12 variable Ve as contained within Subsection 16.8.1, and any
13 Other Party shall submit to the Board of Review an estimate
14 of its variable Vop as contained within Subsection 16.8.1.
15 Since these are estimates, such estimates shall be subject to
16 change.

17 16.3 If the Net Cost of Restoration Work for that Unit,
18 as estimated in Section 16.2, is equal to or less than the
19 amount for that Unit determined in accordance with the
20 provisions of Section 16.4, the Operating Agent shall complete
21 such Restoration Work in a timely manner, and all Parties
22 shall pay their respective Ownership Shares of the Net Cost of
23 Restoration Work for that Unit, except as hereinafter provided
24 in Section 16.3.1. *applies if amt \leq 16.4*

25 16.3.1 If any Party would become obligated to share
26 in the Net Cost of Restoration Work pursuant to Section 16.3,

and if such Party has previously become obligated to share in the Net Cost of Restoration Work pursuant to Sections 16.3, 16.5, or both, such Party may reasonably estimate its total expenditures hereunder over any five-year period for all of such Restoration Work. If such estimate of total expenditures, as agreed to by the Operating Agent (which agreement shall not be unreasonably withheld), exceeds that Party's maximum liability in effect at that time, as set forth in Section 16.3.2, such Party shall have the right to limit its most current obligation to share in the Net Cost of Restoration Work pursuant to Section 16.3 to the largest amount which will not cause such maximum liability to be exceeded. If such Party elects to so limit its participation in such Restoration work, its Ownership Share in such Unit shall be reduced in accordance with the provisions of Section 16.8. If such Party does not elect to so limit its participation and participates fully in such Restoration Work, no such reduction shall occur.

*limit @
the time
the est. is
made.*

16.3.2		Maximum Liability (\$ million)			
		San			
Period		Edison	Diego	Anaheim	Riverside
Effective Date-12/31/89		139.57	36.75	4.74	2.69
01/01/90 -12/31/94		164.72	43.50	5.92	3.36
01/01/95 -12/31/99		189.86	50.25	7.11	4.03
01/01/2000-12/31/2004		189.86	50.25	7.11	4.03
01/01/2005-12/31/2009		155.72	41.25	5.92	3.36
01/01/2010-12/31/2014		127.57	33.75	4.74	2.69

Thereafter, as determined by the Board of Review.

At such time as the amount for any Unit, as shown in Table A in Section 16.4, is reduced pursuant to Section 16.4.1, the maximum liability amounts in effect at that time and thereafter for each Party, as shown in this Section 16.3.2, shall be reduced by an amount equal to 75% of such reduction in Unit amount multiplied by such Party's Ownership Share in such Unit.

16.4 During the term of this Agreement, the amount referred to in Sections 16.3 and 16.5 for each Unit shall be as shown in the following Table A, except as otherwise provided in Sections 16.4.1, 16.4.2, and 16.4.3.

TABLE A

Period	Amount (\$ Million)		
	Unit 1	Unit 2	Unit 3
Effective Date-12/31/89	45	100	100
01/01/90 -12/31/94	40	125	125
01/01/95 -12/31/99	35	150	150
01/01/2000-12/31/2004 *	35	150	150
01/01/2005-12/31/2009 *	25	125	125
01/01/2010-12/31/2014	25	100	100

Thereafter, as determined by the Board of Review.

16.4.1 During the last five years of Unit life, as such time period is determined by the Board of Review, the amount shown in Table A then in effect at the time of such determination for that Unit shall be reduced to zero in five equal annual increments with the first such reduction to be effective one year following the date of such determination.

16.4.2 In the event of an Operating Impairment that impairs both of Units 1 and 2, or both of Units 1 and 3, and

* SGR cost is > Table A regardless of which time period you use.

1 if the total estimated Net Cost of Restoration Work for both
2 of such Units is greater than 90% of the sum of the then-
3 effective amounts for such Units, as shown in Table A, the
4 amount applicable to each Unit shall be 90% of such then-
5 effective amount for such Unit. The provisions of this
6 Section 16.4.2 are applicable only to Edison and San Diego.

7 16.4.3 In the event of an Operating Impairment that
8 impairs both of Units 2 and 3, or all three of Units 1, 2,
9 and 3, and if the total estimated Net Cost of Restoration for
10 both or all of such Units is greater than 75% of the sum of
11 the then-effective amounts for such Units, as shown in
12 Table A, the amount applicable to each Unit shall be 75% of
13 such then-effective amount for such Unit.

14 16.5 If the Net Cost of Restoration Work for that Unit,
15 as estimated in Section 16.2, is greater than the amount for
16 that Unit determined in accordance with the provisions of
17 Section 16.4, the Operating Agent shall, as soon as
18 practicable, submit a plan for completing such Restoration
19 Work. Within 120 days of receipt of such plan, each Other
20 Party shall notify the Operating Agent in writing that it (1)
21 elects to continue to participate (by paying its share of the
22 costs) in such Restoration Work, (2) wishes to continue to so
23 participate in such Restoration Work, but is unable to commit
24 at that time for its full share of the costs, or (3) elects to
25 have its Ownership Share in such Unit reduced in lieu of so
26 participating further in such Restoration Work. A failure by

*applies to
SCE
but most*

*applies to
SCE
3 alts.
see 16.8*

*probably a higher
version of info
already provided*

1 a Party to provide such notice shall be deemed to be an
2 election by that Party to have its Ownership Share reduced in
3 lieu of participating. If Edison elects not to participate in
4 such Restoration Work, the Parties shall proceed to
5 decommission and retire such Unit in a manner as agreed to by
6 the Parties.

7 16.6 The Board of Review members of those Parties
8 electing to continue to participate in such Restoration Work
9 pursuant to Section 16.5 shall approve the plan for
10 Restoration Work submitted by the Operating Agent. In the
11 event of a disagreement, the dispute shall be resolved in
12 accordance with the provisions of Sections 6.2.4 and 6.2.5;
13 provided, that, during any such dispute, the Operating Agent
14 shall be authorized, but not obligated, to proceed with such
15 Restoration Work in accordance with the provisions of
16 Section 6.2.6.

17 16.7 If any Other Party, pursuant to Section 16.5,
18 notifies the Operating Agent that it wishes to continue to
19 participate but is at that time unable to commit for its full
20 share of the costs, such Party shall proceed with its best
21 efforts to secure financing it deems necessary. During the
22 time that such Other Party is making such efforts, such Other
23 Party shall pay its Ownership Share of any costs incurred for
24 Restoration Work. Within one year of such notice, such Other
25 Party shall notify the other Parties in writing that it has
26 decided either to (1) participate in the full cost of such

1 Restoration Work or (2) have its Ownership Share in such Unit
2 reduced on the basis of its payments made as of that date, in
3 lieu of full participation.

4 16.8 If any Other Party, pursuant to Section 16.3.1,
5 16.5, or 16.7, gives notice that it elects to have its
6 Ownership Share in such Unit reduced in lieu of further
7 participation in the costs of such Restoration Work, and if
8 Edison elects to proceed or continue with such Restoration
9 Work, the Ownership Share of such Other Party shall be reduced,
10 and the Ownership Share of Edison shall be increased, in
11 accordance with the provisions of Sections 16.8.1 and 16.8.2,
12 as follows:

13 16.8.1 $kW = \frac{(2)(NC)}{(V_e + V_{op})}$

*demon would be smaller w/o Receipts
KW would be larger*

14 where: kW = The reduction in such Other Party's
15 capacity entitlement in such Unit,
16 (and the increase in Edison's
17 capacity entitlement), expressed in
18 kilowatts.

*(we want
V_e/V_{op} to be
larger)*

19 NC = The difference between (1) the total
20 amount of such Other Party's share of
21 the Net Cost of Restoration Work for
22 such Unit and (2) that portion
23 thereof which is paid by such Other
24 Party pursuant to Section 16.9.1,
25 expressed in dollars.
26

when? w/in 120d of rec'd of Restr Plan (16.5) (16.2) or @ end of restr

1 V_e = The value to Edison at that time, \checkmark
2 expressed in dollars per kilowatt, of
3 capacity in such Unit over its
4 remaining lifetime, considering
5 Edison's need for capacity and the
6 alternatives available to Edison at
7 that time.

8 V_{op} = The value to such Other Party at that
9 time, expressed in dollars per
10 kilowatt, of capacity in such Unit
11 over its remaining lifetime,
12 considering such Other Party's need
13 for capacity and the alternatives
14 available to such Other Party at that
15 time; provided, however, for purposes
16 of this formula, V_{op} shall not be
17 greater than V_e .

18 Such values shall be agreed upon by Edison and such Other
19 Party. In the event such Parties are unable to agree, either
20 Party may call for the dispute to be settled by arbitration in
21 accordance with the provisions of Section 21. In cases where
22 the Other Party is San Diego, such values shall also be
23 subject to approval by any regulatory agency having
24 jurisdiction therein.

25 16.8.2 The Ownership Shares in such Unit of Edison
26 and such Other Party shall be increased and decreased,

respectively, in accordance with the following formulas:

Edison $OSr = OSo + \frac{kW}{(10)(MDC)}$

Other Party $OSr = OSo - \frac{kW}{(10)(MDC)}$

Where: kW = The value pursuant to Section 16.8.1

OSr = Ownership Share in such Unit after Restoration Work, expressed in percent.

OSr would be effective when unit goes into service.

OSo = Ownership Share in such Unit prior to Restoration Work, expressed in percent.

We would have expenses for repair parts during extended S&R outage.

MDC = Maximum Dependable Capacity (Net) of such Unit upon the completion of Restoration Work, expressed in megawatts.

Ownership shares shall be estimated upon completion of Restoration Work for such Unit and shall be adjusted as soon as practicable after all costs are known.

16.9 During any Restoration Work undertaken hereunder, notwithstanding that any Other Party may elect to have its Ownership Share in any Unit reduced in lieu of further participation in such Restoration Work pursuant to Section 16.3.1, 16.5, or 16.7, the costs of such Restoration Work and other costs associated with the operation, maintenance, and improvement of such Unit shall be shared as follows:

16.9.1 Each Party shall pay its Ownership Share of

1 the costs of Restoration Work incurred up to the time, if any,
2 that (1) such Party elects to have its Ownership Share in such
3 Unit reduced pursuant to Section 16.5 or 16.7, or (2) the
4 limit of such Party's participation is reached pursuant to an
5 election made by such Party pursuant to section 16.3.1.

6 16.9.2 In the event either of the elections
7 referred to in Section 16.9.1 has been made by an Other Party,
8 Edison shall pay such Party's Ownership Share of the costs of
9 Restoration Work incurred after the time referred to in
10 Section 16.9.1.

11 16.9.3 All Parties shall at all times pay their
12 then effective respective Ownership Shares of on-going Capital
13 Improvement and operation and maintenance costs not included
14 as part of Restoration Work. A Party's share of costs for any
15 month in which its Ownership Share changes shall be the
16 average of its daily Ownership Shares held during such month.

17 16.10 In the event Ownership Shares in any of the Units
18 are changed pursuant to Section 16.8, appropriate changes
19 shall be made to the Ownership Shares of the Common
20 Facilities and the ownership of the land areas covered by the
21 Project Easements. All Parties shall cooperate in the
22 preparation and execution of amendments to the San Onofre
23 Agreements and any other documents which may be required in
24 connection with such transfers of ownership.

25 16.11 The estimated costs of Restoration Work shall be
26 included, as appropriate, in the operation and maintenance

1 expense budgets and Capital Improvement budgets submitted in
2 accordance with the provisions of Sections 7.5 and 9.1;
3 provided, however, the fact that such budgets are submitted to
4 the Board of Review for approval shall not in any way diminish
5 the obligations of the Parties to participate in and pay for
6 the costs of Restoration Work as provided for in this
7 Section 16.

8 16.12 Each Party shall provide funding as required to
9 meet its obligations under this Section 16.

10 17. NRC AND OTHER REGULATORY MATTERS:

11 17.1 The Operating Agent, in consultation with the Other
12 Parties through their appropriate representatives, shall be
13 responsible for the preparation and filing of any license
14 applications or amendments required by the NRC for SONGS, and
15 for handling all other matters required by the NRC in
16 connection therewith, except for any such matters which the
17 NRC may require any Other Party to handle independently. The
18 Operating Agent shall provide copies of all submittals to the
19 NRC to the appropriate Other Parties at the time of filing.

20 17.2 The Parties, through and as agreed upon by their
21 appropriate representatives, shall meet or communicate
22 regularly to advise, inform, and consult with each other on
23 all significant matters and upcoming meetings with the NRC or
24 other regulatory agencies connected with the regulation of the
25 San Onofre Nuclear Generating Station. The Parties'
26 representatives shall have the right to receive timely notice