

March 31, 2000

U. S. Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555-0001

**Subject: Docket No. 50-206
10 CFR 50.75(f)(1) Decommissioning Funding Report
San Onofre Nuclear Generating Station Unit 1**

Reference: March 30, 1999 letter from A. E. Scherer (SCE) to NRC Document Control Desk, Subject: Docket Nos. 50-206, 50-361 and 50-362, 10 CFR 50.75(f)(1) Decommissioning Funding Report, San Onofre Nuclear Generating Station Units 1, 2 and 3

Gentlemen:

As required by 10 CFR 50.75(f)(1), this letter provides the status of the decommissioning funding for San Onofre Unit 1 as of December 31, 1999. The required information is provided in the enclosure for Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) for San Onofre Unit 1. Based on the requirements in 10 CFR 50.75(f)(1), reporting of this information for San Onofre Unit 1 is on an annual basis since the plant was permanently shut down before the end of its licensed life.

As part of reporting the status of decommissioning trust funds, the Nuclear Regulatory Commission (NRC) is already aware that site specific cost estimates may be larger than the NRC cost estimates based on 10 CFR 50.75(c). (This was noted in Memorandum and Order CLI 99-06, footnote 9.) SCE has prudently included sufficient funds in the site specific decommissioning cost estimate necessary for the removal and disposal of spent fuel and non-radioactive structures and materials beyond what is necessary to reduce residual radioactivity to required levels. As a result, the site specific decommissioning cost estimates for San Onofre Units 1, 2, and 3 appropriately exceed the NRC minimum cost estimates produced in accordance with 10 CFR 50.75(c).

If you should have any questions regarding this matter, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "J. A. Sloan". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Enclosure:

cc: E. W. Merschoff, Regional Administrator, NRC Region IV
W. C. Huffman, NRC Project Manager, San Onofre Unit 1
R. S. Wood, NRC/DRPM/PGEB
J. A. Sloan, NRC Senior Resident Inspector, San Onofre Units 2 and 3

**San Onofre Nuclear Generating Station
Unit 1
Decommissioning Funding Status Report**

Provided below is the information required by 10 CFR 50.75(f)(1) for San Onofre Unit 1 for 1999. This information is provided every year for San Onofre Unit 1 since it was permanently shut down before the end of its licensed life.

All dollar amounts are in 1999 dollars, and the owners are reported as follows:

Southern California Edison (SCE)
San Diego Gas & Electric (SDG&E)⁽¹⁾

1. The decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) are \$260.2 million. Since San Onofre Unit 1 is permanently shut down the life expiration factor is 1.0.
2. The amount accumulated at the end of calendar year 1999 (in 1999 dollars) is:

SCE	\$448.9 million
<u>SDG&E ⁽¹⁾</u>	<u>\$144.7 million</u>
TOTAL	\$593.6 million
3. The decommissioning fund for San Onofre Unit 1 is sufficient to provide for the estimated decommissioning cost, and as of June 1999, decommissioning funds are no longer collected.
4. The ranges for the escalation rate and rate of return used by SCE and SDG&E ⁽¹⁾ for San Onofre Unit 1 are 6.03% - 6.65% and 5.0% - 5.75%, respectively. The escalation rate and rate of return for San Onofre Unit 1 result in assumed real earnings rates less than the 2% real rate of return allowed under 10 CFR 50.75(e)(1)(ii).
5. SCE and SDG&E as owners of San Onofre Unit 1 are not relying on any contracts for the purposes of providing decommissioning funding pursuant to 10 CFR 50.75(e)(1)(v). The decommissioning trust agreements were last provided to the NRC by letter dated March 30, 1999. Since then, there have been no modifications to the method for providing financial assurance. There has been an amendment to the SCE and SDG&E trust agreements which include the following material changes to the trust agreements.

NOTE: (1) SCE is submitting information with respect to its co-owner, SDG&E, on their behalf, and they are primarily responsible for the completeness and accuracy of their respective information.

- A. **Advanced Withdrawals from the Trust Fund may be made up to one month before expected payments are made to prevent carrying charges. The amounts withdrawn are deposited in interest bearing accounts and the interest earned is used for paying decommissioning costs, and;**
- B. **The Trust Fund Withdrawal Certificate authorization was changed from two signatures to one.**

Copies of the amendment to the qualified and non-qualified SCE and SDG&E trust agreements are included in Attachments 1 and 2.

ATTACHMENT 1

Amendment to the SCE Decommissioning Trust Agreements

AMENDMENT NO. 1 TO THE DECEMBER 27, 1997 RESTATEMENT

OF THE SOUTHERN CALIFORNIA EDISON COMPANY

NUCLEAR FACILITIES QUALIFIED

CPUC DECOMMISSIONING MASTER TRUST

This Amendment No. 1 to the December 27, 1997 Restatement of The Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust is entered into by and between Southern California Edison Company, a corporation duly organized and existing under the laws of the State of California and having its principal office at 2244 Walnut Grove Avenue, Rosemead, California 91770 (the "Company"), and The Northern Trust Company, as Trustee, having its principal office at 50 South LaSalle Street, Chicago, Illinois 60675 (the "Trustee").

WHEREAS, the Company and the Trustee have entered into that certain Nuclear Facilities Qualified CPUC Decommissioning Master Trust Agreement for San Onofre and Palo Verde Nuclear Generating Stations restated December 27, 1997 (the "Trust Agreement"), pursuant to which, among other things, the Company established trust funds constituting qualified nuclear decommissioning reserve funds for the exclusive purpose of providing for the decommissioning of its nuclear generating facilities;

WHEREAS, in Section 2.12 of the Trust Agreement, the parties specifically reserve the right to amend the Trust Agreement; and

WHEREAS, the Southern California Edison Company Nuclear Facilities Decommissioning Master Trust Committee has authorized the amendment of the Trust Agreement and the California Public Utilities Commission has approved adoption of the amendment by its order;

NOW, THEREFORE, the parties hereby agree to amend the Trust Agreement as follows (new text underlined):

Section 1.01 of the Trust Agreement is amended to insert the following definition:

(1A) "Advance Withdrawal Certificate" shall mean a document properly completed and executed by one Authorized Representative of the Company and substantially in the form of Exhibit C hereto.

Section 2.01 of the Trust Agreement is amended and restated in its entirety to read as follows:

The Trustee shall make payments of the Decommissioning Costs in accordance with the following procedures:

- (1) Authorized Representative. The Committee shall promptly notify the Trustee of the selection and appointment of any Authorized Representative of the Committee. The Trustee shall have no duty to inquire into or investigate the continued authority of such person to act as the Authorized Representative. The Committee shall provide the Trustee with written notice of the termination of any Authorized Representative's authority.
- (2) Disbursement to Third Parties. Evidence of payments for Decommissioning Costs to any person (other than the Company) for goods provided or labor or other services rendered to the Company in connection with the decommissioning of the Plants shall be submitted to the Trustee on a Disbursement Certificate.
- (3) Reimbursement to the Company. Requests for payments to the Company in reimbursement of Decommissioning Costs actually incurred by the Company and paid by the Company to any other person shall be submitted to the Trustee on a Withdrawal Certificate.
- (4) Payment of Decommissioning Costs. The Trustee shall pay Decommissioning Costs when a Disbursement Certificate or Withdrawal Certificate is filed with the Trustee, showing with respect to each withdrawal of money:
 - (a) the name and address of the person or entity to whom payment is due (which may be the Company);
 - (b) the amount of money to be paid;
 - (c) the purpose for which the obligation to be paid was incurred; and
 - (d) a CPUC Order authorizing either Interim Disbursements or Final Disbursements. A copy of such order shall accompany the Disbursement Certificate or Withdrawal Certificate.

Each Disbursement Certificate or Withdrawal Certificate must certify that the expenses to be paid constitute Decommissioning Costs and shall provide satisfactory evidence to the Trustee of same.

- (5) Advance Withdrawals for Payment of Decommissioning Costs. An Authorized Representative may request disbursement of funds to pay expected Decommissioning Costs by submitting an Advance Withdrawal Certificate to the Trustee. Requests for advance withdrawals may be made up to one month before expected payments are made. Amounts withdrawn shall be deposited in an interest-bearing account. Interest earned in such account shall be used for paying Decommissioning Costs, and shall not benefit the Company. Any request for withdrawal of funds shall be accompanied by documentation supporting the amount of advance withdrawal, and shall take into account any unexpended balance of funds previously disbursed. Any funds remaining in such account upon termination of the Master Trust shall be distributed pursuant to Section 2.09.
- (6) Documentation of Payment of Decommissioning Costs. Actual expenditures for Decommissioning Costs and a reconciliation of advance withdrawals with actual expenditures will be submitted to the CPUC quarterly.
- (7) Interim Disbursements. The estimated costs and schedule for decommissioning each of the Plants shall be reviewed periodically and updated when the revenue requirement for decommissioning is reviewed by the CPUC in the Company's general rate cases. One year prior to the time decommissioning of a Plant or Plants is estimated to begin, the Company shall apply for CPUC approval of the estimated cost and schedule for decommissioning each Plant or Plants. Upon approval of the cost and schedule for decommissioning each Plant or Plants, the CPUC shall authorize Interim Disbursements from the applicable Fund to pay Decommissioning Costs. Upon the occurrence of changed circumstances the Company may apply to the CPUC for approval of amendments to the cost and schedule for decommissioning each Plant. Interim Disbursements shall be limited to 90% of the forecast of Decommissioning Costs approved by the CPUC. Final payment from the applicable Fund for all Decommissioning costs shall be made pursuant to Section 2.01(6).

Prior to the issuance of an Interim Disbursement order, the Trustee is authorized to pay up to 3 percent of the amount specified in paragraph 50.75 of Title 10 of the Code of Federal Regulations for decommissioning planning purposes upon receipt of a Disbursement Certificate or a Withdrawal Certificate meeting the requirements of Section 2.01(4)(a)-(c).

- (8) Final Disbursements. The Company shall apply for and acquire CPUC approval of the estimated final cost for decommissioning each Plant or Plants. Such application shall be made one year in advance of the time the Company

estimates use of funds exceeding 90% of the forecast of Decommissioning Costs approved by the CPUC will be required. Upon approval of the final cost of decommissioning each Plant or Plants, the CPUC shall authorize Final Disbursements from the applicable Fund to pay Decommissioning Costs. The Trustee shall make a Final Disbursement when a CPUC Order and a Disbursement Certificate or Withdrawal Certificate is filed with the Trustee to show:

- (a) the name and address of the person or entity to whom payment is due, including reimbursement to the Company;
- (b) the amount of money to be paid; and
- (c) the purpose for which the obligation to be paid was incurred.

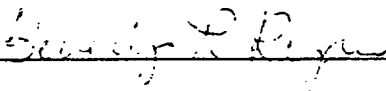
The Trust Agreement is further amended to add the attached Exhibit C.

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have executed this Amendment No. 1 to the Trust Agreement as of the 3rd day of June, 1999.

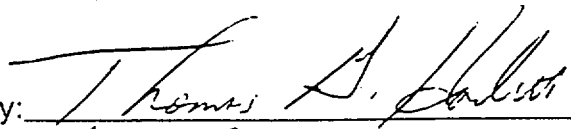
**SOUTHERN CALIFORNIA
EDISON COMPANY**

By: 


ATTEST

By: 

**THE NORTHERN TRUST
COMPANY**

By: 
VICE PRESIDENT

ATTEST

By: 
VICE PRESIDENT

QUALIFIED MASTER TRUST AGREEMENT

EXHIBIT C

ADVANCE WITHDRAWAL CERTIFICATE

The undersigned, Authorized Representative of Southern California Edison Company (Company), a California corporation, being duly authorized and empowered to execute and deliver this certificate, hereby certifies to the Trustee of the Southern California Edison Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations, pursuant to Section 2.01 of that certain Master Trust Agreement, dated _____, as follows:

- 1) Within 30 days of the date of this certificate, there will be due and owing to the Company [all] or [a portion of] the cost for goods or services provided in connection with the decommissioning of [SONGS/Palo Verde] as evidenced by the Schedule with supporting exhibits attached as Exhibit 1 hereto;
- 2) All such amounts will constitute Decommissioning Costs; and
- 3) All conditions precedent to the making of this withdrawal and disbursement and the payment by the Company of the Decommissioning Costs set forth in any agreement between any third-party provider and the Company have been fulfilled.

Accordingly, you are hereby authorized to withdraw \$_____ from the [SONGS Unit No. 1/SONGS Unit No. 2/SONGS Unit No. 3/Palo Verde Unit No. 1/Palo Verde Unit No. 2/Palo Verde Unit No. 3] Qualified Fund of the Master Trust in order to permit payment of such sum to be made to the Company for such purpose. You are further authorized to disburse such sum, once withdrawn, directly to the Company in the following manner: [DESCRIBE: CHECK, WIRE TRANSFER, ETC.] on or before _____. Executed this ____ day of _____.

SOUTHERN CALIFORNIA EDISON COMPANY

By _____
Authorized Representative

By _____
Attest

AMENDMENT NO. 1 TO THE DECEMBER 27, 1997 RESTATEMENT
OF THE SOUTHERN CALIFORNIA EDISON COMPANY
NUCLEAR FACILITIES NONQUALIFIED
CPUC DECOMMISSIONING MASTER TRUST

This Amendment No. 1 to the December 27, 1997 Restatement of The Southern California Edison Company Nuclear Facilities Nonqualified CPUC Decommissioning Master Trust is entered into by and between Southern California Edison Company, a corporation duly organized and existing under the laws of the State of California and having its principal office at 2244 Walnut Grove Avenue, Rosemead, California 91770 (the "Company"), and The Northern Trust Company, as Trustee, having its principal office at 50 South LaSalle Street, Chicago, Illinois 60675 (the "Trustee").

WHEREAS, the Company and the Trustee have entered into that certain Nuclear Facilities Nonqualified CPUC Decommissioning Master Trust Agreement for San Onofre and Palo Verde Nuclear Generating Stations restated December 27, 1997 (the "Trust Agreement"), pursuant to which, among other things, the Company established trust funds for the exclusive purpose of providing for the decommissioning of its nuclear generating facilities;

WHEREAS, in Section 2.12 of the Trust Agreement, the parties specifically reserve the right to amend the Trust Agreement; and

WHEREAS, the Southern California Edison Company Nuclear Facilities Decommissioning Master Trust Committee has authorized the amendment of the Trust Agreement and the California Public Utilities Commission has approved adoption of the amendment by its order;

NOW, THEREFORE, the parties hereby agree to amend the Trust Agreement as follows (new text underlined):

Section 1.01 of the Trust Agreement is amended to insert the following definition:

(1A) "Advance Withdrawal Certificate" shall mean a document properly completed and executed by one Authorized Representative of the Company and substantially in the form of Exhibit C hereto.

Section 2.01 of the Trust Agreement is amended and restated in its entirety to read as follows:

The Trustee shall make payments of the Decommissioning Costs in accordance with the following procedures:

- (1) **Authorized Representative.** The Committee shall promptly notify the Trustee of the selection and appointment of any Authorized Representative of the Committee. The Trustee shall have no duty to inquire into or investigate the continued authority of such person to act as the Authorized Representative. The Committee shall provide the Trustee with written notice of the termination of any Authorized Representative's authority.
- (2) **Disbursement to Third Parties.** Evidence of payments for Decommissioning Costs to any person (other than the Company) for goods provided or labor or other services rendered to the Company in connection with the decommissioning of the Plants shall be submitted to the Trustee on a Disbursement Certificate.
- (3) **Reimbursement to the Company.** Requests for payments to the Company in reimbursement of Decommissioning Costs actually incurred by the Company and paid by the Company to any other person shall be submitted to the Trustee on a Withdrawal Certificate.
- (4) **Payment of Decommissioning Costs.** The Trustee shall pay Decommissioning Costs when a Disbursement Certificate or Withdrawal Certificate is filed with the Trustee, showing with respect to each withdrawal of money:
 - (a) the name and address of the person or entity to whom payment is due (which may be the Company);
 - (b) the amount of money to be paid;
 - (c) the purpose for which the obligation to be paid was incurred; and
 - (d) a CPUC Order authorizing either Interim Disbursements or Final Disbursements. A copy of such order shall accompany the Disbursement Certificate or Withdrawal Certificate.

Each Disbursement Certificate or Withdrawal Certificate must certify that the expenses to be paid constitute Decommissioning Costs and shall provide satisfactory evidence to the Trustee of same.

(5) Advance Withdrawals for Payment of Decommissioning Costs. An Authorized Representative may request disbursement of funds to pay expected Decommissioning Costs by submitting an Advance Withdrawal Certificate to the Trustee. Requests for advance withdrawals may be made up to one month before expected payments are made. Amounts withdrawn shall be deposited in an interest-bearing account. Interest earned in such account shall be used for paying Decommissioning Costs, and shall not benefit the Company. Any request for withdrawal of funds shall be accompanied by documentation supporting the amount of advance withdrawal, and shall take into account any unexpended balance of funds previously disbursed. Any funds remaining in such account upon termination of the Master Trust shall be distributed pursuant to Section 2.09.

(6) Documentation of Payment of Decommissioning Costs. Actual expenditures for Decommissioning Costs and a reconciliation of advance withdrawals with actual expenditures will be submitted to the CPUC quarterly.

(7) Interim Disbursements. The estimated costs and schedule for decommissioning each of the Plants shall be reviewed periodically and updated when the revenue requirement for decommissioning is reviewed by the CPUC in the Company's general rate cases. One year prior to the time decommissioning of a Plant or Plants is estimated to begin, the Company shall apply for CPUC approval of the estimated cost and schedule for decommissioning each Plant or Plants. Upon approval of the cost and schedule for decommissioning each Plant or Plants, the CPUC shall authorize Interim Disbursements from the applicable Fund to pay Decommissioning Costs. Upon the occurrence of changed circumstances the Company may apply to the CPUC for approval of amendments to the cost and schedule for decommissioning each Plant. Interim Disbursements shall be limited to 90% of the forecast of Decommissioning Costs approved by the CPUC. Final payment from the applicable Fund for all Decommissioning costs shall be made pursuant to Section 2.01(6).

Prior to the issuance of an Interim Disbursement order, the Trustee is authorized to pay up to 3 percent of the amount specified in paragraph 50.75 of Title 10 of the Code of Federal Regulations for decommissioning planning purposes upon receipt of a Disbursement Certificate or a Withdrawal Certificate meeting the requirements of Section 2.01(4)(a)-(c).

(8) Final Disbursements. The Company shall apply for and acquire CPUC approval of the estimated final cost for decommissioning each Plant or Plants. Such application shall be made one year in advance of the time the Company

estimates use of funds exceeding 90% of the forecast of Decommissioning Costs approved by the CPUC will be required. Upon approval of the final cost of decommissioning each Plant or Plants, the CPUC shall authorize Final Disbursements from the applicable Fund to pay Decommissioning Costs. The Trustee shall make a Final Disbursement when a CPUC Order and a Disbursement Certificate or Withdrawal Certificate is filed with the Trustee to show:

- (a) the name and address of the person or entity to whom payment is due, including reimbursement to the Company;
- (b) the amount of money to be paid; and
- (c) the purpose for which the obligation to be paid was incurred.

The Trust Agreement is further amended to add the attached Exhibit C.

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have executed this Amendment No. 1 to the Trust Agreement as of the 3rd day of June, 1999.

**SOUTHERN CALIFORNIA
EDISON COMPANY**

By: Alan Foster

**THE NORTHERN TRUST
COMPANY**

By: Thomas A. Herbert
VICE PRESIDENT

ATTEST

By: Beverly P. Ryan

ATTEST

By: Thomas C. Maloney
Vice President

NONQUALIFIED MASTER TRUST AGREEMENT

EXHIBIT C

ADVANCE WITHDRAWAL CERTIFICATE

The undersigned, Authorized Representative of Southern California Edison Company (Company), a California corporation, being duly authorized and empowered to execute and deliver this certificate, hereby certifies to the Trustee of the Southern California Edison Company Nuclear Facilities Nonqualified CPUC Decommissioning Master Trust for San Onofre and Palo Verde Nuclear Generating Stations, pursuant to Section 2.01 of that certain Master Trust Agreement, dated _____, as follows:

- 4) Within 30 days of the date of this certificate, there will be due and owing to the Company [all] or [a portion of] the cost for goods or services provided in connection with the decommissioning of [SONGS/Palo Verde] as evidenced by the Schedule with supporting exhibits attached as Exhibit 1 hereto;
- 5) All such amounts will constitute Decommissioning Costs; and
- 6) All conditions precedent to the making of this withdrawal and disbursement and the payment by the Company of the Decommissioning Costs set forth in any agreement between any third-party provider and the Company have been fulfilled.

Accordingly, you are hereby authorized to withdraw \$_____ from the [SONGS Unit No. 1/SONGS Unit No. 2/SONGS Unit No. 3/Palo Verde Unit No. 1/Palo Verde Unit No. 2/Palo Verde Unit No. 3] Nonqualified Fund of the Master Trust in order to permit payment of such sum to be made to the Company for such purpose. You are further authorized to disburse such sum, once withdrawn, directly to the Company in the following manner: [DESCRIBE: CHECK, WIRE TRANSFER, ETC.] on or before _____. Executed this ____ day of _____.

SOUTHERN CALIFORNIA EDISON COMPANY

By _____
Authorized Representative

By _____
Attest

ATTACHMENT 2

Amendment to the SDG&E Decommissioning Trust Agreements

**AMENDMENT NO. 6 TO THE
SAN DIEGO GAS & ELECTRIC COMPANY
NUCLEAR FACILITIES QUALIFIED CPUC
DECOMMISSIONING MASTER TRUST
AGREEMENT FOR SAN ONOFRE
NUCLEAR GENERATING STATIONS**

This amendment is entered into as of the 1st day of October, 1999, by and between San Diego Gas & Electric Company, a corporation duly organized and existing under the laws of the State of California, and having its principal office at 101 Ash Street, San Diego, California 92101-3017 (the "Company"), and Mellon Bank, N.A. having its principal office at One Mellon Bank Center, Pittsburgh, Pennsylvania 15258.

WHEREAS, the Company wishes to appoint Mellon Bank, N.A. as successor Trustee, and Mellon Bank, N.A. agrees to act as successor Trustee subject to the terms of the Nuclear Facilities Qualified CPUC Decommissioning Master Trust Agreement dated June 29, 1992 (the "Agreement") between the Company and State Street Bank and Trust Company, as amended;

WHEREAS, in Section 2.12 of the Agreement, the parties specifically reserve the right to amend the Agreement; and

WHEREAS, the San Diego Gas & Electric Company Nuclear Facilities Decommissioning Master Trust Committee has authorized the amendment of the Agreement and the California Public Utilities Commission filing and review process has been completed with no objections;

NOW, THEREFORE, the parties agree as follows:

1. Paragraph (b) of Section 1.04 is amended to read as follows:

"(b) appoints Mellon Bank, N.A. as Trustee of each of the Funds."

2. The first sentence of the second paragraph of section 4.03 shall be restated to read as follows:

"The attached Exhibit C is effective from the date that assets are transferred to Mellon Bank, N.A. as successor Trustee."

3. The first and second sentences of the fourth paragraph of section 4.03 shall be restated to read as follows:

"The attached Exhibit D is effective as of the date that assets are transferred to Mellon Bank, N.A. as successor Trustee."

4. The third sentence of the first paragraph of Section 4.07 is amended to read as follows:

"The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign clearing facility, book-entry system, centralized custodial depository, or similar organization."

5. Section 4.08 is amended to read as follows:

“The Company shall indemnify and hold harmless the Trustee from all claims, liabilities, losses, damages and expenses, including reasonable attorneys’ fees and expenses, incurred by the Trustee in connection with this Agreement, except as a result of the Trustee’s own bad faith, negligence, or willful misconduct or for any breach of the Agreement that results from the Trustee’s own bad faith, negligence or willful misconduct.”

6. The fifth sentence of Section 5.02 shall be restated as follows:

“Notification of the issuance of each such authorization shall be given promptly to the Trustee by the Investment Manager(s), and the Investment Manager(s) shall cause the execution of such order to be confirmed in writing to the Trustee by the broker or dealer. Such notification to the Trustee from the Investment Manager shall be in writing, by facsimile transmission, electronic transmission, or any other method specifically agreed to in writing by the Committee and the Trustee, provided the Trustee may, in its discretion, accept oral directions and instructions and may require confirmation in writing.”

7. Paragraph 6.04 shall be deleted.

8. The following Section 6.08 shall be added:

“6.08 If the Trustee advances cash or securities for any purpose, or in the event that the Trustee shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Agreement, except such as may arise from its own negligent action, negligent failure to act or willful misconduct, any property at any time held for the Fund or under this Agreement shall be security therefor and the Trustee shall be entitled to collect from the Fund sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the Fund held under this Agreement to the extent necessary to obtain reimbursement and to the extent that such reimbursement is not a violation of any provision of Section 468A of the Internal Revenue Code. To the extent the Trustee advances funds to the Fund for disbursements or to effect the settlement of purchase transactions, the Trustee to the extent permitted under Section 468A of the Internal Revenue Code shall be entitled to collect from the Fund with respect to domestic assets, (i) an amount equal to what would have been earned on the sums advanced (an amount approximating the “federal funds” interest rate) or (ii) with respect to nondomestic assets, the rate applicable to the appropriate foreign market with respect to non-domestic assets.”

9. The following paragraph shall be added to 7.02:

“Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Company shall have sole responsibility for nonreceipt of payment (or late payment) by the counterparty.”

10. The following 8.13 shall be added:

“8.13 Notwithstanding anything in this Agreement to the contrary contained herein, the Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Account resulting from any event beyond the reasonable control of the

Trustee its agents or subcustodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Account's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event. This Section shall survive the termination of this Agreement."

11. The following Section 8.14 shall be added:

"8.14 Each Party hereby represents and warrants to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind that Party."

IN WITNESS WHEREOF, the Parties have set their Hands and seals to this Amendment to the Agreement as of the date and year first written above.

**CALIFORNIA PUBLIC UTILITIES
COMMISSION**

By: Wesley M. Franklin
Name: Wesley M. Franklin
Title: Executive Director

**SAN DIEGO GAS &
ELECTRIC COMPANY**

By: Edwin A. Guiles
Name: Edwin A. Guiles
Title: PRESIDENT

MELLON BANK, N.A.

By: Jerry M. Deernott
Name: JERRY McDERMOTT
Title: VICE PRESIDENT

MELLON BANK, N.A.
MASTER TRUST SERVICES FEE SCHEDULE
FOR
SAN DIEGO GAS & ELECTRIC N.D.T.

TRUST/CUSTODY CHARGES, PORTFOLIO ADMINISTRATION, PORTFOLIO ACTIVITY

Domestic Asset Fee (Active):

1.5 basis points on Market Value of Assets

International Asset Fee (Active):

7.5 basis points on Market Value of Assets

PERFORMANCE MEASUREMENT

Includes Basic Return Calculation, Historical data download, Universe Comparison and Commingled Funds.

Customized Benchmarks/Universes:	\$250 per benchmark
BARRA, Vestek, etc.:	\$250 per portfolio
Attribution:	\$500 per portfolio
Trading Cost Analysis:	\$250 per portfolio
CMS BondEdge:	Pass Through
TUCS:	\$750 per portfolio/Minimum \$7,500
Look Through Analytics:	\$500

ON-LINE SERVICES

Includes Terminal Charge, Communication software, CPU connect time.

Executive Workbench: Client Reporting	
First User	Free of Charge
	Performance Report Generator
	Analytics Report Generator
	Accounting Report Generator
	Investment Monitor

OUT-OF-POCKET EXPENSES

Wire Transfer:	\$10 per transfer out charge
Courier Service:	Pass Through
Telex Charges:	Pass Through
Computer Processing:	Pass Through
Staff Training:	Included
Stamp Duty:	Pass Through
Registration:	Pass Through

SAN DIEGO GAS & ELECTRIC N.D.T.
FEE SCHEDULE
PAGE 2 OF 2

OUT-OF-POCKET EXPENSES (Cont.)

We will pass through to the client any out-of-pocket expenses including, but not limited to, postage, courier expense, registration fees, stamp duties, telex charges, custom reporting or custom programming, internal/external tax, legal or consulting costs and proxy voting expenses.

TRUST SERVICES

Cash Sweep Fee:	12 basis points (Annually)
Tax Reporting:	\$125 per hour
Tax Return Preparation:	\$400 per filing/per year

BENEFIT PAYMENT SERVICES

Non-periodic	\$6.00 per check
--------------	------------------

MISCELLANEOUS

- *All costs associated with the asset conversion will be waived.
 - *This fee assumes Mellon Trust is the sole foreign exchange dealer.
 - *This fee assumes that all investment portfolios are valued on a monthly basis.
 - *Mellon Trust bills clients on a monthly basis via a direct account deduction.
 - *Fee Schedule is guaranteed for five (5) years.
 - *We reserve the right to amend our fees if the service requirements change in a way that materially affects our responsibilities or costs. Support of other derivative investment strategies or special processing requirements (e.g. external cash sweep, etc.) may result in additional fees.
- (Note: Fees will not be amended prior to the notification and consent of the company.)

MELLON BANK, N.A.
MASTER TRUST SERVICES FEE SCHEDULE
FOR
QUALIFIED
SAN DIEGO GAS & ELECTRIC N.D.T.

Pro Forma

TRUST/CUSTODY CHARGES, PORTFOLIO ADMINISTRATION, PORTFOLIO ACTIVITY

Fixed Income:

SGE3 Brown Brothers	\$ 79,637,000	*1.50 bpts	\$ 11,946
SGE7 NISA	\$123,891,000	*1.50 bpts	18,584

Domestic Equity:

SGE5 SSGA R3000	154,102,000	*1.50 bpts	23,115
-----------------	-------------	------------	--------

International Equity:

SGE6 SSGA EAFE	44,824,000	*7.50 bpts	<u>33,618</u>
			\$87,303

PERFORMANCE MEASUREMENT

Customized Benchmarks			\$ 750
-----------------------	--	--	--------

OUT-OF-POCKET EXPENSES

\$ 1,000

TRUST SERVICES

\$ 2,000

TOTAL: \$91,053

MELLON BANK, N.A.
INVESTMENT MANAGEMENT FEE SCHEDULE
FOR
SAN DIEGO GAS & ELECTRIC N.D.T.

50 Basis points for the first \$ 50,000,000
40 Basis points for the next \$150,000,000
30 Basis points thereafter

**AMENDMENT NO. 4 TO THE
SAN DIEGO GAS & ELECTRIC COMPANY
NUCLEAR FACILITIES NON-QUALIFIED CPUC
DECOMMISSIONING MASTER TRUST
AGREEMENT FOR SAN ONOFRE
NUCLEAR GENERATING STATIONS**

This amendment is entered into as of the 1st day of October, 1999, by and between San Diego Gas & Electric Company, a corporation duly organized and existing under the laws of the State of California, and having its principal office at 101 Ash Street, San Diego, California 92101-3017 (the "Company"), and Mellon Bank, N.A., having its principal office at One Mellon Bank Center, Pittsburgh, Pennsylvania 15258.

WHEREAS, the Company wishes to appoint Mellon Bank, N.A. as successor Trustee, and Mellon Bank, N.A. agrees to act as successor Trustee subject to the terms of the Nuclear Facilities Non-Qualified CPUC Decommissioning Master Trust Agreement dated June 29, 1992 (the "Agreement") between the Company and State Street Bank and Trust Company, as amended;

WHEREAS, in Section 2.12 of the Agreement, the parties specifically reserve the right to amend the Agreement; and

WHEREAS, the San Diego Gas & Electric Company Nuclear Facilities Decommissioning Master Trust Committee has authorized the amendment of the Agreement and the California Public Utilities Commission filing and review process has been completed with no objections;

NOW, THEREFORE, the parties agree as follows:

1. Paragraph (c) of Section 1.04 is amended to read as follows:

“(c) appoints Mellon Bank, N.A. as Trustee of the Master Trust and of each of the Funds.”

2. The first sentence of the second paragraph of section 4.03 shall be restated to read as follows:

“The attached Exhibit C is effective from the date that assets are transferred to Mellon Bank, N.A. as successor Trustee.”

3. The first and second sentences of the fourth paragraph of section 4.03 shall be restated to read as follows:

“The attached Exhibit D is effective as of the date that assets are transferred to Mellon Bank, N.A. as successor Trustee.”

4. The third sentence of the first paragraph of Section 4.07 is amended to read as follows:

“The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign clearing facility, book-entry system, centralized custodial depository, or similar organization.”

5. Section 4.08 is amended to read as follows:

“The Company shall indemnify and hold harmless the Trustee from all claims, liabilities, losses, damages and expenses, including reasonable attorneys' fees and expenses, incurred by the Trustee in connection with this Agreement, except as a result of the Trustee's own bad faith, negligence, or willful misconduct or for any breach of the Agreement that results from the Trustee's own bad faith, negligence or willful misconduct.”

6. The fifth sentence of Section 5.02 shall be restated as follows:

“ Notification of the issuance of each such authorization shall be given promptly to the Trustee by the Investment Manager(s), and the Investment Manager(s) shall cause the execution of such order to be confirmed in writing to the Trustee by the broker or dealer. Such notification to the Trustee from the Investment Manager shall be in writing, by facsimile transmission, electronic transmission, or any other method specifically agreed to in writing by the Committee and the Trustee, provided the Trustee may, in its discretion, accept oral directions and instructions and may require confirmation in writing.”

7. Paragraph 6.04 shall be deleted.

8. The following Section 6.08 shall be added:

“6.08 If the Trustee advances cash or securities for any purpose, or in the event that the Trustee shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Agreement, except such as may arise from its own negligent action, negligent failure to act or willful misconduct, any property at any time held for the Fund or under this Agreement shall be security therefor and the Trustee shall be entitled to collect from the Fund sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the Fund held under this Agreement to the extent necessary to obtain reimbursement and to the extent that such reimbursement is not a violation of any provision of Section 468A of the Internal Revenue Code. To the extent the Trustee advances funds to the Fund for disbursements or to effect the settlement of purchase transactions, the Trustee to the extent permitted under Section 468A of the Internal Revenue Code shall be entitled to collect from the Fund with respect to domestic assets, (i) an amount equal to what would have been earned on the sums advanced (an amount approximating the “federal funds” interest rate) or (ii) with respect to nondomestic assets, the rate applicable to the appropriate foreign market with respect to non-domestic assets.”

9. The following paragraph shall be added to 7.02:

“Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Company shall have sole responsibility for nonreceipt of payment (or late payment) by the counterparty.”

10. The following 8.13 shall be added:

“8.13 Notwithstanding anything in this Agreement to the contrary contained herein, the Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Account resulting from any event beyond the reasonable control of the

Trustee its agents or subcustodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Account's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event. This Section shall survive the termination of this Agreement."

11. The following Section 8.14 shall be added:

"8.14 Each Party hereby represents and warrants to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind that Party."

IN WITNESS WHEREOF, the Parties have set their Hands and seals to this Amendment to the Agreement as of the date and year first written above.

CALIFORNIA PUBLIC UTILITIES
COMMISSION

By: Wesley M. Franklin
Name: Wesley M. Franklin
Title: Executive Director

SAN DIEGO GAS &
ELECTRIC COMPANY

By: Edwin A. Guiles
Name: Edwin A. Guiles
Title: PRESIDENT

MELLON BANK, N.A.

By: Jerry Mc Dermott
Name: JERRY McDERMOTT
Title: VICE PRESIDENT

MELLON BANK, N.A.
MASTER TRUST SERVICES FEE SCHEDULE
FOR
SAN DIEGO GAS & ELECTRIC N.D.T.

TRUST/CUSTODY CHARGES, PORTFOLIO ADMINISTRATION, PORTFOLIO ACTIVITY

Domestic Asset Fee (Active):
 1.5 basis points on Market Value of Assets

International Asset Fee (Active):
 7.5 basis points on Market Value of Assets

PERFORMANCE MEASUREMENT

Includes Basic Return Calculation, Historical data download, Universe Comparison and Commingled Funds.

Customized Benchmarks/Universes:	\$250 per benchmark
BARRA, Vestek, etc.:	\$250 per portfolio
Attribution:	\$500 per portfolio
Trading Cost Analysis:	\$250 per portfolio
CMS BondEdge:	Pass Through
TUCS:	\$750 per portfolio/Minimum \$7,500
Look Through Analytics:	\$500

ON-LINE SERVICES

Includes Terminal Charge, Communication software, CPU connect time.

Executive Workbench: Client Reporting	Free of Charge
First User	Performance Report Generator
	Analytics Report Generator
	Accounting Report Generator
	Investment Monitor

OUT-OF-POCKET EXPENSES

Wire Transfer:	\$10 per transfer out charge
Courier Service:	Pass Through
Telex Charges:	Pass Through
Computer Processing:	Pass Through
Staff Training:	Included
Stamp Duty:	Pass Through
Registration:	Pass Through

SAN DIEGO GAS & ELECTRIC N.D.T.
FEE SCHEDULE
PAGE 2 OF 2

OUT-OF-POCKET EXPENSES (Cont.)

We will pass through to the client any out-of-pocket expenses including, but not limited to, postage, courier expense, registration fees, stamp duties, telex charges, custom reporting or custom programming, internal/external tax, legal or consulting costs and proxy voting expenses.

TRUST SERVICES

Cash Sweep Fee:	12 basis points (Annually)
Tax Reporting:	\$125 per hour
Tax Return Preparation:	\$400 per filing/per year

BENEFIT PAYMENT SERVICES

Non-periodic	\$6.00 per check
--------------	------------------

MISCELLANEOUS

- *All costs associated with the asset conversion will be waived.
 - *This fee assumes Mellon Trust is the sole foreign exchange dealer.
 - *This fee assumes that all investment portfolios are valued on a monthly basis.
 - *Mellon Trust bills clients on a monthly basis via a direct account deduction.
 - *Fee Schedule is guaranteed for five (5) years.
 - *We reserve the right to amend our fees if the service requirements change in a way that materially affects our responsibilities or costs. Support of other derivative investment strategies or special processing requirements (e.g. external cash sweep, etc.) may result in additional fees.
- (Note: Fees will not be amended prior to the notification and consent of the company.)

MELLON BANK, N.A.
MASTER TRUST SERVICES FEE SCHEDULE
FOR
NON-QUALIFIED
SAN DIEGO GAS & ELECTRIC N.D.T.

Pro Forma

TRUST/CUSTODY CHARGES, PORTFOLIO ADMINISTRATION, PORTFOLIO ACTIVITY

Fixed Income:

SGE2 Brown Brothers	\$ 36,360,000	*1.50 bpts	\$ 5,454
---------------------	---------------	------------	----------

Domestic Equity:

SGE1 SSGA R3000	55,386,000	*1.50 bpts	<u>8,308</u>
			\$13,742

PERFORMANCE MEASUREMENT

Customized Benchmarks			\$ 250
-----------------------	--	--	--------

OUT-OF-POCKET EXPENSES

\$ 1,000

TRUST SERVICES

\$ 2,000

TOTAL: \$16,992

MELLON BANK, N.A.
INVESTMENT MANAGEMENT FEE SCHEDULE
FOR
SAN DIEGO GAS & ELECTRIC N.D.T.

50 Basis points for the first \$ 50,000,000
40 Basis points for the next \$150,000,000
30 Basis points thereafter