



City of Anaheim  
Public Utilities Department  
City of Riverside  
Public Utilities Department  
Request for Proposals (RFP) for the  
Acquisition of Anaheim's and Riverside's Interests, Liabilities, and Obligations in  
San Onofre Nuclear Generating Station (SONGS)

Issuance Date: January 4, 2021  
Proposal Due By: July 15, 2021 at 5:00 PM PT

## Invitation

The City of Anaheim, California charter city and municipal corporation, acting through its Public Utilities Department ("Anaheim"), and the City of Riverside, California charter city and municipal corporation, acting through its Public Utilities Department ("Riverside") are seeking proposals from qualified parties, companies, or institutions ("Respondent"), as specified in this Request For Proposal ("RFP"), interested in acquiring Anaheim's and Riverside's respective ownership interests, liabilities, and obligations in the San Onofre Nuclear Generating Station Units 2 and 3 ("SONGS"), including:

- i) Anaheim's residual operating, environmental, marine, and decommissioning liabilities;
- ii) Riverside's 1.79% ownership interest in SONGS, including operating, environmental, marine, and decommissioning liabilities;
- iii) Anaheim's and Riverside's decommissioning trust funds balance shares equal to the current 2017 Decommissioning Cost Estimate ("DCE") pro-rata liability, in the approximate sum of \$80 million and \$53 million, respectively as of July 2020;
- iv) Anaheim's and Riverside's Nuclear Regulatory Commission ("NRC") licenses for SONGS<sup>1</sup>; and
- v) All of Anaheim's and Riverside's project governance rights, privileges, and obligations pursuant, as applicable, to the SONGS Second Amended Operating Agreement, the Anaheim Settlement Agreement, and the SONGS Decommissioning Agreement.<sup>2</sup>

From 1983 to December 28, 2006, Anaheim held a 3.16% undivided ownership interest in SONGS. On December 29, 2006, Anaheim transferred its operating interest and its ownership interests in SONGS to Southern California Edison ("SCE") pursuant to the Anaheim Settlement Agreement; however, Anaheim retained certain SONGS assets and liabilities, as specified in the Anaheim Settlement Agreement. Anaheim remains a licensee for purposes of its retained interests and liabilities, including its ownership interests in spent nuclear fuel and the facility's independent spent fuel storage installation, as well as financial responsibility for its spent fuel and for a portion of the SONGS decommissioning costs. Anaheim also retained its decommissioning trust fund.

From 1983 to the present, Riverside holds a 1.79% undivided ownership interest in SONGS and has not transferred any operating interest or ownership interest in SONGS to SCE. Riverside is a licensee for purposes of its interests and liabilities, including its ownership interests in spent nuclear fuel and the facility's independent spent fuel storage installation, as well as financial responsibility for its spent fuel and for its portion of the SONGS decommissioning costs. Riverside maintains its decommissioning trust fund.

On June 7, 2013, SONGS permanently ceased power operation and has transitioned to a decommissioning project managed by SCE, subject to a SONGS Decommissioning Agreement among SCE, San Diego Gas & Electric, Riverside and Anaheim (collectively "Participants"). By agreement of the Participants, SCE is the Operating Agent and the Decommissioning Agent ("DA") responsible for plant demolition and site restoration.

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<sup>1</sup> The NRC licenses for SONGS Units 2 and 3, NPF-10 and NPF-15, respectively, are available on the NRC's website, [www.nrc.gov](http://www.nrc.gov), and may be amended from time to time.

<sup>2</sup> Respectively, Second Amended San Onofre Operating Agreement between all Participants dated February 26, 1987; the Anaheim Settlement Agreement Relating to San Onofre Nuclear Generating Station between Southern California Edison Company and the City of Anaheim dated December 20, 2005; and SONGS Decommissioning Agreement between all Participants dated April 23, 2015, available for download on the RFP website.

The successful Respondent will assume Anaheim's and Riverside's applicable ownership, rights, privileges, liabilities, and obligations related to SONGS, including its decommissioning and site restoration obligations, upon final documentation of the transaction and the occurrence of certain conditions precedent, including the Nuclear Regulatory Commission's approval of the transfer of Anaheim's and Riverside's NRC licenses to Respondent for SONGS.

The requirements for responses to this RFP are contained herein, including minimum qualifications, selection criteria, and information required to be submitted. All capitalized words or phrases in this RFP, which are not otherwise defined herein, shall have the meaning ascribed to them in the Anaheim Settlement Agreement or the Decommissioning Agreement. The term "including" when used in this RFP shall mean "including without limitation."

Information about the City of Anaheim, Anaheim Public Utilities and other City of Anaheim Departments may be found online at [www.Anaheim.net](http://www.Anaheim.net). Information about the City of Riverside, Riverside Public Utilities Department and other City of Riverside Departments may be found online at [www.riversideca.gov](http://www.riversideca.gov).

This RFP is available on the internet at: [www.anaheim.net/utilities/SONGSRFP](http://www.anaheim.net/utilities/SONGSRFP).

## **Scope of Acquisition**

The transfer of Anaheim's and Riverside's interests, liabilities, and obligations will require a series of transactions and documents, not all of which can be identified at this time. The successful Respondent will be both resourceful and flexible in that regard. In general, for valuable consideration offered by a Respondent able to meet the Minimum Qualifications, Anaheim and Riverside will transfer and assign to Respondent:

1. Anaheim's and Riverside's Nuclear Regulatory Commission licenses for SONGS, subject to approval by the Nuclear Regulatory Commission.
2. Anaheim's and Riverside's decommissioning trust funds balance shares equal to the current 2017 Decommissioning Cost Estimate ("DCE") pro-rata liability.
3. The Excluded Assets, as that term is defined in Section 2.2, Schedule 2.2(c), and Schedule 2.2(e) of the Anaheim Settlement Agreement and used throughout the Anaheim Settlement Agreement, except that Anaheim shall retain its interests in the Excluded Assets defined in Section 2.2(l).
4. Anaheim's residual SONGS-related, rights, obligations, and liabilities, also known as Retained Liabilities, as that term is defined in Section 2.4 of the Anaheim Settlement Agreement and used throughout the Anaheim Settlement Agreement, including all Retained Decommissioning Liabilities.
5. All ownership, rights, obligations, and liabilities of Anaheim and Riverside pursuant to the following agreements:
  - a. Second Amended Operating Agreement;
  - b. Anaheim Settlement Agreement;
  - c. Decommissioning Agreement;

- d. Anaheim's Decommissioning Trust Fund Agreement dated November 6, 1990; and First Amendment to Decommissioning Trust Fund Agreement dated November 17, 2015; Riverside's Decommissioning Trust Fund Agreement dated March 8, 1991; and
- e. Any other SONGS-related agreements.

## **Indemnification**

The successful Respondent shall be required to indemnify and hold Anaheim and Riverside harmless from any and all claims related to SONGS, whether known or unknown, including claims related to Respondent's own actions or inaction.

## **Minimum Qualifications**

Include a detailed statement with supporting documentation demonstrating that Respondent meets the following minimum qualifications established by Anaheim and Riverside for submitting a proposal ("Minimum Qualifications").

1. **Financial Qualifications.** Respondent must have sufficient financial resources:
  - a. To be approved by the NRC as the transferee of the NRC licenses currently held by Anaheim and Riverside for the SONGS Decommissioning, Spent Fuel, and Independent Spent Fuel Storage Installation ("ISFSI"), showing sufficient financial resources to complete radiological decontamination and decommissioning activities that will meet the NRC radiological release criteria;
  - b. To assume Anaheim's and Riverside's SONGS-related ownership, interests, liabilities, and obligations, including the Excluded Assets, Retained Liabilities, and all other interests, liabilities, and obligations related to (i) Decommissioning; (ii) site restoration; (iii) Marine Mitigation; (iv) Spent Nuclear Fuel; (v) the ISFSI for SONGS; and (vi) residual historic operating environmental responsibilities associated with Anaheim's and Riverside's ownership share of SONGS on and after August 4, 1972; and
  - c. To indemnify and hold Anaheim and Riverside harmless with respect to any and all claims, either known or unknown, related to SONGS.

Please identify and provide supporting documentation for the financial resources Respondent would use to satisfy each of these elements. To the extent Respondent would rely on a guaranty or credit support agreement provided by a corporate affiliate or any another entity, please also provide information on the financial qualifications of that affiliate or other entity.

2. **Technical Qualifications.** Respondent must have sufficient technical qualifications to be approved by the NRC for the transfer of licenses currently held by Anaheim and Riverside for the purposes of the SONGS Decommissioning, Spent Nuclear Fuel, and ISFSI.
3. **Foreign Ownership, Control, or Domination.** Sections 103d and 104d of the Atomic Energy Act of 1954, as amended, prohibit the NRC from issuing a license for a nuclear power plant to "any corporation or other entity if the Commission knows or has reason to believe it is owned, controlled, or dominated by an alien, a

foreign corporation, or a foreign government.” The NRC’s regulations, 10 CFR § 50.38, contain language to implement this prohibition. Please certify that Respondent is not subject to this prohibition by providing, as applicable, state of incorporation of Respondent and any relevant parent or subsidiary companies, as well as citizenship of Respondent’s directors, executive officers, and/or other relevant individuals with control over Respondent.

4. **Insurance Requirements.** Respondent must be able to obtain the appropriate amount of insurance that may be required of licensees under the NRC’s regulations, 10 CFR part 140.

## Regulatory Approvals

The successful Respondent will cooperate fully in obtaining any and all necessary regulatory approvals to complete this transaction, including NRC approval of the transfer of NRC licenses held by Anaheim and Riverside, and any necessary license amendments. This will include, but not be limited to, providing documentation to be submitted to the NRC to show that the Respondent meets the Minimum Qualifications.

## RFP Schedule

Milestone	Target Date
Issue RFP	January 4, 2021
Proposals Due	July 15, 2021 by 5:00 PM PT
Evaluation of Proposals	October 2021
Contract Negotiation	April 2022
Governing Board Approvals	July 2022
Agreement Execution	August 2022

## Proposal Submission Requirements

All Respondents will execute the City of Anaheim and City of Riverside Confidentiality and Non-Disclosure Agreements (“NDA”) prior to receiving supplemental data, RFP addenda, or communications regarding this RFP.

Respondent shall submit an electronic copy of its proposal to [SONGSRFP@anaheim.net](mailto:SONGSRFP@anaheim.net) and an original to the following address for arrival no later than 5:00 PM PT on July 15, 2021:

City of Anaheim, Public Utilities Department  
Attn: SONGS Administrator  
201 S. Anaheim Blvd., MS-802  
Anaheim, CA 92805

All proposals must be legibly written and contain a wet or digital signature. The proposal must be signed by individual(s) legally authorized to bind Respondent and must contain a statement that the proposal and any prices contained therein remain firm for 365 days following NRC approval of the transfer of the NRC licenses held by

Anaheim and Riverside to Respondent and any necessary license amendments, provided that Anaheim, Riverside, and the Respondent may extend such date by mutual agreement.

Anaheim and Riverside reserve the right to change the specifications in this RFP. Questions regarding this RFP should be submitted in writing by mail or email to SONGS Administrator, 201 S. Anaheim Blvd., MS-802, Anaheim, CA 92805, or SONGSRFP@anaheim.net, no later than 5:00 PM PT on July 15, 2021. Any potential Respondent interested in being notified of answers to such questions must submit, in writing, to SONGS Administrator, the name, address, email address, and telephone number of the person(s) to be notified. Information and answers to questions will only be provided to potential Respondents that have executed a NDA with Anaheim and Riverside. Only written addenda issued by Anaheim and Riverside will be incorporated into the RFP.

**The deadline for receipt of proposals by Anaheim and Riverside is 5:00 PM PT, July 15, 2021. No proposals will be accepted after the stated deadline, unless the deadline is extended by Anaheim.**

No proposals, modifications or addenda to proposals will be accepted after the deadline stated above unless, in the sole discretion of the City Attorney's Offices of Anaheim and Riverside: (1) that the interests of Anaheim and Riverside require it, and (2) no Respondent is unfairly prejudiced thereby.

Anaheim and Riverside are public entities subject to the California Public Records Act and the California Brown Act open meeting laws. Proposals received will become a part of Anaheim's and Riverside's official files and a public record. An unsuccessful Respondent may request the return of its proposal upon the completion of Anaheim's and Riverside's review and contract awards. Respondent must notify Anaheim and Riverside in advance of any proprietary or confidential materials contained in the proposal and provide justification for not making such material public. Anaheim and Riverside shall have sole discretion to disclose or not disclose such material subject to any protective order that the Respondent may obtain. Note that under California law, price proposal to a public agency is not a trade secret.

### **Required Elements of Proposal**

- 1. Offer Letter:** Provide an offer including (i) the proposed acquisition terms and/or form of monetary compensation for the Scope of Acquisition described herein, and (ii) a summary of how Respondent meets the Minimum Qualifications. An officer authorized to bind Respondent must sign the proposal on behalf of the Respondent.
- 2. Respondent Information:** Provide the legal name of Respondent, the legal structure or form of Respondent (e.g. corporation, LLC), physical address, electronic mail address, telephone, and names and titles of individual(s) authorized to represent Respondent.
- 3. Minimum Qualifications:** Clearly describe how Respondent meets the Minimum Qualifications and is able to assume Anaheim's and Riverside's ownership, interests, liabilities, and obligations with respect to SONGS, including detailed steps and timing to complete the transaction.
- 4. Background and Experience:** Describe any special licenses or certifications that would enhance Respondent's effectiveness and ability to assume Anaheim's and Riverside's ownership, interests, liabilities, and obligations with respect to SONGS. Describe Respondent's experience with storage of Spent Nuclear Fuel and/or reactor decommissioning. List any other NRC licenses held by Respondent or its corporate affiliates and describe the scope and duration of the rights and/or obligations of Respondent or its affiliates under any such license.

5. **Quality of Staff:** Submit resumes for key staff who will be involved in the acquisition of Anaheim's and Riverside's ownership, interests, liabilities, and obligations in SONGS and implementation responsibilities identified in the "Scope of Acquisition" section of this RFP to be assumed by Respondent pursuant to this RFP.
6. **Exclusions and Limitations:** Describe any and all limitations, exclusions, conditions, and contingencies to Requestor's proposal or state that none exist.
7. **Specific Terms or Conditions:** Should Respondent require, or wish to offer, any specific terms or conditions that relate to the Scope of Acquisition, they should be included and explained in the proposal.

### **RFP Evaluation and Selection Factors**

Proposals will be evaluated by Anaheim Public Utilities and Riverside Public Utilities Department staff. Proposals will first be evaluated as to responsiveness to the requirements of the RFP. The proposal will be considered responsive only if it complies in material respects with the requirements of the RFP. Proposals with substantial exceptions to the Minimum Qualifications may be determined to be non-responsive. If a proposal is determined to be non-responsive, the proposal will not be considered for review or retention. Proposals will be evaluated, in no particular order, on the following criteria:

No.	RFP Evaluation Criteria
1	Compensation to Anaheim and Riverside with preference given to cash received at closing.
2	Financial stability of Respondent and its ability to assume unforeseen increases in the costs related to Excluded Assets, Retained Liabilities, Decommissioning, site restoration, and/or Marine Mitigation during the term of SONGS decommissioning activities, which could last 50 years or longer.
3	Likelihood of NRC approval of transfer of Anaheim and Riverside licenses to Respondent, based on qualifications of Respondent.
4	Respondent background and experience, and ability of Respondent to respond to an obligation to pay, perform, or otherwise discharge Decommissioning related activities.
5	Limitations, exclusions, conditions, and contingencies to proposal, and/or specific terms and conditions raised in proposal.
6	Any other grounds allowed by law.

### **Terms and Conditions**

1. Anaheim and Riverside reserve the right to modify or cancel this RFP at any time, reject any and all proposals, and to waive irregularities, if any.
2. Anaheim and Riverside reserve the right to suspend this RFP or to issue a new RFP that would supersede and replace this RFP.
3. Anaheim and Riverside reserve the right to submit follow-up questions or inquiries, to request clarification of information submitted, and to request additional information from any one or more of the Respondents.
4. Neither Anaheim nor Riverside shall be liable to any Respondent or party in law or equity for any reason

whatsoever for any acts or omissions arising out of or in connection with this RFP.

5. Neither Anaheim nor Riverside shall be liable for any costs incurred by any Respondent in preparing any information for submission in connection with this RFP, or for any costs incurred in responding to this RFP. Any and all costs so incurred shall remain the sole responsibility of the Respondent.
6. Submission of a proposal constitutes acknowledgement by the Respondent that it has received and read this RFP, attachments, and related documents.

**Attachments (Available for Download on the website.)**

1. City of Anaheim and City of Riverside Confidentiality and Non-Disclosure Agreements.
2. SONGS U2 and U3 Participation Agreement dated November 1, 1977.
3. Second Amended San Onofre Operating Agreement dated February 26, 1987; and Anaheim and Riverside City Council Staff Reports dated February 17, 1987 and January 27, 1987, respectively.
4. Anaheim's Settlement Agreement Relating to San Onofre Nuclear Generating Station dated December 20, 2005 and Anaheim's City Council Staff Report dated December 6, 2005 and December 20, 2005.
5. SONGS Decommissioning Agreement dated April 23, 2015, Resolution No. 2015-145 of the City Council of the City of Anaheim, Anaheim City Council Staff Report dated April 7, 2015 and Riverside City Council Staff Report dated March 3, 2015.
6. Anaheim's and Riverside's respective Decommissioning Trust Fund Agreements dated November 6, 1990 and March 8, 1991, respectively; and Anaheim and Riverside City Council Staff Report dated October 26, 1990 and Riverside February 26, 1991, respectively.
7. Anaheim's First Amendment to Decommissioning Trust Fund Agreement dated November 17, 2015 and Anaheim City Council Staff Report dated November 17, 2015.
8. SONGS 2019 Decommissioning Progress Report.