

**November 21, 2001**

**Advice 2177-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject:** Adjustment of the Diablo Canyon Units 1 and 2 Nuclear Decommissioning Cost-of-Service Amounts

**Purpose**

The purpose of this filing is to adjust the Nuclear Decommissioning Transition Revenue Account (TRA) Separated Revenue Requirement Amount in accordance with the IRS Revised Schedule of Ruling Amounts (SRA) for Diablo Canyon Nuclear Power Plant Unit 1 issued April 13, 2001, and Unit 2 issued April 20, 2001, and revise rates for 2002 accordingly.<sup>1</sup> The Nuclear Decommissioning TRA Separated Revenue Requirement Amount reflects the nuclear decommissioning cost of service amount authorized in PG&E's 1999 General Rate Case as well as the Commission-authorized SAFSTOR Operations & Maintenance expense for Humboldt Bay Power Plant Unit 3. The total Nuclear Decommissioning TRA Separate Revenue Requirement Amount, after adjustment for the lower nuclear decommissioning amount as authorized in the IRS Schedule of Ruling Amount, is \$30,294,000.

PG&E proposes to credit the difference between the cost of service amount authorized in the 1999 General Rate Case and the Revised SRA for the period January 1, 1999, through the effective date of this letter to the TRA.<sup>2</sup> PG&E also proposes to credit, to the TRA, a portion of the year 2000 Nuclear Decommissioning TRA Separated Revenue Requirement Amount that was collected in rates, but not contributed to the Trust due to the cash conservation efforts in effect during the latter part of 2000.

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<sup>1</sup> PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

## **Background**

In Decision (D.) 00-02-046, issued February 17, 2000, in PG&E's 1999 General Rate Case, the Commission authorized a non-bypassable charge for recovery of contributions to the nuclear decommissioning trust in the amount of \$26,450,028 annually.<sup>3</sup> Subsequently, PG&E applied to the Internal Revenue Services (IRS) for a ruling on the amount of decommissioning expense that is tax-deductible. The IRS ruled that the annual tax-deductible nuclear decommissioning expense for Commission-jurisdictional service is \$23,983,078 (\$7,673,626 for Unit 1 and \$16,309,452 for Unit 2).

PG&E proposes that the Nuclear Decommissioning TRA Separated Revenue Requirement be reduced by \$2,466,950. This amount is the difference between the \$26,450,028 million cost of service decommissioning expense estimate adopted by the Commission and the \$23,983,078 Commission-jurisdictional revised SRA adopted by the IRS. The calculation is included in Attachment I.

Furthermore, in an effort to ensure that PG&E had sufficient cash on hand to provide safe and reliable service, PG&E ceased payments to the Nuclear Decommissioning Master Trust for the period August 2000 through December 2000.<sup>4</sup> PG&E provided this information in PG&E's Rebuttal Testimony in the Rate Stabilization Plan, Exhibit 36, 2/21/01, page 5-3. As a result, PG&E collected \$9,992,949 through Commission-jurisdictional rates for nuclear decommissioning contributions that were not actually contributed to the Trust.

PG&E requests approval to transfer the amounts collected but not contributed to the Trust, including interest as required by the preliminary statement, to the TRA.

PG&E proposes to revise nuclear decommissioning rates effective January 1, 2002. Rates have been determined in the manner set forth in the 1999 RAP (D. 99-06-058), and are included in Attachment II. PG&E will implement the rate change on January 1, 2002. In anticipation that other rates will change on January 1, 2002, PG&E has not filed draft tariffs that include the offsetting change to generation rates. Instead, PG&E will consolidate all rate changes to be implemented on January 1, 2002, in final tariff form on or about the first of the year.

This filing will not increase any rate or charge, cause the withdrawal of service or conflict with any other rate schedule or rule.

## **Protests**

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<sup>3</sup>Decision 00-02-046, page 383.

<sup>4</sup> PG&E resumed contributions to the Trust for 2001 on July 16, 2001.

Anyone wishing to protest this filing may do so by sending a letter by **December 11, 2001**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

IMC Branch Chief  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company  
Attention: Les Guliasi  
Director, Regulatory Relations  
77 Beale Street, Mailcode B10C  
P.O. Box 770000  
San Francisco, CA 94177  
Facsimile: (415) 973-7226

### **Effective Date**

Pacific Gas and Electric Company requests that this filing become effective on **January 1, 2002**, which is greater than 40 days after the date of filing.

### **Notice**

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Attachment II was not mailed to parties on the service list; however, a copy is available upon request. Address changes should be directed to Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

[http://www.pge.com/customer\\_services/business/tariffs/](http://www.pge.com/customer_services/business/tariffs/)

Vice President - Regulatory Relations

Attachments