

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



October 10, 2006

Advice Letter 2876-E

Ms Rose de la Torre
Pacific Gas and Electric Company
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Request Approval to Disburse Funds from the Humboldt Bay Power Plant
Unit 3 Nuclear Decommissioning Trusts

Dear Ms de la Torre:

Advice Letter 2876-E is effective October 5, 2006 by Resolution E-4025. A copy of the
advice letter and resolution are sent herewith for your records.

Sincerely,

Sean H. Gallagher
Director
Energy Division

REGULATORY RELATIONS	
Tariffs Section	
M Brown	D Poster
R Dela Torre	S Ramaiya
B Lam	
OCT 17 2006	
Return to _____	Records _____
cc to _____	File _____



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Internet: BKC7@pge.com

August 7, 2006

Advice 2876-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Request Approval to Disburse Funds from the Humboldt Bay Power Plant Unit 3 Nuclear Decommissioning Trusts

Purpose

Pacific Gas and Electric Company (PG&E) hereby requests approval of its proposal to disburse an additional \$2.59 million from the Humboldt Bay Unit 3 Nuclear Decommissioning Master Trusts (Trusts). This request is for additional decommissioning work at Humboldt Bay Power Plant Unit 3 (HBPP Unit 3 or Humboldt Bay) to: 1) ship and bury irradiated hardware from the spent fuel pool (\$0.921 million); 2) remove abandoned equipment in the refueling building and Unit 3 yard (\$0.630 million); and 3) perform a Multi-Agency Radiation Survey and Site Investigation Manual (MARSSIM) site remediation study (\$1.035 million). A detailed discussion of these scopes of work is presented in Attachment 1.

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

Background

HBPP Unit 3 is a 65 megawatt boiling water reactor that began commercial operation in 1963, ceased operation in 1976, and was placed in the SAFSTOR custodial mode in 1988 to await final decommissioning.

The Nuclear Decommissioning Master Trusts were established in D. 85-12-022, to allow PG&E "to recover from its ratepayers the cost of decommissioning the prudently constructed plant at Humboldt Bay Power Plant Unit 3." Funds for the Trusts were collected from PG&E's ratepayers from 1988 through 1991, and from 2003 through 2005. PG&E's 2005 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) Application 05-11-009 seeks authorization to update the

funding requirement from 2006 through 2009¹. As of December 31, 2005, the Trusts had a liquidation value of \$254.5 million, a market value of \$265.9 million, and an expense-equivalent value of \$321.9 million.²

The \$2.59 million requested in this filing represents approximately 1 percent of the total current value of the trusts. PG&E customers will see no change in their rates as a result of drawing upon the Trusts for these activities. The scope of work presented in this advice filing was included in the Decommissioning Cost Estimate filed in PG&E's 2002 NDCTP Application 02-03-020, approved by the Commission on October 2, 2003 in Decision 03-10-014, and in PG&E's 2005 NDCTP Application 05-11-009. The scope of work is distinct from operations and maintenance activities performed under SAFSTOR.

In the 2005 NDCTP, intervenors suggested that PG&E dispose of Humboldt Bay Class B and C waste prior to the closure of the Barnwell Low Level Waste Disposal facility to non-Atlantic Compact members.³ Barnwell is closing to Non-Atlantic Compact area waste shippers as of June 30, 2008, and all available space after June 30, 2007 has been reserved by others. In an effort to avoid maintenance and storage of this waste on-site, it is prudent that PG&E ship the Humboldt Bay material no later than June 30, 2007. Therefore, in order to avoid saddling the customers and the community surrounding Humboldt Bay with the uncertainty of finding storage for the wastes to be shipped to Barnwell, PG&E makes the request described herein.

Protests

Anyone wishing to protest this filing may do so by sending a letter within twenty (20) days after the date of this filing or **August 27, 2006**. 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, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Protests also should be sent via e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

¹ PG&E, DRA and TURN have reached a Settlement Agreement in A.05-11-009. A Commission Proposed Decision is expected in October 2006.

² The liquidation value of the trust reflects the amount available, after taxes, to pay for nuclear decommissioning projects.

³ A.05-11-009 Direct Testimony of James S. Adams on behalf of Scott L Fielder, p.5.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: **Brian Cherry**
Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: PGEtariffs@pge.com

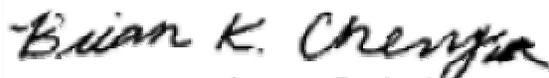
Effective Date

In compliance with General Order 96-A, PG&E requests that this advice filing become effective on **September 6, 2006**, which is 30 days from the date of this 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 as well as those on Service Lists – A.05-11-008 and A.05-11-009. Address changes should be directed to Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>



Vice President - Regulatory Relations

Attachment 1: Proposed Project Activities and Costs

cc: Service Lists – A.05-11-008; A.05-11-009
Honorable Patty Berg, California Assembly

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company (ID39E)

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973- 3186

E-mail: srrd@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2876-E**

Subject of AL: Request Approval to Disburse Funds from the Humboldt Bay Power Plant Unit 3 Nuclear Decommissioning Trusts

Keywords (choose from CPUC listing): Nuclear

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Resolution Required? Yes No

Requested effective date: **9-6-06**

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: See advice letter

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jjr@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Utility Info (including e-mail)
Attn: Brian K. Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177**

E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
ADVICE LETTER 2876-E**

Proposed Project Activities and Costs

Shipment and Burial of the Spent Fuel Pool (SFP) Irradiated Hardware

A demonstration project was initiated during 2005 to process irradiated hardware from the Unit 3 SFP. This project was undertaken as this work is representative of the higher level radioactive hazard and high level alpha contamination of Low Level Radioactive Waste (LLRW) that will be encountered during the major component removal. While the project as envisioned would result in waste prepared for disposal, it does not allow for the shipment and burial. This waste is Class C, and can only be disposed of at the Barnwell LLRW facility in South Carolina. A floor price of approximately \$746,000 has been provided by South Carolina Budget and Control Board for disposal at Barnwell of 426 cubic feet of this Class C material by the end of fiscal year 2007. This facility is closing to Non-Atlantic Compact area waste shippers as of June 30, 2008. As all available space after June 30, 2007 has been reserved by others, PG&E must ship the Humboldt Bay material no later than June 30, 2007. In order to not have to maintain the storage of this waste on site, shipment prior to this date is prudent. The cost of the shipment of this LLRW is \$921,000 for the following scope of work:

- Three 10-142 shipping liners, \$61,000;
- 10-142B cask rental and transportation, \$114,000; and
- Burial charge at Barnwell for three liners, \$746,000.

Removal and Disposal of Abandoned Equipment

There is a substantial quantity of abandoned equipment remaining on the operating floor of the refueling building, within the spent fuel pool, and the Unit 3 yard. Decommissioning planning undertaken in 2005 has indicated that the space occupied by this equipment is required for efficient processing of other material during full decommissioning. It is important to undertake the removal at this time to utilize this space for laydown areas for ISFSI processing equipment prior to needing it for full decommissioning. The items identified for removal are control rod drive hydraulic pumps and related piping and controls, the reactor poison tank and related piping and controls, the reactor water cleanup heat exchanger resin tank and related piping and controls, the spent fuel pool energy absorber, and the service cooling water heat exchangers and related piping and controls. The cost of this project is \$630,000 for the following scope of work:

- Project management, removal procedure development, RP support, \$300,000;
- Labor to remove equipment and process for shipment, \$180,000; and
- Shipment and burial at Envirocare, \$150,000.

Multi-Agency Radiation Survey and Site Investigation Manual (MARSSIM) Study

An assessment of the final radiological characterization of the decommissioned plant site needs to be address the Historic Site Assessment and the Derived Concentration Guideline (DCG) prior to the start of decommissioning. The requirements for this assessment are contained in the *Multi-Agency Radiation Survey and Site Investigation Manual*, (Revision 1, August 2000) NUREG 1575, Rev. 1; EPA 402-R-97-016, Rev. 1; DOE/EH-0624, Rev. 1. This manual provides standardized and consistent approaches for planning, conducting, evaluating, and documenting environmental radiological

**ATTACHMENT 1
ADVICE LETTER 2876-E**

surveys, with specific focus on the final status surveys that are carried out to demonstrate compliance with cleanup regulations. This work takes approximately 2 years to complete, as it requires negotiation with both the NRC and the State of California to select the appropriate release criteria. The cost of this project is \$1,035,000 for the following scope of work:

- Historic Site Assessment, \$85,000;
- Derived Concentration Guideline development, \$200,000;*
- Survey Design and performance, \$300,000;*
- Up to 3 monitoring wells, \$250,000; and
- Confirmatory sampling and analysis by the NRC (aka--Oak Ridge National Labs), \$200,000.

*The above costs are based on a final release dose of 10 mrem per year from all exposure pathways. The final number California picks for an exposure limit will affect the above cost numbers. These costs do not include ANY remediation, packaging, shipping or disposal of contaminated soils.

CPUC Authorizations for Funding from the Humboldt Bay Nuclear Trusts

Resolution E-3503

Issued December 3, 1997, approved disbursement of \$15.7 million requested in Advice Letter 1678-E for the following scope of work:

- Mitigation of Cassion In-Leakage Project (project complete), \$9.2 million;
- Removal and Replacement of Ventilation Stack (project complete), \$5.0 million; and
- Site Radiological Survey (project complete), \$1.5 million.

Decision 00-02-046

Issued February 17, 2000, approved disbursement of \$7.0 million requested in the 1999 GRC for the following scope of work:

- Design and Licensing of ISFSI, \$7.0 million.

Resolution E-3737

Issued October 10, 2001, approved the disbursement of \$7.35 million requested in Advice Letter 2095-E for the following scope of work:

- Additional ISFSI Design and Licensing activities, \$3.5 million; and
- Pre-Decommissioning Preparatory activities, \$3.85 million.
 - Plant Systems and Structures Radiological Characterization; Activation Analysis of the Reactor Vessel, Reactor; Internals, and Surrounding Structures; Asbestos Removal (project complete); Development of Low Level Waste Management Plan; and Miscellaneous Decommissioning Planning Activities.

Decision 03-10-014

Issued October 2, 2003, approved disbursement of \$0.95 million requested in the 2002 NDCTP for the following scope of work:

**ATTACHMENT 1
ADVICE LETTER 2876-E**

- Increased scope in the Mitigation of Cassion In-Leakage Project, \$0.56 million;
- Increased scope in the Removal and Replacement of Ventilation Stack, \$0.74 million; and
- Decreased costs in the Site Radiological Survey Project, \$-0.35 million.

Resolution E-3912

Issued February 24, 2005, approved the disbursement of \$35.9 million requested in Advice Letter 2565-E for the following scope of work:

- Increased Nuclear Regulatory Commission (NRC) review fees based on detailed level of review of a high seismic design, \$0.9 million;
- Fabrication of dry cask storage system, \$25.1 million;
- Construction of dry cask vault, \$4.4 million; and
- Cask loading activities, \$5.5 million.

Subtotal of CPUC Approved Trust Requests \$66.9 million

Advice Letter 2876-E:

Filed August 7, 2006, requests the disbursement of \$2.59 million for the following scope of work:

- Shipment & Burial of Spent Fuel Pool Irradiated Hardware, \$0.92 million;
- Removal & Disposal of Abandoned Equipment, \$0.63 million; and
- Multi-Agency Radiation Survey and Site Investigation Manual (MARSSIM) Study, \$1.03 million.

Total CPUC Trust Requests

Non ISFSI funding requested disbursement from Trusts	\$23.08 million
Total ISFSI funding requested disbursement from Trusts	\$46.40 million
Total funding requested disbursement from Trusts	\$69.48 million

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Ancillary Services Coalition
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services
Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynergy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Hanna & Morton
Heeg, Peggy A.
Hitachi Global Storage Technologies
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
IUCG/Sunshine Design LLC
J. R. Wood, Inc
JTM, Inc
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
Navigant Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
OnGrid Solar
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Praxair, Inc.
Price, Roy
Product Development Dept
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Smurfit Stone Container Corp
Southern California Edison
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Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc
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WMA