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April 13, 2010

**Advice 3649-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Request Approval of the Disbursement of Funds from the Humboldt Bay Power Plant Unit 3 Nuclear Decommissioning Trusts**

**Purpose**

Pacific Gas and Electric Company (PG&E) hereby requests approval of the disbursement of up to \$119.9 million from the Humboldt Bay Unit 3 Nuclear Decommissioning Master Trusts (Trusts). This request is to fund decommissioning activities at Humboldt Bay Power Plant Unit 3 (HBPP or Humboldt Unit 3) from May 2010 through December 2011.

The specific tasks for which funding is sought are: 1) ongoing storage and caretaking of the Independent Spent Fuel Storage Installation (ISFSI) (\$7.2 million); 2) decommissioning fixed labor overhead (\$37.0 million); 3) packaging, transporting and disposal of Low Level Radioactive Waste (LLRW) (\$34.0 million); 4) removal of plant equipment and systems (\$16.5 million); 5) reactor vessel removal (\$20.1 million); and 6) purchase tools and equipment (\$5.1 million). A detailed description of these scopes of work is contained in Attachment 1.

PG&E has collected revenues to fund the decommissioning Trusts, and drawing upon the Trusts for these activities will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Since this Advice Letter is consistent with authority the California Public Utilities Commission (CPUC or the Commission) previously granted in Resolution E-4258, PG&E respectfully requests that it be effective 30 days after the date of filing.

**Background**

Humboldt 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. In Decision (D).03-10-014, the Commission approved a decommissioning plan to commence decommissioning Humboldt Unit 3 in 2006 (later extended to 2009).

The 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 per D.85-12-022, and from 2003 through 2009 per CPUC D.03-020-014 and D.07-01-003, which respectively approved PG&E’s 2002 and 2005 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) Applications. As of December 31, 2009, the Trusts had a liquidation value of \$320.1 million, a market value of \$327.0 million, and an expense-equivalent value of \$372.3 million.<sup>1</sup>

On several prior occasions, the Commission has authorized Trust disbursements to fund specific activities in preparation for decommissioning of HBPP.<sup>2</sup> In Resolution E-4258, the Commission approved PG&E’s request for authorization to access the Trusts for Interim Disbursements (as defined in the Trusts) to fund decommissioning activities. Resolution E-4258 directed that PG&E continue to seek specific disbursements through Advice Letter filings. It also directed that the procedures for reviewing and determining the reasonableness of actual expenditures would be determined in PG&E’s 2009 NDCTP, A.09-04-007.

In Resolution E-4268, the Commission authorized the withdrawal of \$57.3 million to fund certain specified decommissioning activities at HBPP Unit 3 through May 2010. The Commission reaffirmed that the decommissioning projects and activities for which disbursement was authorized would be reviewed for reasonableness according to the procedures adopted by the Commission in A.09-04-007.

This Advice Letter requests authorization for continued funding of HBPP decommissioning activities from May 2010 through December 2011. The \$119.9 million requested in this filing represents approximately 37 percent of the total current value of the Trusts. The activities incorporated in this Advice Letter were included in the TLG Decommissioning Cost Estimate filed in A.09-04-007.<sup>3</sup> These scopes of work are distinct from the operations and maintenance activities

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<sup>1</sup> The liquidation value of the trusts reflects the amount available, after taxes, to pay for nuclear decommissioning projects.

<sup>2</sup> Commission Resolution E-4268 sets out each of these prior requests.

<sup>3</sup> The Motion of Southern California Edison Company (U338-E), San Diego Gas & Electric Company (U902-E), Pacific Gas And Electric Company (U 39 M), and The Utility Reform Network for Approval of a Settlement Agreement in A.09-04-009 and A.09-04-007 is pending Commission disposition.

performed under SAFSTOR and, consistent with prior Commission decisions, PG&E is not requesting any funding for SAFSTOR through this Advice Letter.

As with previously approved disbursements from the Trusts, PG&E will maintain separate accounting to record costs of these activities, and the related transactions with the Trusts, to permit cost monitoring. In accordance with Ordering Paragraph 2 of Resolution E-4268, PG&E will seek disbursement from the Trusts for activities granted herein only after PG&E has incurred and paid the costs for the activities, or through the advance withdrawal procedures authorized in Section 2.01(5) of the Trusts. Actual expenditures will be reviewed after completion in accordance with the procedures adopted by the Commission in A.09-04-007.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **May 3, 2010**, which is 20 days from the date of this filing. Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjj@cpuc.ca.gov](mailto:jjj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Copies also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. Mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-6520  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**EFFECTIVE DATE**

PG&E requests that this advice filing, upon Energy Division approval, become effective **May 13, 2010**.

**NOTICE**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for A.09-04-009 and A09-04-007. Address changes should be directed to [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs/>

A handwritten signature in cursive script that reads "Jane Yura" followed by a smaller signature that appears to be "SAG".

Vice President – Regulation and Rates

Attachments:

Attachment 1: Proposed Project Activities and Costs

cc: Service List A.09-04-007

# 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 (ID U39 M)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: **Greg Backens**

Phone #: **415-973-4390**

E-mail: **gab4@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) #: **3649-E**

**Tier:2**

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

Keywords : **Nuclear**

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Resolution E-4258**

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required?  Yes  No

Requested effective date: **May 13, 2010**

No. of tariff sheets: N/A

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 proposed: N/A

Protests, dispositions, 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**

**Tariff Files, Room 4005**

**DMS Branch**

**505 Van Ness Ave., San Francisco, CA 94102**

**jnj@cpuc.ca.gov and mas@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Jane K. Yura, Vice President, Regulation and Rates**

**77 Beale Street, Mail Code B10B**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

## **Proposed Project Activities and Costs**

### **PG&E Advice Letter 3649-E**

#### **1. Operation and Maintenance of the Independent Spent Fuel Installation (ISFSI)**

The used fuel at Humboldt Unit 3 is located in the Independent Spent Fuel Storage Installation (ISFSI). PG&E received initial funding of \$4.0 million through Advice Letter 3147-E, and an additional \$2.5 million through Advice Letter 3483-E for funding through May 2010. The ongoing costs for extended storage and caretaking of the ISFSI, including but not limited to security at the ISFSI, NRC fees, NRC inspections, and equipment upgrades/replacement through 2011 are an additional \$7.2 million.

#### **2. HBPP Decommissioning Labor Expenses**

This request is for labor costs through December 2011. This labor includes management positions, safety oversight, procurement, finance, licensing support, radiation protection, and engineering. Significant technical and engineering planning and evaluation must be performed in preparation for the physical decommissioning activities included in Items 4 and 5 below. Technical requirements documents will be prepared for systems and components during this time-frame and these requirements will then be transferred into specific documents for the preparation of material and service contracts and for the preparation of detailed work plans and work authorization documents. Clearance coordinators will continue to play a vital role in identification, marking, and clearing energized and active systems. Decommissioning planners will prepare project management plans, rigging plans, and detailed step-by-step work packages, assist with the development of requests for proposals for items such as large cranes, specialized cutting equipment, and material handling equipment. The conceptual planners will perform walk downs to evaluate the best approach to rig, lift and remove plant systems and components to grade. They will also identify and incorporate best practices to size reduce and convey materials out of a building including selection of equipment and tools, prepare graphic illustrations to convey material handling aspects needed to rig, lower, and size reduce large plant components, and incorporate and integrate best ALARA practices and shipping and container consideration for each work package. Other engineering and planning work activities performed during this period include evaluating alternatives for the removal of highly radioactive components, identifying specialty contractors, selecting the methodology and requirements for systems decontamination, preparing procedures for radioactive material disposal, and designing and procuring specialty tooling. The estimate for this scope of work through 2011 is \$37.0 million.

#### **3. Packaging/Transporting/Disposal of Low Level Radioactive Waste (LLRW)**

Components removed in the decontamination and dismantling of Humboldt Unit 3 will be routed to an on-site central packaging and processing area. This includes the processing of dry active waste (DAW), resins, filter media, metallic and non-metallic components generated in the decommissioning. Contaminated

material will be characterized, packaged, and transported for disposal at the appropriate Low Level Radioactive Waste disposal facility. The estimate for this scope of work is \$34.0 million through 2011.

#### **4. Removal of Plant Equipment and Systems**

This request includes the dismantling and decontamination of selected systems and components, including the major turbine components, such as the generator, turbine, and condenser. Additionally, it includes removal of piping, pumps, heat exchangers, and associated mechanical and electrical components, electrical control boards, distribution buses, transformers, equipment and piping in the Hot Machine Shop, and equipment and components in the refueling building. The estimate for this scope of work is an additional \$16.5 million. A summary by work area is listed below:

Turbine Building Work Scope	\$3.1 million
Refueling Building Work Scope	\$1.2 million
Yard Facilities Work Scope	\$1.1 million
Intra-structure Special Projects	\$5.1 million
Other areas	\$6.0 million
(Includes Radwaste Facilities, Hot Machine Shop, Replacement of Liquid Radwaste system)	

#### **5. Reactor Vessel Removal**

Complete the evaluation of the means, methods and options for the removal, transportation, and disposal of the reactor pressure vessel. The scope of work for the study include: (1) licensing and permitting requirements; (2) segmentation and/or removal services; (3) packaging and transportation services; (4) disposal services; (5) mobilization and demobilization requirements; (6) level 2 planning and implementing schedule; and (7) a risk assessment.

The physical removal of the reactor vessel is planned to begin in June 2011; this is a critical path activity because of the fourteen month planning effort needed to determine the best method to remove and dispose of the reactor vessel. Once a removal contractor is selected, the removal team will mobilize twelve months prior to start of work, thus this planning effort to meet the June 2011 milestone is a long lead planning activity. In addition, to support a complete characterization of the reactor vessel, work packages and field work will be conducted by PG&E and contractors to obtain surveys of the reactor vessel and to prepare the reactor vessel for access. To prepare the reactor vessel for removal, the shield plug, drywell head, steam line and reactor vessel head will be removed and disposed of at a LLRW disposal site. The planning and physical work to access the reactor vessel is included in this advice letter as well as the initial removal activities of the reactor vessel.

The total estimate for this scope of work is \$20.1 million through 2011. This cost does not represent the total cost estimate for the removal and disposal of the Reactor Vessel, which is planned to be completed in 2012.

#### **6. Purchase Tools and Equipment**

An adequate tool and equipment supply is needed to perform the decommissioning activities. The tools and equipment purchased during this phase will be limited to

that needed for the scope of work approved. However, some items needed in this phase will also be used throughout the remainder of the decommissioning project. Examples of such tools include tool cribs, manlifts, rigging, and scaffolding. The total estimate for tools and equipment for this phase of the project is \$5.1 million.

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

Alcantar & Kahl	Defense Energy Support Center	Northern California Power Association
Ameresco	Department of Water Resources	Occidental Energy Marketing, Inc.
Anderson & Poole	Department of the Army	OnGrid Solar
Arizona Public Service Company	Dept of General Services	Praxair
BART	Division of Business Advisory Services	R. W. Beck & Associates
BP Energy Company	Douglass & Liddell	RCS, Inc.
Barkovich & Yap, Inc.	Downey & Brand	Recon Research
Bartle Wells Associates	Duke Energy	SCD Energy Solutions
Bloomberg New Energy Finance	Dutcher, John	SCE
Boston Properties	Economic Sciences Corporation	SMUD
C & H Sugar Co.	Ellison Schneider & Harris LLP	SPURR
CA Bldg Industry Association	Foster Farms	Santa Fe Jets
CAISO	G. A. Krause & Assoc.	Seattle City Light
CLECA Law Office	GLJ Publications	Sempra Utilities
CSC Energy Services	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	Green Power Institute	Silicon Valley Power
California Energy Commission	Hanna & Morton	Silo Energy LLC
California League of Food Processors	Hitachi	Southern California Edison Company
California Public Utilities Commission	International Power Technology	Sunshine Design
Calpine	Intestate Gas Services, Inc.	Sutherland, Asbill & Brennan
Cameron McKenna	Los Angeles Dept of Water & Power	Tabors Caramanis & Associates
Cardinal Cogen	Luce, Forward, Hamilton & Scripps LLP	Tecogen, Inc.
Casner, Steve	MBMC, Inc.	Tiger Natural Gas, Inc.
Chris, King	MRW & Associates	Tioga Energy
City of Glendale	Manatt Phelps Phillips	TransCanada
City of Palo Alto	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	U S Borax, Inc.
Coast Economic Consulting	Mirant	United Cogen
Commerce Energy	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
Consumer Federation of California	Morrison & Foerster	Verizon
Crossborder Energy	NRG West	Wellhead Electric Company
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
	North Coast SolarResources	