

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



September 10, 2010

**Advice Letter 3712-E**

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, CA 94177

**Subject: Update to the 2010-2012 Nuclear Decommissioning Trust  
Revenue Requirements in Compliance with D.10-07-047**

Dear Ms. Yura:

Advice Letter 3712-E is effective September 8 , 2010.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Jane K. Yura**  
Vice President  
Regulation and Rates

*Mailing Address*  
Mail Code B10B  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177  
Fax: 415.973.6520

August 9, 2010

**Advice 3712-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Update to the 2010-2012 Nuclear Decommissioning Trust  
Revenue Requirements in Compliance with Decision 10-07-047**

**Purpose**

Pacific Gas and Electric Company (PG&E) hereby submits the updated 2010-2012 revenue requirements for nuclear decommissioning in accordance with Ordering Paragraph (OP) 3 of Decision (D.)10-07-047.

**Background**

On April 3, 2009, PG&E filed its 2009 Nuclear Decommissioning Cost Triennial Proceeding Application (A).09-04-007. In A.09-04-007, PG&E requested, among other items, the authorization of a nuclear decommissioning revenue requirement for 2010 through 2012, with rates effective January 1, 2010. The Commission consolidated PG&E's application with the joint application of Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E), A.09-04-009. An August 3, 2009 ruling divided the proceeding into two phases, and provided that issues relating to trust fund management would be considered in Phase 2.

D.10-07-047, effective July 29, 2010, resolved all issues in Phase 1.

In compliance with OP 3 of D.10-07-047, PG&E is hereby providing the updated 2010-2012 nuclear decommissioning Qualified and Non-Qualified Trust fund contribution amounts and revenue requirements, as described and adjusted in the Decision. This update will serve as the basis for the required IRS Schedule of Ruling Amounts for years 2010-2012.

The resulting 2010 through 2012 annual revenue requirement amounts are as follows<sup>1</sup>:

<b>Annual Revenue Requirement</b>			
<b>In Millions of Dollars</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>
Humboldt SAFSTOR	9.320	9.524	9.734
Diablo Canyon Unit 1 Nuclear Decommissioning	4.721	4.721	4.721
Diablo Canyon Unit 2 Nuclear Decommissioning	4.409	4.409	4.409
Humboldt Nuclear Decommissioning	<u>23.050</u>	<u>23.050</u>	<u>23.050</u>
Total*	<u>41.501</u>	<u>41.705</u>	<u>41.914</u>

\*Some differences in totals due to rounding

In determining revenue requirements consistent with the funding assumptions and parameters adopted in D.10-07-047, this advice letter uses actual 2009 year-end trust fund balances to calculate the revenue requirements where appropriate. Using 2009 actual year-end balances conforms to tax law requirements and provides for more accurate trust funding consistent with the Decision.<sup>2</sup> In addition, PG&E notes that as of the dates of its 2009 NDCTP filing and the subsequent hearings last year, the State of California had not yet conformed to the Federal law changes allowing for a transfer of amounts from the Humboldt Non-Qualified Trust to the Humboldt Qualified Trust which effectively increases the qualifying percentage for funding of the Humboldt Qualified Trust to 100% (from 50%). However, on April 12, 2010, the Governor signed Senate Bill 401, the Conformity Act of 2010. This Act changes California's conformity date to the Internal Revenue Code from January 1, 2005, to January 1, 2009 and incorporates the Federal changes that would allow such a transfer. Inasmuch as PG&E is currently withdrawing funds first from the Humboldt Non-Qualified Trust before the Humboldt Qualified Trust, it will determine if it is economically beneficial to transfer funds from the Humboldt Non-Qualified Trust to the Humboldt Qualified Trust prior to the next NDCTP. If so, PG&E will submit a Ruling Request with the IRS seeking permission to transfer the amounts, and upon approval, subsequently file an advice letter with the Commission for the transfer of funds.

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<sup>1</sup> Supporting workpapers for the Diablo Canyon Units 1 and 2 and Humboldt Unit 3 2010 through 2012 nuclear decommissioning annual funding calculation and revenue requirement are available upon request.

<sup>2</sup> PG&E calculated revenue requirements using trust fund balances as of December 31, 2009, where appropriate, per D.10-07-047. However, per Conclusion of Law 16, the Commission approved an annual contribution of \$9 million to the Diablo Canyon qualified trusts, with the associated rate of return and fixed income assumptions to be adjusted to reach this funding requirement

**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 21 days after the date of this filing, which is **August 30, 2010**. Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4th Floor  
505 Van Ness Avenue  
San Francisco, CA 94102

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

Copies of protests 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:

Pacific Gas and Electric Company  
Attention: Jane Yura  
Vice President, Regulation and Rates  
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**

Per D.10-07-047, PG&E requests that this advice letter become effective on **September 8, 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 on the service list for A.09-04-007. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

*Jane Yura - OB*

Vice President – Regulation and Rates

Attachments:

- Confidential Attachment 1: 2009 NDCTP - DCPD Funding Amounts Per Decision 10-07-047
- Confidential Attachment 2: 2009 NDCTP - HBPP Funding Amounts Per Decision 10-07-047
- Confidential Attachment 3: 2009 NDCTP - Calculated Revenue Requirements Per Decision 10-07-047

cc: Service List for 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: Olivia Brown

Phone #: 415.973.9312

E-mail: oxb4@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) #: 3712-E

**Tier: 2**

Subject of AL: Update to the 2010-2012 Nuclear Decommissioning Trust Revenue Requirements in Compliance with Decision 10-07-047

Keywords (choose from CPUC listing): Compliance, Nuclear

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-07-047

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: N/A

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: September 8, 2010

No. of tariff sheets: N/A

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

Estimated system average rate effect (%): N/

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). N/A

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](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)**

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

Alcantar & Kahl	Department of Water Resources	Northern California Power Association
Ameresco	Department of the Army	Occidental Energy Marketing, Inc.
Anderson & Poole	Dept of General Services	OnGrid Solar
Arizona Public Service Company	Division of Business Advisory Services	Praxair
BART	Douglass & Liddell	R. W. Beck & Associates
BP Energy Company	Downey & Brand	RCS, Inc.
Barkovich & Yap, Inc.	Duke Energy	Recon Research
Bartle Wells Associates	Dutcher, John	Recurrent Energy
Bloomberg New Energy Finance	Economic Sciences Corporation	SCD Energy Solutions
Boston Properties	Ellison Schneider & Harris LLP	SCE
Brookfield Renewable Power	Foster Farms	SMUD
C & H Sugar Co.	G. A. Krause & Assoc.	SPURR
CA Bldg Industry Association	GLJ Publications	Santa Fe Jets
CAISO	Goodin, MacBride, Squeri, Schlotz & Ritchie	Seattle City Light
CLECA Law Office	Green Power Institute	Sempra Utilities
CSC Energy Services	Hanna & Morton	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	Hitachi	Silicon Valley Power
California Energy Commission	International Power Technology	Silo Energy LLC
California League of Food Processors	Intestate Gas Services, Inc.	Southern California Edison Company
California Public Utilities Commission	Lawrence Berkeley National Lab	Sunshine Design
Calpine	Los Angeles Dept of Water & Power	Sutherland, Asbill & Brennan
Cameron McKenna	Luce, Forward, Hamilton & Scripps LLP	Tabors Caramanis & Associates
Cardinal Cogen	MAC Lighting Consulting	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
Defense Energy Support Center	North America Power Partners	
	North Coast SolarResources	