

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 10, 2010

Advice Letter 3720-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: Diablo Canyon Seismic Studies Balancing Account

Dear Ms. Yura:

Advice Letter 3720-E is effective August 12 , 2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division

August 18, 2010

Advice 3720-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Diablo Canyon Seismic Studies Balancing Account

Pacific Gas and Electric Company ("PG&E") hereby submits revisions to its electric tariffs. The affected tariff sheets are listed on Attachment 1.

Purpose

This filing complies with Ordering Paragraph ("OP") 1 of Decision ("D.") 10-08-003 ("the Decision"), which authorized PG&E to establish a Diablo Canyon Seismic Studies Balancing Account ("DCSSBA") to record and recover its actual costs of conducting additional seismic studies, including its costs associated with the California Public Utilities Commission ("Commission") established Independent Peer Review Panel ("IPRP"), up to a cap of \$16.73 million.

Background

On August 12, 2010, the Commission adopted D.10-08-003, which approved PG&E's request for funding to perform additional seismic studies in the area at and around the Diablo Canyon Power Plant recommended by the California Energy Commission ("CEC") in the CEC's November 2008 Report titled "An Assessment of California's Nuclear Power Plants: AB 1632 Report." The additional seismic studies involve the performance of detailed two-dimensional and three-dimensional seismic surveys.

Pursuant to OP 1 of the Decision, PG&E submits the DCSSBA for inclusion in its tariffs for electric service. PG&E is allowed to record costs in the DCSSBA for the additional seismic studies, including costs incurred associated with the Commission established IPRP, up to a cap of \$16.73 million.¹ The IPRP is responsible for conducting peer review of the additional seismic studies approved in D.10-08-003, specifically independently reviewing and commenting on PG&E's seismic study plan and completed seismic study findings and results.

¹ Ordering Paragraph 8 of D.10-08-003 authorizes PG&E to file a motion to reopen A.10-01-014 when PG&E believes the seismic studies costs authorized by D.10-08-003 will exceed \$16.73 million.

The DCSSBA will record the difference between the adopted forecast costs and the actual recorded costs. Costs recorded to the DCSSBA shall be recovered in the Utility Generation Balancing Account (“UGBA”), or its successor, as part of the Annual Electric True-up filing for recovery through CPUC-jurisdictional rates, starting in 2011.

The authorized revenue requirement associated with PG&E’s owned generation facilities will include the costs associated with the Diablo Canyon additional seismic studies, effective January 1, 2011, commensurate with the authorization to start recovery of costs through rates.

Tariff Revisions

PG&E proposes to include in its tariffs one new balancing account: the Diablo Canyon Seismic Studies Balancing Account (“DCSSBA”).

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 **September 7, 2010**, which is 20 days after 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: jjn@cpuc.ca.gov and mas@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:

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

Effective Date

PG&E requests that this Tier 2 advice filing become effective as of **August 12, 2010**, so that costs related to the Diablo Canyon seismic studies requested in Application ("A.") 10-01-014 can be tracked in the DCSSBA commensurate with the effective date of D.10-08-003.

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 parties on the service list for A.10-01-014. Address changes to the General Order 96-B service list should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Vice President - Regulation and Rates

cc: Service List A.10-01-014

Attachments

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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3720-E**

Tier: 2

Subject of AL: Diablo Canyon Seismic Studies Balancing Account

Keywords (choose from CPUC listing): Compliance, Balancing Account, Nuclear

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.10-08-003

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 AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

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

Resolution Required? Yes No

Requested effective date: **August 12, 2010**

No. of tariff sheets: 4

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: Electric Preliminary Statement Part FM

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: 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 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

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling Cal
P.U.C. Sheet No.**

29615-E ELECTRIC PRELIMINARY STATEMENT PART
FM
DIABLO CANYON SEISMIC STUDIES
BALANCING ACCOUNT (DCSSBA)
Sheet 1

29616-E ELECTRIC PRELIMINARY STATEMENT PART
FM
DIABLO CANYON SEISMIC STUDIES
BALANCING ACCOUNT (DCSSBA)
Sheet 2

29617-E ELECTRIC TABLE OF CONTENTS
Sheet 1

29553-E

29618-E ELECTRIC TABLE OF CONTENTS
PRELIMINARY STATEMENT
Sheet 9

29554-E



Sheet 1 (N)

ELECTRIC PRELIMINARY STATEMENT PART FM
 DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA) (N)

FM. DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA) (N)

1. **PURPOSE:** The purpose of the DCSSBA is to record and track costs associated with conducting additional seismic studies and other related activities to implement the California Energy Commission Assembly Bill 1632 Report recommendations, as set forth in Application 10-01-014 and approved in Commission Decision 10-08-003 on August 12, 2010. (N)
2. **APPLICABILITY:** The DCSSBA shall apply to all electric customers except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balance in the account shall be through the Annual Electric True-Up (AET) advice letter process via the Utility Generation Balancing Account (UGBA), or its successor, or through another proceeding as authorized by the Commission.
4. **RATES:** The DCSSBA does not have a separate rate component.
5. **INDEPENDENT PEER REVIEW PANEL (IPRP) SUB ACCOUNT:**
 This sub-account is established to recover costs incurred by PG&E to comply with directions issued by the CPUC established Independent Peer Review Panel (IPRP). Costs incurred by the IPRP shall be reimbursed by PG&E and recovered in the DCSSBA.
6. **ACCOUNTING PROCEDURE:**
 PG&E shall make entries at the end of each month as follows:
 a) **DCSSBA**
 1. A debit entry equal to any costs associated with conducting additional seismic studies and other related activities as set forth above.
 2. A credit entry equal to the debit to UGBA based on the forecast of expenses adopted in D.10-08-003 (one twelfth of \$2.63 million for 2011, \$11.78 million for 2012, and \$2.32 million for 2013).
 3. A debit or credit entry equal to interest on the average balance in the DCSSBA at the beginning of the month and the balance at the end of the month, at a rate equal to one-twelfth the interest rate on a three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.
 4. An annual debit or credit entry to transfer the balance in the DCSSBA to the UGBA, or another mechanism as authorized by the Commission, for recovery in rates, grossed up for franchise fees and uncollectibles. (N)

(Continued)

Advice Letter No: 3720-E
 Decision No. 10-08-003

Issued by
Jane K. Yura
 Vice President
 Regulation and Rates

Date Filed August 18, 2010
 Effective August 12, 2010
 Resolution No. _____



Sheet 2 (N)

ELECTRIC PRELIMINARY STATEMENT PART FM
 DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA) (N)

FM. DIABLO CANYON SEISMIC STUDIES BALANCING ACCOUNT (DCSSBA) (Cont'd.) (N)

6. ACCOUNTING PROCEDURE (CONT'D.): (N)

b) IPRP Sub Account (N)

1. A debit entry equal to costs incurred by PG&E as a result of complying with directions issued by the IPRP and costs incurred by the IPRP that are reimbursed by PG&E. | (N)
2. A debit entry equal to interest on the average balance in the account at the beginning of the month and the balance at the end of the month, at a rate equal to one-twelfth the interest rate on a three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor. | (N)
3. An annual credit entry to transfer the amounts recorded in the IPRP sub account to the UGBA, or another mechanism as authorized by the Commission, for recovery in rates. | (N)



ELECTRIC TABLE OF CONTENTS

Sheet 1

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PRELIMINARY STATEMENT

Sheet 9

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(Continued)

Advice Letter No: 3720-E
 Decision No. 10-08-003

Issued by
Jane K. Yura
 Vice President
 Regulation and Rates

Date Filed August 18, 2010
 Effective August 12, 2010
 Resolution No. _____

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

Alcantar & Kahl
Ameresco
Anderson & Poole
Arizona Public Service Company
BART
BP Energy Company
Barkovich & Yap, Inc.
Bartle Wells Associates
Bloomberg New Energy Finance
Boston Properties
Brookfield Renewable Power
C & H Sugar Co.
CA Bldg Industry Association

CAISO
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cameron McKenna
Cardinal Cogen
Casner, Steve
Chris, King
City of Glendale
City of Palo Alto
Clean Energy Fuels
Coast Economic Consulting
Commerce Energy
Commercial Energy
Consumer Federation of California
Crossborder Energy

Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center

Department of Water Resources
Department of the Army
Dept of General Services
Division of Business Advisory Services
Douglass & Liddell
Downey & Brand
Duke Energy
Dutcher, John
Economic Sciences Corporation
Ellison Schneider & Harris LLP
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GLJ Publications
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North America Power Partners
North Coast SolarResources

Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
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SMUD
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Tiger Natural Gas, Inc.
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Verizon
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Communities Association (WMA)
eMeter Corporation