

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



May 20, 2009

**Advice Letter 3448-E**

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Diablo Canyon Unit 1 Steam Generator Replacement  
(Utility Generation Balancing Account Revenue Requirement)**

Dear Mr. Cherry:

Advice Letter 3448-E is effective March 31, 2009.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



April 3, 2009

**Advice 3448-E**

(Pacific Gas and Electric Company ID U39M)

Public Utilities Commission of the State of California

**Subject: Diablo Canyon Unit 1 Steam Generator Replacement  
(Utility Generation Balancing Account Revenue Requirement)**

Pacific Gas and Electric Company (PG&E) hereby submits the adjustment to the authorized revenue requirement associated with PG&E's owned generation facilities to include the costs associated with the replacement of the steam generators at Diablo Canyon Power Plant Unit 1, effective March 31, 2009. This filing is submitted in compliance with Ordering Paragraph 5 Decision (D.) 05-11-026<sup>1</sup>.

**Background**

Ordering Paragraph 5 of D.05-11-026 states that "PG&E shall record in the Utility Generation Balancing Account (UGBA) the revenue requirement associated with plant additions up to the cap as of the date of operation of each unit." As presented in Application (A.) 04-01-009, updated for current cost of capital and property tax factors, the revenue requirement for the replacement of the Unit 1 steam generators for the period April 16, 2009, through December 31, 2009, is \$39.786 million. This amount annualized is \$56.168 million ( $(\$39.786 / 8.5) \times 12$ ). PG&E will prorate the increased revenue requirement to March 31, the date Unit 1 returned to full power operation, when recording the authorized generation revenue requirement in UGBA for March.

In addition, D.05-11-026 ordered PG&E to, "include the revenue requirement associated with each unit in rates subject to refund, up to . . . \$380 million [capital cost] for Unit 2, on January 1 of the year following commercial operation [of the unit]." (Ordering Paragraph 6.) In compliance with the Commission's order, PG&E

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<sup>1</sup> On April 2, 2009, PG&E submitted a letter to CPUC Executive Director Paul Clanon to inform him that the second phase (Unit 1) of PG&E's Diablo Canyon Power Plant Steam Generator (SG) Replacement Project has reached completion.

will file an additional Advice Letter requesting to place the calculated revenue requirement for Unit 1 into rates effective January 1, 2010. In that Advice Letter, PG&E will also request disposition in a timely manner so that the Unit 1 revenue requirement may be consolidated with the company's Annual Electric True-Up filing, which will be filed on or before September 1, 2009, and supplemented in December 2009 for an update of regulatory accounts and consolidation of several intercalary Commission actions.

Table 1, attached, shows the cumulative adjustments to the electric generation base revenue amounts authorized in the 2007 GRC through March 31, 2009. Table 1 includes the revenue requirement authorized for the Gateway Generating Project in Advice 3362-E.

### **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 **April 23, 2009**, 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: [inj@cpuc.ca.gov](mailto:inj@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:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**EFFECTIVE DATE**

In accordance with D.07-03-044, PG&E requests this advice filing be effective **March 31, 2009. PG&E submits this as a Tier 1 filing.**

**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 Application (A.) 04-01-009. Address changes should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

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

A handwritten signature in cursive script that reads "Brian H. Cherry / drc".

Vice President – Regulatory Relations

cc: President Michael Peevey  
Jeffery O' Donnell, Administrative Law Judge  
Dana Appling, Director, Division of Ratepayer Advocates  
Paul Clanon, Executive Director, CPUC  
Julie Fitch, Director, Energy Division  
Don Lafrenz, Energy Division  
Service List for A.04-01-009

Table 1  
PACIFIC GAS AND ELECTRIC COMPANY  
Electric Generation Revenue Requirement  
From 2007 GRC through 2009  
(Thousands of Dollars)

2007 Adopted GRC RRQ	1,019,755
less: Other Operating Revenue	10,120
less: FERC jurisdictional amount	
<b>2007 Base Revenue Amount (Eff. 1/1/07)</b>	<b>1,009,635</b>
Office Closures	0
<b>2007 Base Revenue Amount (Eff. 8/1/07)</b>	<b>1,009,635</b>
2008 Attrition Adjustment	40,000
2008 Cost of Capital	0
<b>2008 Base Revenue Amount (Eff. 1/1/08)</b>	<b>1,049,635</b>
Diablo Canyon Unit 2 Steam Generator Replacement	63,392
<b>2008 Base Revenue Amount (Eff. 4/16/08)</b>	<b>1,113,027</b>
2009 Attrition Adjustment	40,000
Diablo Canyon Refueling	35,000
2009 Cost of Capital	0
Diablo Canyon Unit 2 Steam Generator Replacement Reverse 2008 Revenue Requirement Add 2009 Revenue Requirement	(63,392) 69,445
<b>2009 Base Revenue Amount (Eff. 1/1/09)</b>	<b>1,194,080</b>
Gateway Generating Station	81,140
<b>2009 Base Revenue Amount (Eff. 1/4/09)</b>	<b>1,275,220</b>
Diablo Canyon Unit 1 Steam Generator Replacement	56,168
<b>2009 Base Revenue Amount (Eff. 3/31/09)</b>	<b>1,331,388</b>

# 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: Daren Chan

Phone #: (415) 973-5361

E-mail: [DICT@pge.com](mailto:DICT@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) #: **3448-E**

**Tier: 1**

Subject of AL: Diablo Canyon Unit 1 Steam Generator Replacement (Utility Generation Balancing Account Revenue Requirement)

Keywords (choose from CPUC listing): Compliance

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.05-11-026

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:

Resolution Required?  Yes  No

Requested effective date: **March 31, 2009**

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

**Pacific Gas and Electric Company**

**Attn: Brian K. Cherry, Vice President, Regulatory Relations**

**77 Beale Street, Mail Code B10C**

**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**

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
C & H Sugar Co.	Foster Farms	SESCO
CA Bldg Industry Association	Foster, Wheeler, Martinez	SMUD
CAISO	Franciscan Mobilehome	SPURR
CLECA Law Office	G. A. Krause & Assoc.	Santa Fe Jets
CSC Energy Services	GLJ Publications	Seattle City Light
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Cotton Ginners & Growers Assn	Green Power Institute	Sequoia Union HS Dist
California Energy Commission	Hanna & Morton	Sierra Pacific Power Company
California League of Food Processors	Heeg, Peggy A.	Silicon Valley Power
California Public Utilities Commission	Hitachi	Smurfit Stone Container Corp
Calpine	Hogan Manufacturing, Inc.	Southern California Edison Company
Cameron McKenna	Imperial Irrigation District	St. Paul Assoc.
Cardinal Cogen	Innercite	Sunshine Design
Casner, Steve	International Power Technology	Sutherland, Asbill & Brennan
Cerox	Intestate Gas Services, Inc.	TFS Energy
Chamberlain, Eric	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chevron Company	JTM, Inc.	Tecogen, Inc.
Chris, King	Los Angeles Dept of Water & Power	Tiger Natural Gas, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
City of Palo Alto	MBMC, Inc.	TransCanada
City of San Jose	MRW & Associates	Turlock Irrigation District
Clean Energy Fuels	Manatt Phelps Phillips	U S Borax, Inc.
Coast Economic Consulting	Matthew V. Brady & Associates	United Cogen
Commerce Energy	McKenzie & Associates	Utility Cost Management
Commercial Energy	Meek, Daniel W.	Utility Resource Network
Constellation	Merced Irrigation District	Utility Specialists
Constellation New Energy	Mirant	Vandenberg Air Force
Consumer Federation of California	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Wellhead Electric Company
Davis Wright Tremaine LLP	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
		White & Case
Day Carter Murphy	New United Motor Mfg., Inc.	eMeter Corporation
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	