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.\(^1\)

On several prior occasions, the Commission has authorized Trust disbursements to fund specific activities in preparation for decommissioning of HBPP.\(^2\) 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.\(^3\) These scopes of work are distinct from the operations and maintenance activities

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\(^1\) The liquidation value of the trusts reflects the amount available, after taxes, to pay for nuclear decommissioning projects.

\(^2\) Commission Resolution E-4268 sets out each of these prior requests.

\(^3\) 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: jnj@cpuc.ca.gov and 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
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. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs/

[Signature]

Vice President – Regulation and Rates

Attachments:
Attachment 1: Proposed Project Activities and Costs

cc: Service List A.09-04-007
Company name/CPUC Utility No. Pacific Gas and Electric Company (ID U39 M)

Utility type:   Contact Person: Greg Backens
☑ ELC    ☑ GAS   ☐ PLC    ☐ HEAT    ☐ WATER
Phone #: 415-973-4390
E-mail: gab4@pge.com

EXPLANATION OF UTILITY TYPE
ELC = Electric    GAS = Gas    PLC = Pipeline    HEAT = Heat    WATER = Water

Advice Letter (AL) #: 3649-E
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.


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.
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
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
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Hitachi
International Power Technology
Intestate Gas Services, Inc.
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
McKenzie & Associates
Merced Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NKG West
New United Motor Mfg., Inc.
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recon Research
SCD Energy Solutions
SCE
SMUD
SPURR
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Sunshine Design
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
Tioga Energy
TransCanada
Turlock Irrigation District
U S Borax, Inc.
United Cogen
Utility Cost Management
Utility Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
eMeter Corporation