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,

Julie A. Fitch, Director
Energy Division
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.


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:\(^1\):

<table>
<thead>
<tr>
<th>Annual Revenue Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Millions of Dollars</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Humboldt SAFSTOR</td>
</tr>
<tr>
<td>Diablo Canyon Unit 1 Nuclear Decommissioning</td>
</tr>
<tr>
<td>Diablo Canyon Unit 2 Nuclear Decommissioning</td>
</tr>
<tr>
<td>Humboldt Nuclear Decommissioning</td>
</tr>
<tr>
<td>Total*</td>
</tr>
</tbody>
</table>

*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.\(^2\) 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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\(^1\) 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.

\(^2\) 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 and 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

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](http://www.pge.com/tariffs).
Vice President – Regulation and Rates

Attachments:
Confidential Attachment 1: 2009 NDCTP - DCPP 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
**Company name/CPUC Utility No.** Pacific Gas and Electric Company (ID U39 M)

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: Olivia Brown</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC ☑ GAS</td>
<td>Phone #: 415.973.9312</td>
</tr>
<tr>
<td>☑ PLC ☑ HEAT ☑ WATER</td>
<td>E-mail: <a href="mailto:oxb4@pge.com">oxb4@pge.com</a></td>
</tr>
</tbody>
</table>

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

**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:** ☑ One-Time

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? ☑ 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/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). 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  Pacific Gas and Electric Company
Tariff Files, Room 4005  Attn: Jane K. Yura, Vice President, Regulation and Rates
DMS Branch  77 Beale Street, Mail Code B10B
505 Van Ness Ave., San Francisco, CA 94102  P.O. Box 770000
jnj@cpuc.ca.gov and mas@cpuc.ca.gov  San Francisco, CA 94177
E-mail: PGETariffs@pge.com
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 Ginters & 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
Douglas & Liddell
Downey & Brand
Duke Energy
Dutcher, John
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
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Green Power Institute
Hanna & Morton
Hitachi
International Power Technology
Intestate Gas Services, Inc.
Lawrence Berkeley National Lab
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MAC Lighting Consulting
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
McKenzie & Associates
Merced Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NRG West
New United Motor Mfg., Inc.
Norris & Wong Associates
North America Power Partners
North Coast SolarResources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recon Research
Recurrent Energy
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