May 6, 2011

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: Modification to the Nuclear Decommissioning Adjustment Mechanism (NDAM) for Recovery of Independent Panel Costs in Compliance with D.10-07-047

Dear Ms. Yura:

Advice Letter 3827-E is effective May 1, 2011.

Sincerely,

Julie A. Fitch, Director
Energy Division
April 1, 2011

Advice 3827-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Modification to the Nuclear Decommissioning Adjustment Mechanism (NDAM) for Recovery of Independent Panel Costs in Compliance with Decision 10-07-047

Purpose

The purpose of this advice filing is to request approval from the California Public Utilities Commission (CPUC or the Commission) to revise PG&E’s Nuclear Decommissioning Adjustment Mechanism (NDAM), Electric Preliminary Statement DB pursuant to Ordering Paragraph (OP) 7 and Conclusion of Law No. 21 of Decision (D.)10-07-047 which allows for the recovery of PG&E’s portion of amounts paid to an independent panel for its report as authorized.

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.

On August 5, 2010, the CPUC issued D.10-07-047. Conclusion of Law No. 20, created an independent panel to review decommissioning related issues, including issuance of a final report with recommendations to be filed in the consolidated proceeding. Conclusion of Law No. 21, approving the work of the panel, further stated that “The independent panel’s work should be funded by an amount not to exceed $275,000 paid by the utilities through the NDAM account allocated based
on the nuclear generating capacity of the Diablo Canyon, SONGS and Palo Verde units. This is an appropriate decommissioning expense."

SCE’s share of the independent panel’s expenses was set at 46.62%, while PG&E’s share was set at 44.78% and SDG&E’s share was set at 8.60%. In accordance with OP 7¹ of D.10-07-047, PG&E submits the following:

- Revised NDAM Preliminary Statement DB (Attachment 1) – Modifying PG&E’s NDAM to permit recovery PG&E’s share of the independent panel costs.
- Joint Exhibit on Costs of the Independent Panel on Decommissioning Cost Estimates (Attachment 2) – Allocating a portion of the panel’s expenses to each of the participating utilities.

Consistent with D.10-07-047 PG&E proposes to modify its NDAM Preliminary Statement in order to implement the new authorized funding. PG&E proposes to add new tariff language in Section 5 of the Preliminary Statement:

A debit entry equal to PG&E’s share of recorded amounts paid to the independent panel for its report on nuclear decommissioning issues as authorized in D.10-07-047, or any other amounts upon subsequent approval by the CPUC.

Attachment 2 attached hereto contains the independent panel’s invoices totaling $274,999.75. Pursuant to the adopted allocation for the utilities, PG&E’s share of this amount is $123,145.89.

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 20 days after the date of this filing, which is April 21, 2011. 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 inji@cpuc.ca.gov

¹ In OP 7, the Commission set a due date of November 30, 2010 for this advice letter. However, in a letter dated November 18, 2010, CPUC Executive Director Paul Clanon granted the utilities an extension until March 31, 2011 to file the advice letter required by D. 10-07-047. Because March 31, 2011 is a CPUC holiday, PG&E submits this advice letter on the next business day.
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
PG&E requests that this advice filing become effective on May 1, 2011, which is 30 days after the date of filing. This Advice Letter is submitted as a Tier 2 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 on the service list for A.09-04-007. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

Vice President – Regulation and Rates

Attachments

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

Utility type:    Contact Person: Conor Doyle
☑ ELC       ☐ GAS       Phone #: 415-973-7817
☐ PLC       ☐ HEAT      E-mail: jcdt@pge.com
     ☐ WATER

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

Advice Letter (AL) #: 3827-E
Subject of AL: Modification to the Nuclear Decommissioning Adjustment Mechanism (NDAM) for Recovery of Independent Panel Costs in Compliance with Decision 10-07-047
Keywords (choose from CPUC listing): 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:
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: May 1, 2011
No. of tariff sheets: 3
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: DB.NUCLEAR DECOMMISSIONING ADJUSTMENT MECHANISM (NDAM)
Service affected and changes proposed:
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
jn@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
NUCLEAR DECOMMISSIONING ADJUSTMENT MECHANISM (NDAM)

1. PURPOSE: The purpose of the NDAM is to record the authorized Diablo Canyon Nuclear Power Plant (Diablo Canyon) and Humboldt Power Plant Nuclear Unit 3 (Humboldt) nuclear decommissioning revenue requirements and Humboldt SAFSTOR operating and maintenance (O&M) revenue requirements, and to provide full recovery of those costs.

2. APPLICABILITY: The NDAM balance shall apply to all customer bills for service under all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those rate schedules or contracts specifically excluded by the Commission.

3. REVISION DATE: Disposition of the balance in this account shall be determined through the advice letter process.

4. RATES: The NDAM rates are included in the effective rates set forth in each rate schedule as a separate non-bypassable charge.

5. ACCOUNTING PROCEDURES: The following entries shall be made each month:
   a. A debit entry equal to the annual authorized nuclear decommissioning and Humboldt SAFSTOR O&M revenue requirements divided by twelve.
   b. A debit entry equal to PG&E’s share of recorded amounts paid to the independent panel for its report on nuclear decommissioning issue as authorized in D.10-07-047, or any other amounts upon subsequent approval by the CPUC.
   c. A credit entry equal to the revenue from the NDAM rates.
   d. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.
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