

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



May 2, 2012

Advice Letter 3931-E

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

**Subject: Agreement for Purchase and Sale of Uranium between PG&E
and BHP Billiton Olympic Dam Corporation Pty Ltd.**

Dear Mr. Cherry:

Advice Letters 3931-E is effective April 19, 2012 per Resolution E-4480.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

October 21, 2011

Advice 3931-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Agreement for Purchase and Sale of Uranium Between Pacific Gas and Electric Company and BHP Billiton Olympic Dam Corporation Pty Ltd.

Pacific Gas and Electric Company ("PG&E") hereby submits this advice letter requesting expedited review of a long-term Agreement for Sale and Purchase of Uranium ("Agreement") between PG&E and BHP Billiton Olympic Dam Corporation Pty Ltd. ("BHP Billiton").

Background

On June 26, 2008, the California Public Utilities Commission ("CPUC" or "Commission") issued Resolution E-4177 approving PG&E's Conformed 2006 Long-Term Procurement Plan ("Procurement Plan"). Ordering Paragraph 3 of Resolution E-4177 states, "PG&E should use the approved Conformed 2006 LTTP to guide all future short- and long-term procurement practices." PG&E's Procurement Plan, Appendix C, outlines PG&E's approved Nuclear Fuel Procurement Plan including guidelines for pursuing activities outside of the scope of the plan. As noted in the approved Nuclear Fuel Procurement Plan, PG&E intends to ensure a secure nuclear fuel supply for Diablo Canyon Power Plant. PG&E's approved plan included the following specific recommendations for prudent and cost-effective procurement of nuclear fuel materials and services:

- Approval of the contract pricing terms and duration described in the Section B.1 (*See* 2006 Conformed Long-Term Procurement Plan, Appendix C, Section B.1, Sheets No. 110 – 112);
- Approval of the nuclear fuel procurement plan coverage targets for each segment of the nuclear fuel materials, uranium, conversion, and enrichment services (refer to Table Vol. 1, XIII CX-2);
- Approval of PG&E's participation in the development and implementation of the Fuelco Strategy Inventory partnership; and,

- Approval of proposed risk management measures.

In cases where a transaction is outside the scope of the Nuclear Fuel Procurement Plan, PG&E can seek approval of the transaction through an expedited advice letter process.

Request

PG&E requests that the Commission provide expedited review and approval of the Agreement. The Agreement's specific pricing terms and conditions are described in detail in Confidential Appendix A to this advice letter and a copy of the Agreement is included in Confidential Appendix B.

There are six major suppliers for uranium concentrates in the world--Cameco, Areva, Uranium One, Rio Tinto, Kazatomprom, and BHP Billiton. In addition, there are also several small suppliers of concentrates that function to supply uranium for domestic use in China, Japan, Iran, India and Brazil. The main objective of the Nuclear Fuel Procurement Plan is to maintain security of supply through supplier diversity. In general, the contracting for uranium concentrates is done under long-term agreements and this case is not an exception. The Agreement pricing terms are favorable, consistent with the pricing approved by the Commission in the Nuclear Fuel Supply Plan, and are competitive with the other suppliers of uranium concentrates based on PG&E's discussions with others in the industry. Other terms and conditions in the Agreement are reasonable, as explained in more detail in Confidential Appendix A, and are consistent with industry practice. The Agreement benefits customers by ensuring a stable supply of uranium for the Diablo Canyon Power Plant and is consistent with the Nuclear Fuel Procurement Plan.

Request for Confidential Treatment of Appendices

Under General Order 66-C and Public Utilities Code Section 583, the Commission may keep certain materials confidential so that they are not subject to public inspection. In particular, "information of a confidential nature" and information obtained in confidence from a third party "where disclosure would be against the public interest" is to be treated confidentially (*See* General Order 66-C, §§ 2.2, 2.8). For the purpose of this advice letter, PG&E is requesting that Confidential Appendix A (the contract summary) and Confidential Appendix B (the Agreement) be maintained as confidential by the Commission under General Order 66-C and Public Utilities Code Section 583.

As PG&E indicated above, there are a small number of uranium concentrates providers. Terms and conditions agreed to by one of those providers are highly confidential, and public disclosure would have a significant and detrimental impact if the other three suppliers could obtain this information. In addition, BHP Billiton provided terms and conditions to PG&E in confidence and has indicated that the terms and conditions of the agreement at issue in this advice letter are commercially highly sensitive. Finally, disclosure of this information would not be in the public interest. If nuclear services suppliers believed that contracting with PG&E would require them to disclose publicly the terms and conditions of their contracts, they may be unwilling to do any further contracting with PG&E. With such a small number of suppliers, this could result in

PG&E being unable to contract for nuclear fuel supplies or being forced to contract at a substantial premium. For these reasons, the transaction at issue in this advice letter should also be treated as confidential under General Order 66-C and Public Utilities Code Section 583.

Conclusion

PG&E requests that the Commission approve the Agreement attached in Confidential Appendix B. The Agreement provides pricing terms that are favorable and competitive with the other concentrates suppliers, and it is intended to provide for stable and secure supply of uranium concentrates.

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 **November 10, 2011**, 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: jnj@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:

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
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 upon approval. PG&E is filing this advice letter as a Tier 3 advice letter.

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 Rulemaking ("R.") 10-05-006. Address changes to the General Order 96-B service list and all electronic approvals should be directed to PG&E at e-mail address 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. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in black ink that reads "Brian Cherry" followed by a stylized flourish or initials.

Vice President - Regulation and Rates

cc: Service List for R.10-05-006

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) #: **3931-E**

Tier: **3**

Subject of AL: **Agreement for Purchase and Sale of Uranium Between Pacific Gas and Electric Company and BHP Billiton Olympic Dam Corporation Pty Ltd.**

Keywords (choose from CPUC listing): Compliance, Agreements,

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-4177

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: Appendices A and B

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: **Upon Commission Approval**

No. of tariff sheets:

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 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: Brian Cherry

Vice President, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**ADVICE LETTER FILING OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

**DECLARATION OF CHRISTOPHER R. GROFF IN SUPPORT OF
OF ADVICE 3931-E, CONFIDENTIAL APPENDICES A AND B**

I, Christopher R. Groff, declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee since 1986. My current title is Manager, Nuclear Fuels Purchasing. In this position, my responsibilities include planning and purchasing of all nuclear fuel materials for Diablo Canyon Power Plant (DCPP), technical coordination and oversight of the nuclear fuel fabrication contract and technical coordination of the DCPP spent nuclear fuel contract.
2. Based on my knowledge and experience, and in accordance with the “Administrative Law Judge’s Ruling Clarifying Interim Procedures For Complying With Decision 06-06-066,” issued in Rulemaking 05-06-040 on August 22, 2006, I make this declaration seeking confidential treatment for Confidential Appendices A and B of Advice 3931-E.
3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in Appendix 1 (the “IOU Matrix”) of Decision 06-06-066, if applicable or GO 66-C.
4. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, and why confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on October 21, 2011, at San Luis Obispo, California.

/S/ CHRISTOPHER R. GROFF
Christopher R. Groff

1	PACIFIC GAS AND ELECTRIC COMPANY							
2	Document: Appendices A and B of Advice 3931-E							
3	IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066							
4	Date: October 21, 2011							
5								
6	Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
7								
8	Confidential Appendix A - Summary of Agreement for Sale and Purchase of Uranium	N	Under Public Utilities Code Section 583 and General Order 66-C	N/A	N	N	Document highlights specific contract terms and conditions which are market sensitive information	Confidential until no longer covered by GO 66-C
9	Confidential Appendix B - Agreement for Sale and Purchase of Uranium - Final Draft	N	Under Public Utilities Code Section 583 and General Order 66-C	N/A	N	N	BHP Billiton provided terms and conditions to PG&E in confidence and has indicated that the terms and conditions of the agreement at issue in this advice letter are commercially highly sensitive. Disclosure of this information would not be in the public interest. .	Confidential until no longer covered by GO 66-C

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

AT&T	Dept of General Services	Northern California Power Association
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
Arizona Public Service Company	Economic Sciences Corporation	R. W. Beck & Associates
BART	Ellison Schneider & Harris LLP	RCS, Inc.
Barkovich & Yap, Inc.	Foster Farms	Recurrent Energy
Bartle Wells Associates	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg	GLJ Publications	SCE
Bloomberg New Energy Finance	GenOn Energy, Inc.	SMUD
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Braun Blaising McLaughlin, P.C.	Green Power Institute	San Francisco Public Utilities Commission
Brookfield Renewable Power	Hanna & Morton	Seattle City Light
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CLECA Law Office	In House Energy	Sierra Pacific Power Company
CSC Energy Services	International Power Technology	Silicon Valley Power
California Cotton Ginners & Growers Assn	Intestate Gas Services, Inc.	Silo Energy LLC
California Energy Commission	Lawrence Berkeley National Lab	Southern California Edison Company
California League of Food Processors	Los Angeles Dept of Water & Power	Spark Energy, L.P.
California Public Utilities Commission	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Calpine	MAC Lighting Consulting	Sunshine Design
Cardinal Cogen	MBMC, Inc.	Sutherland, Asbill & Brennan
Casner, Steve	MRW & Associates	Tabors Caramanis & Associates
Chris, King	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto	McKenzie & Associates	Tiger Natural Gas, Inc.
City of Palo Alto Utilities	Merced Irrigation District	TransCanada
City of San Jose	Modesto Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Morgan Stanley	United Cogen
Coast Economic Consulting	Morrison & Foerster	Utility Cost Management
Commercial Energy	NLine Energy, Inc.	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	NaturEner	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	