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,

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, XIIIICX-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.

Vice President - Regulation and Rates

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

Attachments
**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

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**EXPLANATION OF UTILITY TYPE**

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**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 AL:** _____________________________

**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

**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

**Pending advice letters that revise the same tariff sheets:** N/A

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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**
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
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