

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



January 30, 2014

**Advice Letter 4333-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: Request Approval of the Disbursement of Funds from the Humboldt Bay  
Power Plant Unit 3 Nuclear Decommissioning Trusts**

Dear Mr. Cherry:

Advice Letter 4333-E is effective January 22, 2014.

Sincerely,

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

Edward F. Randolph, Director  
Energy Division

December 23, 2013

**Advice 4333-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 submits its updated schedule of anticipated disbursement requests from the Humboldt Bay Unit 3 Nuclear Decommissioning Master Trusts (Trusts) to fund certain decommissioning activities at Humboldt Bay Power Plant Unit 3 (HBPP Unit 3). Through this advice letter, PG&E requests approval of the disbursement of up to \$53.47 million for planned expenditures in 2014. PG&E will file an additional advice letter to seek authorization of additional disbursements upon California Public Utilities Commission (CPUC or the Commission) action in the 2012 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP).

PG&E is collecting revenues to fund the decommissioning Trusts, and drawing upon the Trusts for these activities will not increase any rate of charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

**Background**

HBPP 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 HBPP 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 pursuant to D.85-12-022; from 2003 through 2009 pursuant to D.03-020-014 and D.07-01-003; and are now being collected pursuant to D.10-07-047, which approved PG&E's 2009 NDCTP Application, including the 2009 TLG decommissioning cost estimate (TLG Cost Study). As of September 30, 2013, the

Trusts had a market value of \$218,039,173 million, a liquidation value of \$210,378,947 million, and an expense equivalent liquidated value of \$213,939,068 million.<sup>1</sup>

On several prior occasions, the Commission authorized disbursements from the Trusts to fund preparatory activities in anticipation of the decommissioning of HBPP Unit 3.<sup>2</sup> 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 further directed that PG&E continue to seek specific Trust disbursements through advice letter filings.

In the 2009 NDCTP the Commission specified the information to be included in future advice letters:

- A graph tracking NDCTP forecast and actual decommissioning expenditures;
- Specific disbursement request with anticipated activities and amounts expected to be spent in the next period;
- A summary of previous advice letter approvals and Trust withdrawals; and
- Correlation of costs to the most recent NDCTP cost study with an explanation of any differences.<sup>3</sup>

Advice letter 4165-E, PG&E's most recent funding request, was authorized effective as of January 17, 2013. The disbursement requests included in that advice letter, for planned activities in 2013, reflect items which were included in the TLG Cost Study approved in D.10-07-047. Attachments 1 through 4 of that advice letter included the information required by D. 11-07-003. Attachment 4 to advice letter 4165-E correlated the budget categories actually used by PG&E to the corresponding TLG period categories. In this advice letter, PG&E has replaced Attachment 4 with a column in Attachment 3 which reflects by activity the spending levels anticipated in the 2009 NDCTP.

## **2012 NDCTP**

On December 21, 2012, PG&E filed its 2012 NDCTP Application. The 2012 NDCTP did not update the 2009 TLG Cost Study; instead the 2012 Decommissioning Project Report for HBPP Unit 3 in the NDCTP Application identified the remaining cost to complete HBPP Unit 3 decommissioning as of January 1, 2012 by using actual decommissioning experience to date, along with a comprehensive evaluation of the remaining activities and costs and the use of third-party bid pricing. It also includes new scopes of work identified since the 2009 TLG Cost Study. The Commission has not yet issued a decision in the 2012 NDCTP.

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<sup>1</sup> The liquidation value of the trusts reflects the amount available, after taxes, to pay for nuclear decommissioning projects.

<sup>2</sup> See Resolution E-4268, Attachment A.

<sup>3</sup> D.11-07-003, Attachment B.

**Present Request**

D.11-07-003 requires PG&E to submit an advice letter filing at least once every calendar year.<sup>4</sup> Additionally, in order to avoid delay in ongoing decommissioning activities, PG&E needs immediate access to further decommissioning funds. Accordingly, PG&E is submitting this advice letter prior to the final decision in the 2012 NDCTP. The \$53.47 million of this request is only for total amounts and activities included in the 2009 TLG Cost Study. When the Commission issues a decision in the 2012 NDCTP, PG&E will make a supplemental advice letter filing, which will incorporate the additional activities and new cost estimate from the HBPP Unit 3 2012 Decommissioning Project Report.

The activities for which PG&E seeks Trust disbursements are distinct from the operations and maintenance activities performed under SAFSTOR and, consistent with prior Commission decisions, PG&E is not requesting any funding for SAFSTOR through this advice letter.

In accordance with D.11-07-003, PG&E is providing the following additional information:

Attachment 1 – Graph tracking NDCTP forecast and actual decommissioning expenditures

Attachment 2 – Description of planned activities and costs

Attachment 3 – Summary of previous Advice Letter approvals, anticipated disbursements and comparison to 2009 NDCTP planned values

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. To date, PG&E has not utilized these advance procedures; instead, on a periodic basis, PG&E requests withdrawals from the Trusts of the costs of internal services and vendors actually paid.

Actual expenditures will be reviewed after completion of specific projects in subsequent NDCTPs.

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<sup>4</sup> D.11-07-003 at Ordering Paragraph 3.

**Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than January 13, 2014, which is 21 days<sup>5</sup> after the date of this filing. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@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 shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

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

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

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<sup>5</sup> The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

**Effective Date**

PG&E requests that this Tier 2 advice filing become effective on regular notice, **January 22, 2014**, which is 30 calendar days after the date of 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 the parties on the service lists for A.12-12-012 and A.12-12-013. Address changes to the General Order 96-B service list should be directed to PG&E at email 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. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>



Vice President, Regulatory Relations

cc: Service Lists A.12-12-012 and A.12-12-013

**Attachments**

Attachment 1 – Graph tracking NDCTP forecast and actual decommissioning expenditures

Attachment 2 – Description of planned activities and costs

Attachment 3 – Summary of previous Advice Letter approvals, anticipated disbursements and comparison to 2009 NDCTP planned values

# 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 E)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@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) #: **4333-E**

Tier: **2**

Subject of AL: **Request Approval of the Disbursement of Funds from the Humboldt Bay Power Plant Unit 3 Nuclear Decommissioning Trusts**

Keywords (choose from CPUC listing): Compliance, Nuclear

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.11-07-003

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: **January 22, 2014**

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

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 21 days<sup>1</sup> after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**California Public Utilities Commission**  
**Energy Division**  
**EDTariffUnit**  
**505 Van Ness Ave., 4<sup>th</sup> Flr.**  
**San Francisco, CA 94102**  
**E-mail: EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**  
**Attn: Brian K. Cherry**  
**Vice President, Regulatory Relations**  
**77 Beale Street, Mail Code B10C**  
**P.O. Box 770000**  
**San Francisco, CA 94177**  
**E-mail: PGETariffs@pge.com**

<sup>1</sup> The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

## Graph Tracking NDCTP Forecast and Actual Decommissioning Expenditures



Comparison Forecast to Actual Expenditures			
Year	Baseline TLG Estimate (2008\$)	Escalated TLG Estimate	Actual
Prior			90M A
2009	75M <sup>1</sup>	78M	36M A
2010	46M	49M	63M A
2011	55M	62M	66M A
2012	68M	81M	86M A
2013	83M	105M	99M <sup>2</sup>
2014	41M	53M	-
2015			-
2016			-
2017			-

Notes:

1. \$16.9 million expended in 2008 included in 2009 Trust Funding Estimate
2. Forecast

## **Planned Project Activities and Costs**

PG&E Advice Letter 4333-E

### **1. Operation and Maintenance of the ISFSI**

The used fuel at Humboldt Bay was moved to the Independent Spent Fuel Storage Installation (ISFSI) in 2008. With the placement of the fuel at the ISFSI, PG&E commenced incurring operation and maintenance (O&M) expenses associated with the ISFSI. These costs include O&M of the ISFSI, security at the ISFSI, NRC fees, and NRC inspections. The forecast for this category is \$2 million.

### **2. Reactor Vessel**

Segmentation and removal of the reactor vessel shell is planned to begin in February of 2014 following installation of the containment facility. The forecast for this category is \$4.5 million.

### **3. Tools, Equipment, and Health Physics Supplies**

An adequate tool and equipment supply, including decontamination and health physics supplies are needed to perform the decommissioning activities. In addition to hand tools and personnel protective equipment (PPE) inventories, this category includes building and equipment maintenance materials, site equipment refueling costs, weather protection supplies, unique equipment rental (e.g., light stanchions, man-lifts, generators, pumps, fans, heaters), crane/hoist inspection services and safety equipment. The forecast for this category is \$1.5 million.

### **4. Field Work and Site Infrastructure**

This request includes the dismantling and preparation for disposal of the remaining systems and components within the radioactive control area boundary. This category includes: tanks and vessels, pumps, piping and valves, fans, ducts, electrical cable and raceway, asbestos-containing insulation, panels and coatings and embedded piping. This also includes scaffolding and other associated, additional costs. The forecast for this category is \$7 million.

### **5. Staffing and Specialty Consultants**

Labor costs include management positions, safety oversight, procurement, finance, licensing support, radiation protection, and contract administration. This category also includes historical site assessment, historical resource mitigation, environmental regulatory compliance and safety meetings. The forecast for this category is \$16.6 million.

### **6. Packaging, Transporting and Disposal of Waste**

Components removed in the decontamination and dismantling of HBPP Unit 3 are routed to an on-site central packaging and processing area. Costs for this activity include the processing of dry active waste (DAW), resins, filter media, metallic and non-metallic components generated in the decommissioning and the development of the waste management and transportation plan. Contaminated material is being characterized, packaged and transported for disposal at the appropriate waste disposal facility. PG&E has obtained favorable contract pricing and disposal options resulting in a significant savings in this category. The forecast for this category is \$8.4 million.

**7. Building Demolition (including Decontamination)**

This scope of work is limited to relevant decontamination, demolition and/or excavation and remediation of areas within the scope of the 2009 NDCTP filing. Areas include: development of work packages, engineering and project management to support and execute demobilization of ten office trailers, asbestos abatement and demolition of the hot machine shop and calibration facility and the offgas treatment systems/recombiner vault. Numerous areas will be excavated including removal of contaminated offgas and liquid radwaste contaminated tunnels and abandoned liquid radwaste discharge lines. Also, enabling works/general requirements for canal remediation will be conducted and storm water protection measures throughout the various work areas. The forecast for this category is \$11.2 million.

**8. Other**

Other includes legal services for decommissioning, cross contamination plan, insurance, emergency planning fees, maintenance of site structures, and other miscellaneous costs. The forecast for this category is \$0.5 million.

## Summary of Previous Advice Letter Approvals, Anticipated Disbursements and Comparison

The total amount authorized in previous advice letter requests is \$447.6 million. The amount actually expended through November 2013 is \$425.2 million.

The following table compares the actual expenditures for each activity to the amounts requested, and the values which were expected in the 2009 NDCTP.

	Prior to 2013		2013		2014		
	Previous Advice Letters	Spent through 2012	Advice Letter 4165-E 18-Dec-12	Actuals + Forecast 2013	2014 Advice Letter	Total Spent + 2014 Advice Letter	Planned Value 2009 NDCTP
1 ISFSI O&M (including Security Staffing)	17,707,835	19,316,656	3,685,593	4,800,000	2,000,000	26,116,656	62,038,840
2 Reactor Vessel (including Disposal)	42,665,367	18,964,464	14,224,077	6,612,881	4,500,000	30,077,345	37,232,614
3 Tools, Equipment, and Health Physics Supplies	15,319,708	16,730,919	4,551,187	2,827,994	1,500,000	21,058,913	14,838,977
4 Field Work and Site Infrastructure/Mods	47,648,054	52,961,138	16,744,962	18,890,104	7,000,000	78,851,243	46,984,020
5 Staffing and Specialty Consultants	89,971,307	113,558,913	22,597,162	32,775,000	16,600,000	162,933,913	176,525,939
6 Packaging, Transportation and Disposal	67,659,172	24,788,462	19,700,095	19,450,000	8,420,012	52,658,474	114,264,188
7 Building Demo (including decontamination)	8,744,757	1,301,678	11,996,925	11,992,465	13,000,000	26,294,144	34,076,586
8 Other	1,900,000	3,318,642		1,100,000	450,000	4,868,642	13,334,347
Prior to Decommissioning	62,519,300	89,895,799				89,895,799	89,895,799
<b>Subtotal</b>	<b>354,135,500</b>	<b>340,836,671</b>	<b>93,500,000</b>	<b>98,448,444</b>	<b>53,470,012</b>	<b>492,755,127</b>	<b>589,191,309</b>
Difference (Carry Over from previous period)			13,298,829		8,350,385	8,350,385	
<b>TOTAL</b>			<b>106,798,829</b>	<b>98,448,444</b>	<b>61,820,397</b>	<b>501,105,512</b>	<b>589,191,309</b>
Variance (between Advice Letter and Amount Spent)		13,298,829		8,350,385			

Expenses prior to decommissioning include previously identified activities: design, development, operations and maintenance of the Independent Spent Fuel Storage Installation; mitigation of Caisson In-Leakage; sampling, surveys, radiological characterization of plant systems; environmental studies and permitting; preparations and removal of equipment and plant systems from the turbine building, refueling building, liquid rad-waste building and yard facilities; disposal of Class A and low level waste; as well as other preparatory activities for decommissioning of Humboldt Bay Power Plant Unit 3.

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

1st Light Energy	Douglass & Liddell	OnGrid Solar
AT&T	Downey & Brand	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Praxair
Anderson & Poole	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
BART	GenOn Energy Inc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCE
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blaising McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	K&L Gates LLP	Southern California Edison Company
Calpine	Kelly Group	Spark Energy
Casner, Steve	Linde	Sun Light & Power
Center for Biological Diversity	Los Angeles Dept of Water & Power	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	
Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.	