

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



October 15, 2008

**Advice Letter 3342-E**

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

**Subject: Diablo Canyon Unit 2 Steam Generator Replacement  
(Utility Generation Balancing Account Revenue Requirement)**

Dear Mr. Cherry:

Advice Letter 3342-E is effective January 1, 2009.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lewis".

Kenneth Lewis, Acting Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
Fax: 415.973.7226

September 9, 2008

**Advice 3342-E**  
(Pacific Gas and Electric Company ID U39E)

**Subject: Diablo Canyon Unit 2 Steam Generator Replacement  
(Utility Generation Balancing Account Revenue Requirement)**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby requests authority to recover in rates the revenue requirement associated with the replacement of the steam generators at Diablo Canyon Power Plant Unit 2 accrued during 2008 and adopted for 2009 and submits the adjustment to the authorized revenue requirement associated with PG&E's owned generation facilities to include the costs associated with the replacement of the steam generators at Diablo Canyon Power Plant Unit 2, effective January 1, 2009. This filing is submitted in compliance with Ordering Paragraph 6 of Decision (D.) 05-11-026.

### **Background**

Ordering Paragraph 6 of D. 05-11-026 states that "PG&E shall include the revenue requirement associated with each unit in rates subject to refund, up to (capital costs of) \$326 million for Unit 1 and \$380 million for Unit 2, on January 1 of the year following commercial operation of each unit. PG&E shall file an advice letter to request authority to implement the above rate increase, subject to refund, for each unit. The rate increase shall not take effect until and unless the advice letter is approved by the Commission."

PG&E requests authority to recover in rates the 2008 revenue requirement associated with the replacement of the Unit 2 steam generators which has been recorded in the Utility Generation Balancing Account and the 2009 revenue requirement as described below. For rate design purposes, PG&E will include these amounts in its Annual Electric True-up (AET) filing on October 1, 2008. The 2008 Unit 2 steam generator revenue requirement is included in the UGBA balance while the 2009 Unit 2 steam generator revenue requirement will be included in the requested 2009 UGBA revenue requirement.

The Commission previously accepted PG&E's Advice 3259-E to record an annual revenue requirement of \$64.392 million for the replacement of the Unit 2 steam

generators, prorated from April 16, 2008, when Unit 2 returned to service. As presented in A. 04-01-009, updated for current cost of capital and property tax factors, the revenue requirement for the replacement of the Unit 2 steam generators for 2009 is \$69.445 million.

Table 1, attached, shows the cumulative adjustments to the electric generation base revenue amounts authorized in the 2007 GRC through January 1, 2009, including the amounts for 2009 Attrition as presented in Advice 2954-G/3340-E.

### **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 **September 29**, 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](mailto:jnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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, 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](mailto:PGETariffs@pge.com)

### **Effective Date**

In accordance with D. 07-03-044, PG&E requests this advice filing be effective **January 1, 2009**.

**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 service list parties for A. 04-01-009. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

**<http://www.pge.com/tariffs>**

A handwritten signature in black ink, appearing to read "Brent K. Anglin". The signature is written in a cursive, somewhat stylized font.

Vice President, Regulatory Relations

cc: Service List – A. 04-01-009

TABLE 1

PACIFIC GAS AND ELECTRIC COMPANY  
Electric Generation Revenue Requirement  
From 2007 GRC Through 2009  
(Thousands of dollars)

2007 Adopted GRC RRQ	1,019,755
less: Other Operating Revenue	10,120
less: FERC jurisdictional amount	
2007 Base Revenue Amount (Eff. 1/1/07)	1,009,635
Office Closures	0
2007 Base Revenue Amount (Eff. 8/1/07)	1,009,635
2008 Attrition Adjustment	40,000
2008 Cost of Capital	0
2008 Base Revenue Amount (Eff. 1/1/08)	1,049,635
Diablo Canyon Unit 2 Steam Generator Replacement	63,392
2008 Base Revenue Amount (Eff. 4/16/08)	1,113,027
2009 Attrition Adjustment	40,000
Diablo Canyon Refueling	35,000
2009 Cost of Capital	0
Diablo Canyon Unit 2 Steam Generator Replacement	
Reverse 2008 Revenue Requirement	(63,392)
Add 2009 Revenue Requirement	69,445
2009 Base Revenue Amount (Eff. 1/1/09)	1,194,080

# 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: David Poster

Phone #: (415) 973-1082

E-mail: dxpu@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) #: 3342-E

**Tier:** [2]

**Subject of AL:** Diablo Canyon Unit 2 Steam Generator Replacement (Utility Generation Balancing Account Revenue Requirement)

Keywords (choose from CPUC listing): Diablo Canyon

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.05-11-026

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: N/A

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Resolution Required?  Yes  No

Requested effective date: January 1, 2009

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:

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**

**jnj@cpuc.ca.gov and mas@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**

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

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PITCO
Anderson & Poole	Douglass & Liddell	PPL EnergyPlus, LLC
Arizona Public Service Company	Downey & Brand	Pinnacle CNG Company
BART	Duke Energy	Praxair
BP Energy Company	Duncan, Virgil E.	R. W. Beck & Associates
Barkovich & Yap, Inc.	Dutcher, John	RCS, Inc.
Bartle Wells Associates	Ellison Schneider & Harris LLP	RMC Lonestar
Blue Ridge Gas	Energy Management Services, LLC	Recon Research
Braun & Associates	FPL Energy Project Management, Inc.	SCD Energy Solutions
C & H Sugar Co.	Foster Farms	SCE
CA Bldg Industry Association	Foster, Wheeler, Martinez	SESCO
CAISO	Franciscan Mobilehome	SMUD
CLECA Law Office	G. A. Krause & Assoc.	SPURR
CSC Energy Services	GLJ Publications	Santa Fe Jets
California Cotton Ginners & Growers Assn	Goodin, MacBride, Squeri, Schlotz & Ritchie	Seattle City Light
California Energy Commission	Green Power Institute	Sempra Utilities
California League of Food Processors	Hanna & Morton	Sequoia Union HS Dist
California Public Utilities Commission	Heeg, Peggy A.	Sierra Pacific Power Company
California Water Company	Hitachi	Silicon Valley Power
Calpine	Hogan Manufacturing, Inc.	Smurfit Stone Container Corp
Cameron McKenna	Imperial Irrigation District	Southern California Edison Company
Cardinal Cogen	Innercite	St. Paul Assoc.
Casner, Steve	International Power Technology	Sunshine Design
Cerox	Intestate Gas Services, Inc.	Sutherland, Asbill & Brennan
Chamberlain, Eric	J. R. Wood, Inc.	TFS Energy
Chevron Company	JTM, Inc.	Tabors Caramanis & Associates
Chris, King	Los Angeles Dept of Water & Power	Tecogen, Inc.
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	Tioga Energy
City of Palo Alto	MBMC, Inc.	TransCanada
City of San Jose	MRW & Associates	Turlock Irrigation District
Clean Energy Fuels	Manatt Phelps Phillips	U S Borax, Inc.
Coast Economic Consulting	Matthew V. Brady & Associates	United Cogen
Commerce Energy	McKenzie & Associates	Utility Cost Management
Commercial Energy	Meek, Daniel W.	Utility Resource Network
Constellation	Merced Irrigation District	Utility Specialists
Constellation New Energy	Mirant	Vandenberg Air Force
Consumer Federation of California	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Wellhead Electric Company
Davis Wright Tremaine LLP	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	New United Motor Mfg., Inc.	White & Case
Defense Energy Support Center	Norris & Wong Associates	eMeter Corporation
Department of Water Resources	North Coast SolarResources	