

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

November 9, 2009

Advice Letter 3536-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 Steam Generator Replacement
(Utility Generation Balancing Account Revenue Requirement)**

Dear Mr. Cherry:

Advice Letter 3536-E is effective January 1, 2010.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, 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 30, 2009

Advice 3536-E

(Pacific Gas and Electric Company ID U39E)

Public Utilities Commission of the State of California

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

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 accrued during 2009 and adopted for 2010 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, effective January 1, 2010. 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 2009 revenue requirement associated with the replacement of the steam generators which has been recorded in the Utility Generation Balancing Account (UGBA) and the 2010 revenue requirement as described below. For rate design purposes, PG&E has included these amounts in its Annual Electric True-up (AET) filed on September 1, 2009. The 2009 steam generator revenue requirement is included in the UGBA balance while the 2010 steam generator revenue requirement will be included in the requested 2010 UGBA revenue requirement.

The Commission previously accepted PG&E's Advice 3448-E to record an annual revenue requirement of \$56.168 million for the replacement of the Unit 1 steam generators, prorated from March 31, 2009, when Unit 1 returned to service and

Advice 3342-E to record an annual 2009 revenue requirement of \$69.445 million for the replacement of the Unit 2 steam generators. 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 steam generators for 2010 is \$62.253 million for Unit 1 and \$67.950 million for Unit 2.

Table 1, attached, shows the cumulative adjustments to the electric generation base revenue amounts authorized in the 2007 GRC through January 1, 2010, including the amounts for 2010 Attrition as presented in Advice 3535-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 **October 20, 2009** 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: ijnj@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, 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

Effective Date

In accordance with D. 07-03-044, PG&E requests this advice filing be effective **January 1, 2010**.

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. Address changes to the General Order 96-B service list should be directed to San Heng (415) 973-2640. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in black ink that reads "Brian Cherry 09". The signature is written in a cursive style.

Vice President, Regulatory Relations

cc: Service List – A. 04-01-009

TABLE ONE

Rolling Revenue Requirements
From 2007 GRC through 2010
Electric Generation
(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 Add 2009 Revenue Requirement	(63,392) 69,445
2009 Base Revenue Amount (Eff. 1/1/09)	1,194,080
Gateway Generating Station	80,693
2009 Base Revenue Amount (Eff. 1/4/09)	1,274,773
Diablo Canyon Unit 1 Steam Generator Replacement	56,168
2009 Base Revenue Amount (Eff. 3/31/09)	1,330,941
Reverse Diablo Canyon Refueling	(35,000)
2010 Attrition Adjustment	40,000
Diablo Canyon Unit 2 Steam Generator Replacement Reverse 2009 Revenue Requirement Add 2010 Revenue Requirement	(69,445) 67,950
Diablo Canyon Unit 1 Steam Generator Replacement Reverse 2009 Revenue Requirement Add 2010 Revenue Requirement	(56,168) 62,253
2010 Cost of Capital	0
2009 Base Revenue Amount (Eff. 1/1/10)	1,340,531

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: Olivia M. Brown

Phone #: 415.973.9312

E-mail: oxb4@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) #: 3536-E

Tier: 2

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

Keywords (choose from CPUC listing): Compliance

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? No If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? No 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

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required? Yes No

Requested effective date: January 1, 2010

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). N/A

Tariff schedules affected: N/A

Service affected and changes proposed: 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

jn@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**

Alcantar & Kahl	Defense Energy Support Center	North Coast SolarResources
Ameresco	Department of Water Resources	Northern California Power Association
Anderson & Poole	Department of the Army	Occidental Energy Marketing, Inc.
Arizona Public Service Company	Dept of General Services	OnGrid Solar
BART	Division of Business Advisory Services	Praxair
BP Energy Company	Douglas & Liddell	R. W. Beck & Associates
Barkovich & Yap, Inc.	Douglass & Liddell	RCS, Inc.
Bartle Wells Associates	Downey & Brand	Recon Research
C & H Sugar Co.	Duke Energy	SCD Energy Solutions
CA Bldg Industry Association	Dutcher, John	SCE
CAISO	Ellison Schneider & Harris LLP	SMUD
CLECA Law Office	FPL Energy Project Management, Inc.	SPURR
CSC Energy Services	Foster Farms	Santa Fe Jets
California Cotton Ginners & Growers Assn	G. A. Krause & Assoc.	Seattle City Light
California Energy Commission	GLJ Publications	Sempra Utilities
California League of Food Processors	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sierra Pacific Power Company
California Public Utilities Commission	Green Power Institute	Silicon Valley Power
Calpine	Hanna & Morton	Silo Energy LLC
Cameron McKenna	Hitachi	Southern California Edison Company
Cardinal Cogen	International Power Technology	Sunshine Design
Casner, Steve	Intestate Gas Services, Inc.	Sutherland, Asbill & Brennan
Chamberlain, Eric	Los Angeles Dept of Water & Power	Tabors Caramanis & Associates
Chevron Company	Luce, Forward, Hamilton & Scripps LLP	Tecogen, Inc.
Chris, King	MBMC, Inc.	Tiger Natural Gas, Inc.
City of Glendale	MRW & Associates	Tioga Energy
City of Palo Alto	Manatt Phelps Phillips	TransCanada
Clean Energy Fuels	Matthew V. Brady & Associates	Turlock Irrigation District
Coast Economic Consulting	McKenzie & Associates	U S Borax, Inc.
Commerce Energy	Merced Irrigation District	United Cogen
Commercial Energy	Mirant	Utility Cost Management
Consumer Federation of California	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	Morrison & Foerster	Wellhead Electric Company
Day Carter Murphy	New United Motor Mfg., Inc.	Western Manufactured Housing Communities Association (WMA)
	Norris & Wong Associates	eMeter Corporation