



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: March 2, 2010

SUBJECT: Council Communication

Report in Brief

Attached is a communication received for which Council should be made aware:

1. Notification from Pacific Gas and Electric for an increase in rates of .17%

This item is for your information only.

Prepared by: Sue Vannucci, Director of
Administrative Services

Mark G. Deven
City Manager

Attachment: Notice

NOTIFICATION OF APPLICATION FILING BY PACIFIC GAS AND ELECTRIC COMPANY (PG&E) TO RECOVER COSTS ASSOCIATED WITH RENEWAL OF THE DIABLO CANYON POWER PLANT OPERATING LICENSES

On January 29, 2010, PG&E filed an application with the California Public Utilities Commission (CPUC) requesting that the CPUC find it is cost-effective and in the best interest of PG&E's customers to preserve the option to operate Diablo Canyon Power Plant (DCPP) for an additional 20 years beyond the expiration of its current operating licenses in 2024 and 2025 for Units 1 and 2, respectively.

As part of this application, PG&E requests authority to recover in rates a total of \$85 million in costs associated with obtaining the federal and state approvals required to seek the 20-year license renewal for DCPP. In addition, PG&E is requesting authority to establish a Diablo Canyon License Renewal Environmental Mitigation Balancing Account. This account will enable PG&E to recover the *actual* costs of mitigating environmental impacts that may be imposed by the state and local agencies asserting authority over license renewal.

Background to the filing of this application:

In PG&E's 2007 General Rate Case (A.05-12-002), the CPUC approved funding in Decision (D.) 07-03-044 for PG&E to perform a license renewal feasibility study (LRFS), the results of which would guide PG&E's decision as to whether to file a license renewal application with the United States Nuclear Regulatory Commission. Decision D.07-03-044 also required PG&E to file an application by June 30, 2011, submitting the LRFS to the CPUC and addressing whether Diablo Canyon license renewal is cost-effective and in the best interest of ratepayers. The LRFS was completed in 2009. The conclusion reached by the study was that there are no engineering or environmental impediments to proceeding with license renewal, and there is an economic benefit to continue operating DCPP for an additional 20 years beyond the expiration of its existing licenses. This application meets the filing requirement set forth in D.07-03-044.

Will rates increase as a result of this application?

Yes, approval of this application will increase electric rates for bundled service customers (those who receive electric generation as well as transmission and distribution service from PG&E) by less than one percent. Using the 2015 (highest single year) revenue requirement of \$21.6 million, the bundled system average rate will increase 0.17 percent, relative to current rates, in 2015 and would not have a significant impact on individual customers' rates.

Recovery of the costs associated with this application are not expected to begin until January 1, 2015.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review this application. The DRA is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state and obtain the lowest possible rate for service consistent with reliable and safe service levels. The DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. The DRA's views do not necessarily reflect those of the CPUC. Other parties of record will also participate.

The CPUC may hold evidentiary hearings where parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during evidentiary hearings. Members of the public may attend, but not participate in, these hearings.

After considering all proposals and evidence presented during the hearing process, the ALJ will issue a draft decision. When the CPUC acts on this application, it may adopt all or part of PG&E's request, amend or modify it, or deny the application. The CPUC's final decision may be different from PG&E's proposed application filing.

FOR FURTHER INFORMATION

For more details call PG&E at **1-800-PGE-5000**

Para más detalles llame al **1-800-660-6789**

詳情請致電 **1-800-893-9555**

For TDD/TTY (speech-hearing impaired) call **1-800-652-4712**

You may request a copy of the application and exhibits by writing to:

Pacific Gas and Electric Company
Diablo Canyon License Renewal Application
P.O. Box 7442, San Francisco, CA 94120.

You may also contact the CPUC's Public Advisor with comments or questions as follows:

Public Advisor's Office
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102

1-415-703-2074 or **1-866-849-8390** (toll free)

TTY **1-415-703-5282**, TTY **1-866-836-7825** (toll free)

E-mail to public.advisor@cpuc.ca.gov

If you are writing a letter to the Public Advisor's Office, please include the name of the application to which you are referring. All comments will be circulated to the Commissioners, the assigned Administrative Law Judge and the Energy Division staff.

A copy of PG&E's Diablo Canyon License Renewal application and exhibits are also available for review at the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, Monday – Friday 8 a.m. – noon.

PACIFIC GAS AND ELECTRIC COMPANY (PG&E) APPLICATION TO RECOVER THE COST OF SEISMIC STUDIES RECOMMENDED BY THE CALIFORNIA ENERGY COMMISSION

On January 15, 2010, PG&E filed an Application with the CPUC, requesting authority from the California Public Utilities Commission (CPUC) to approve a mechanism to allow PG&E to recover costs associated with performing seismic studies at and around Diablo Canyon Power Plant (DCPP) as recommended by the California Energy Commission (CEC) in their Commission Report, "An Assessment of California's Nuclear Power Plants: AB 1632 Report." The CEC recommendations propose to update the seismic studies at and around DCPP using three-dimensional geophysical seismic reflection mapping and other advanced techniques.

This Application asks for CPUC approval to establish a Diablo Canyon Seismic Study Balancing Account (DCSSBA) to record for future recovery all costs resulting from PG&E's efforts to perform the seismic studies. Costs will be recorded to the DCSSBA as they are incurred. Costs to be recorded to the DCSSBA include: (1) survey design; (2) marine 3-D seismic surveys; (3) on-shore 2-D seismic surveys; (4) ocean bottom seismometer deployment; and (5) project management support.

The recovery of costs in rates is expected to begin on January 1, 2011.

Will rates increase as a result of this application?

The Application requests that amounts recorded in the DCSSBA be included in rates after review and approval by the CPUC. However, while requesting approval of the mechanism, this application does not request increases in current rates.

THE CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA) will review this Application. DRA is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state and obtain the lowest possible rate for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. DRA's views do not necessarily reflect those of the CPUC. Other parties of record will also participate.

The CPUC may hold evidentiary hearings where parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during evidentiary hearings. Members of the public may attend, but are not allowed to participate in, these hearings.

After considering all proposals and evidence presented during the hearing process, the ALJ will issue a draft decision. When the CPUC acts on this application, it may adopt all or part of PG&E's request, amend or modify it or deny the application. The CPUC's final decision may be different from PG&E's proposed application filing.

FOR FURTHER INFORMATION

For more details call PG&E at 1-800-PGE-5000

Para más detalles llame al 1-800-660-6789

詳情請致電 1-800-893-9555

For TDD/TTY (speech-hearing impaired) call 1-800-652-4712

If you have questions regarding the proposed project, you may contact PG&E at the phone numbers noted above. If you would like a copy of the application and exhibits, you can write to PG&E at the address listed below:

Pacific Gas and Electric Company
Diablo Canyon Seismic Studies Balancing Account Application
P.O. Box 7442, San Francisco, CA 94120.

You may contact the CPUC's Public Advisor with comments or questions as follows:

Public Advisor's Office
505 Van Ness Avenue, Room 2103
San Francisco, CA 94102

1-415-703-2074 or 1-866-849-8390 (toll free)

TTY 1-415-703-5282, TTY 1-866-836-7825 (toll free)

E-mail to public.advisor@cpuc.ca.gov

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A copy of PG&E's Seismic Studies application and exhibits are also available for review at the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102.