



**Pacific Gas and
Electric Company®**

June 13, 2007

PG&E Letter DCL-07-064

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Docket No. 50-275, OL-DPR-80
Docket No. 50-323, OL-DPR-82
Diablo Canyon Units 1 and 2
Supplemental to Decommissioning Funding Report for Diablo Canyon Power
Plant Units 1 and 2

Dear Commissioners and Staff:

On March 30, 2007, Pacific Gas and Electric Company (PG&E) submitted Letter DCL-07-028, "Decommissioning Funding Report For Diablo Canyon Power Plant Units 1 and 2," pursuant to the requirements of 10 CFR 50.75(f).

Enclosure 1 to PG&E Letter DCL-07-028 provided information on the total of both Unit 1 and Unit 2 in 2007 dollars. Via telecom with Mr. Michael Dusaniwskyj of the U.S. NRC, a request was made to provide a supplement of the report, expanding the accounting to distinguish between Diablo Canyon Power Plant (DCPP) Unit 1 and Unit 2 decommissioning funding. The enclosure to this letter contains the expanded accounting for the DCPP decommissioning funding by unit.

PG&E makes no regulatory commitments in this submittal. Should you have any questions in regard to this document please feel free to contact Mr. Bob Kapus at (707) 444-0810.

Sincerely,


John S. Keenan

Enclosure

cc: Diablo Distribution

cc/enc: Terry W. Jackson
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NRC/NRR

**NRC Decommissioning Funding Status Report
Diablo Canyon Power Plant - Units 1 (3411 MWt) & 2 (3411 MWt)**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c)¹

	\$ in Millions
Value in January 2007 dollars	TOTAL \$ <u>989.6</u>
	Unit 1 \$ 494.8
	Unit 2 \$ 494.8

2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c). (Alternatively, the total amount accumulated at the end of the calendar year preceding the date of the report can be reported here if the cover letter transmitting the report provides the total estimate and indicates what portion of that estimate is for items not included in 10 CFR 50.75 (b) and (c)).

Market Value (December 2006 dollars)	TOTAL \$ <u>1,745.7</u>
	Unit 1 \$ 742.6
	Unit 2 \$ 1,003.1

3. A schedule of the annual amounts remaining to be collected; for items in 10 CFR 50.75 (b) and (c). (Alternatively, the annual amounts remaining to be collected can include items beyond those required in 10 CFR 50.75 (b) and (c) if the cover letter transmitting the report provides a total cost estimate and indicates what portion of that estimate is for items that are not included in 10 CFR 50.75 (b) and (c). (See item 6 of this enclosure describing the collection of additional funds)

Unit 1 amount remaining	<u>\$ 5.5</u>
(\$1.8 million for 3 years beginning 2007)	
Unit 2 amount remaining	<u>\$ 0</u>

¹* The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing nonradiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds (anticipates that the portfolio of each trust will be gradually converted to a more conservative all income portfolio beginning in 2020 for Unit 1 and Unit 2), and rates of other factors used in funding projections;

Escalation in decommissioning costs	4.50 percent
Rate of Return on Qualified Trust Unit 1 2006	6.02 percent
Rate of Return on Qualified Trust Unit 1 2007	5.85 percent
Rate of Return on Qualified Trust Unit 1 2008	5.73 percent
Rate of Return on Qualified Trust Unit 1 2009	5.64 percent
Rate of Return on Qualified Trust Unit 1 2010	5.57 percent
Rate of Return on Qualified Trust Unit 1 2011	5.53 percent
Rate of Return on Qualified Trust Unit 1 2012	5.49 percent
Rate of Return on Qualified Trust Unit 1 2013	5.47 percent
Rate of Return on Qualified Trust Unit 1 2014	5.45 percent
Rate of Return on Qualified Trust Unit 1 2015	5.44 percent
Rate of Return on Qualified Trust Unit 1 2016	5.43 percent
Rate of Return on Qualified Trust Unit 1 2017	5.42 percent
Rate of Return on Qualified Trust Unit 1 2018	5.41 percent
Rate of Return on Qualified Trust Unit 1 2019	5.41 percent
Rate of Return on Qualified Trust Unit 1 2020	5.18 percent
Rate of Return on Qualified Trust Unit 1 2021	4.86 percent
Rate of Return on Qualified Trust Unit 1 2022	4.59 percent
Rate of Return on Qualified Trust Unit 1 2023	4.38 percent
Rate of Return on Qualified Trust Unit 1 2024	4.23 percent
Rate of Return on Qualified Trust Unit 1 (Post 2025)	4.13 percent
Rate of Return on Qualified Trust Unit 2 2006	6.02 percent
Rate of Return on Qualified Trust Unit 2 2007	5.85 percent
Rate of Return on Qualified Trust Unit 2 2008	5.73 percent
Rate of Return on Qualified Trust Unit 2 2009	5.64 percent
Rate of Return on Qualified Trust Unit 2 2010	5.57 percent
Rate of Return on Qualified Trust Unit 2 2011	5.52 percent
Rate of Return on Qualified Trust Unit 2 2012	5.49 percent
Rate of Return on Qualified Trust Unit 2 2013	5.46 percent
Rate of Return on Qualified Trust Unit 2 2014	5.45 percent
Rate of Return on Qualified Trust Unit 2 2015	5.43 percent
Rate of Return on Qualified Trust Unit 2 2016	5.42 percent
Rate of Return on Qualified Trust Unit 2 2017	5.42 percent
Rate of Return on Qualified Trust Unit 2 2018	5.41 percent
Rate of Return on Qualified Trust Unit 2 2019	5.41 percent
Rate of Return on Qualified Trust Unit 2 2020	5.17 percent
Rate of Return on Qualified Trust Unit 2 2021	4.86 percent
Rate of Return on Qualified Trust Unit 2 2022	4.59 percent
Rate of Return on Qualified Trust Unit 2 2023	4.38 percent

Rate of Return on Qualified Trust Unit 2 2024 4.23 percent
Rate of Return on Qualified Trust Unit 2 (Post 2025) 4.13 percent

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).

NONE

6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report.

California Public Utilities Commission (CPUC) Decision 07-01-003, dated January 11, 2007, ordered an additional revenue requirement of \$1.827 million for the Diablo Canyon Unit 1 Nuclear Decommissioning Trust for three years beginning in 2007 and \$0 for the Diablo Canyon Unit 2 Nuclear Decommissioning Trust.

7. Any material changes to trust agreements.

NONE

8. CPUC Submittal in 2007 Dollars in Millions

Total Project (Decommission 2023 & 2025)	\$ 1,780.1
Scope Excluded from NRC calculations	\$ 480.5
Total NRC Decommissioning Costs	<u>\$ 1,299.6</u>
Total Unit 1 (Decommission 2023)	\$ 800.1
Scope Excluded from NRC calculations	\$ 171.6
Total NRC Decommissioning Costs	<u>\$ 628.5</u>
Total Unit 2 (Decommission 2025)	\$ 980.0
Scope Excluded from NRC calculations	\$ 308.9
Total NRC Decommissioning Costs	<u>\$ 671.1</u>