



**Pacific Gas and  
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PG&E Letter HBL-16-006

10 CFR 50.75(f)  
10 CFR 50.82(8)(v)  
10 CFR 50.82(8)(vii)

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

Docket No. 50-133, DPR-7  
Humboldt Bay Power Plant, Unit 3  
Decommissioning Funding Report for Humboldt Bay Power Plant, Unit 3

Dear Commissioners and Staff:

Pacific Gas and Electric Company (PG&E) is submitting its decommissioning funding report for Humboldt Bay Power Plant (HBPP), Unit 3, pursuant to the requirements of 10 CFR 50.75(f), 10 CFR 50.82(8)(v), and 10 CFR 50.82(8)(vii).

### Humboldt Bay Unit 3

At the end of calendar year 2015, the market value of the HBPP Unit 3 (220 megawatt thermal (MWt)) decommissioning trust fund was \$192.5 million. PG&E estimates it will need to collect an additional \$282.0 million over four years, beginning in 2016, based on a site-specific decommissioning cost estimate prepared by PG&E staff and submitted to the California Public Utilities Commission's (CPUC) Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) on March 1, 2016. The NDCTP application is based on actual bids for remaining HBPP civil work scope, costs for removal of underground reactor caisson, cost associated with a delay in the Department of Energy's acceptance of site-stored spent fuel, cost to remediate site radioactivity to nuclear resident farmer criteria, and updated remaining decommissioning costs based on actual past HBPP decommissioning data versus industry estimates.

The market value of the HBPP trust is lower than the minimum amount of the NRC decommissioning estimate of \$660.2 million (2016 dollars) that was calculated pursuant to the requirements specified in 10 CFR 50.75(c), which is based on a minimum 1200 MWt plant. This is due to \$549.4 million having been spent on NRC radiological decommissioning activities through December 2015 and an estimate to complete of \$261.6 million for the NRC radiological scope.

PG&E is confident that the HBPP trust, with the noted additional contributions, will be sufficient to ensure successful decommissioning and maintaining the spent fuel in

NM5501



an independent spent fuel storage installation (ISFSI) at HBPP until 2030, based on the March 2016 site-specific decommissioning cost estimate prepared by PG&E staff.

### Supporting Cost Estimates

Based on a March 2016 site-specific cost estimate prepared by PG&E staff, PG&E estimates that the total HBPP decommissioning costs are approximately \$1,080.0 million (including \$549.4 million disbursed from the Trust(s) through December 2015 and \$261.6 million future radiological removal costs) for HBPP, Unit 3, in 2016 dollars. These NRC decommissioning costs do not include site restoration (\$55.2 million), or spent fuel management until 2030 (\$213.7 million). To assure that sufficient funds will be available for decommissioning, PG&E established external sinking trust fund accounts for HBPP, Unit 3.

### Supporting Enclosures

Enclosures 1-5 provide supporting documentation for this report.

Enclosure 1 provides decommissioning funding status information in a format suggested by Nuclear Energy Institute (NEI) and the NRC.

Enclosure 2 provides information on the escalation of the required decommissioning funding amounts to 2016 dollars. As required by 10 CFR 50.75(c)(2), and using NUREG-1577, "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance," Revision 1 and NUREG-1307, "Report on Waste Burial Charges," Revision 15, the information includes escalation factors for energy, labor, and waste burial costs.

Enclosure 3 is a cash flow of the total decommissioning of HBPP that identifies the monies for NRC scope (removal of radiological contamination), site restoration (including the nonradiological work) and the spent fuel management.

Enclosure 4 contains the variance of the 2015 forecast of \$120.7 million, as submitted in Enclosure 3 of PG&E Letter HBL-15-003, "Decommissioning Funding Report for Humboldt Bay Power Plant, Unit 3," dated March 31, 2015, to the actual expenditures for 2015 of \$112.7 million.

Enclosure 5 contains the 2015 Humboldt Bay Power Plant, Unit 3, Decommissioning Project Report (DPR) prepared for the 2015 NDCTP filing submitted to the CPUC March 1, 2016. The DPR provides cost estimates for the remaining decommissioning of the nuclear, non-nuclear facilities, and spent fuel management, including operation of the ISFSI in 2014 dollars.



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PG&E makes no new or revised regulatory commitments (as defined by NEI 99-04) in this letter.

Should you have any questions, please contact Mr. Bob Kapus at (707) 444-0810.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. D. Halpin', with a long, sweeping horizontal line extending to the right.

Edward D. Halpin  
*Senior Vice President, Generation and Chief Nuclear Officer*

bnsn/4540

Enclosures

cc: HBPP Humboldt Distribution  
cc/enc: Marc L. Dapas, NRC Region IV Administrator  
John B. Hickman, NRC/FSME/DWMEP Project Manager  
INPO