



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2020. (U 39 M)	Application No. 18-12-009 (Filed: December 13, 2018)
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WOMEN'S ENERGY MATTERS' COMMENTS
RE: SETTLEMENT AGREEMENT

January 21, 2020

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for WOMEN's ENERGY MATTERS

(Oral Argument Requested)

Women's Energy Matters (WEM) appreciates this opportunity to provide comment on the Settlement Agreement's provisions re: PG&E's Nuclear Operations Costs. As discussed below, PG&E's 2020-2022 revenue request for nuclear operations costs is unreasonable and the Settlement Agreement does not adequately address its deficiencies.

7.2 Nuclear Operations Costs

The Settlement Agreement would authorize PG&E to collect over \$1.1 billion in Diablo Canyon Nuclear Power Plant O&M and capital costs for the years 2020 through 2022. PG&E's management is well aware that the plant is uneconomic to operate but imprudently refuses to retire the plant to the detriment of ratepayers. The record contains evidence that PG&E, while aware that Diablo Canyon has become a stranded asset, made no effort to consider the cost effectiveness of continuing to operating the plant through 2020-2022. If PG&E's 2020-2022 revenue requirement for nuclear operations costs is approved, ratepayers will be burdened with unjust and unreasonable rates.¹

The record also contains evidence that PG&E imprudently incurred over \$90 million in new capital costs for a Generator Stator Replacement Project at Diablo Canyon's Unit 2, even though the life expectancy of this expensive repair will outlast PG&E's current projected retirement date for Unit 2 by as much as 20 years. PG&E management made the decision to go ahead with the project even though the electricity generated at the plant is currently being sold at above market prices. The record shows that PG&E did not perform cost a effectiveness study

¹ See Prepared Testimony of John Geesman on behalf of Alliance for Nuclear Responsibility, entered into the record as Exhibit 256 on October 16, 2019 (originally filed 7-26-2019) for evidence of Diablo Canyon's burdensome impact on ratepayers and PG&E's failure to consider cost effectiveness of continued operation.

for the Unit 2 Stator Replacement Project to determine if the repair made financial sense. The Settlement Agreement if adopted, would allow PG&E to collect approximately \$90.3 million for the Stator Replacement Project, with no penalty for lack of proper studies.²

WEM does not oppose the settlement's provision that ISFSI costs will be recovered as a decommissioning expense rather than as capital expenditures (paragraph 2.4.2.8).

Rule 12.1 (d) of the Commission's Rules of Practice and Procedure states:

(d) The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

Based on record evidence, PG&E's above-market Diablo Canyon costs and the Generator Stator Replacement Project costs should be disallowed. PG&E has not met its burden of proof to show that these avoidable costs are reasonable. The CPUC must exercise its statutory role of providing oversight to protect ratepayers from unjust and burdensome rates in light of the utility's imprudent management decisions.

SUMMARY OF RECOMMENDATIONS

At a minimum, the Final Decision must include:

- (1) A Finding of Fact that Diablo Canyon is a stranded asset.

² See Prepared Testimony of William Perea Marcus, sponsored by TURN, TURN Exhibit 204, entered into the record October 14, 2019, originally filed July 26, 2019, at pp. 2-3, re: PG&E's failure to consider cost effectiveness of the Generator Stator Replacement Project. See also Transcript of Evidentiary Hearing, d. October 16, 2019, p. 2637 (the useful life of the Generator Stator Replacement Project is approximately 25 years).

(2) A Finding of Fact that PG&E management has not performed cost effectiveness studies regarding the reasonableness of continuing to operate Diablo Canyon during the period 2020-2022 despite management's knowledge that the plant is a stranded asset.

(3) A Finding of Fact that PG&E management refused to do cost effectiveness studies regarding the Unit 2 Main Generator Stator Replacement Project.

(4) An Order disallowing Diablo Canyon's above-market costs.

(5) If any of the Diablo Canyon related revenue requirement is approved in this proceeding, an Order that the Diablo Canyon related revenue requirement be recorded in a memorandum account.

(6) An Order, consistent with the ALJ's September 6, 2019 Ruling, that any relevant decision pursuant to a petition to modify D1801022, will be incorporated into the decision for this 2020 GRC.

(7) An Order disallowing the \$90.3 million requested for the Unit 2 Main Generator Stator Replacement Project.

(8) An Order that any (post-Decision) redirection of Diablo Canyon related revenue requirement will be restricted to Diablo Canyon closure and/or decommissioning costs.

Dated: January 21, 2020

Respectfully submitted,

/s/Jean Merrigan

Jean Merrigan, Executive Director
Women's Energy Matters