



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' OPENING BRIEF
ON DISPUTED ISSUES OUTSIDE OF
THE SETTLEMENT AGREEMENT

January 6, 2020

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(Oral Argument Requested)

Women's Energy Matters (WEM) provides the following discussion and recommendations re: Nuclear Operations Costs. A summary of WEM's recommendations follows the discussion.

7.2 Nuclear Operations Costs

Despite several paragraphs related to Diablo Canyon Nuclear Power Plant,¹ the Settlement Agreement does not address PG&E's failure to do cost effectiveness studies regarding its decision to continue operating Diablo Canyon Nuclear Power Plant during the years 2020 through 2022. This failure is fully documented by data request responses PG&E provided to the Alliance for Nuclear Responsibility (A4NR) and The Utility Reform Network (TURN) during the course of this proceeding.²

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.

The record of A1812009 reflects that PG&E intends to operate Diablo Canyon Nuclear Power Plant during the period 2020-2022, even though the plant is no longer cost-effective. In 2016, PG&E announced its intention to retire Diablo Canyon Units 1 and 2 when their licenses expire in 2024/2025. In A1608006 ("the Diablo Canyon Retirement proceeding"), PG&E

¹ See Settlement Agreement, Section 2.4.2.

² See e.g., GRC-2020-Phi_DR_TURN_064-Q02, PG&E, GRC-2020-Phi_DR_TURN_064-Q03, GRC-2020-Phi_DR_TURN_064-Q04, GRC2020-Phi_DR_TURN_064-Q05, GRC-2020-Phi_DR_TURN_064-Q06, and GRC-2020-Phi_DR_TURN_064-Q07, GRC-2020-Phi_DR_A4NR_002-Q09, GRC-2020-Phi_DR_A4NR_002-Q10, GRC-2020-Phi_DR_A4NR_002-Q11, GRC-2020-Phi_DR_A4NR_002-Q12. In these responses PG&E either specifically refuses to consider providing cost effectiveness analysis, or relies on stale data and analysis regarding Diablo Canyon economics.

explained its decision: "There is a clear downward trend on customer sales that is reducing the need for Diablo Canyon after expiration of its licenses".³ Now, in January 2020, the downward trend in customers sales has already occurred, but in *Nuclear Operations Costs*, Chapter 3 of its Opening Testimony in this proceeding, PG&E feigns ignorance of Diablo Canyon's troubled economics, stating that its revenue request for nuclear operations "generally seeks a reduction from existing funding levels."⁴ In this 2020-2022 general rate case, PG&E has attempted to ignore and hide from view the escalating stranded costs of its decision to continue operating Diablo Canyon through the 2020-2022 period.

WEM has presented evidence to the Commission for several years now that the consumer market for Diablo Canyon's electricity is in steep and steady decline.⁵ In this proceeding, Alliance for Nuclear Responsibility filed testimony that clearly documents declined need for Diablo Canyon and the plant's status as a stranded asset.⁶ By January, 2020, the majority of Diablo Canyon's power is being sold on the open market at a financial loss, and as a consequence, departed load customers pay excessively high Power Charge Indifference Adjustment (PCIA) surcharges to keep the plant running.⁷

Diablo Canyon is now PG&E's most expensive, and highest profile, stranded asset. The utility's shrinking base of bundled load customers, and growing base of departed load

³ PG&E Opening Brief in A1608006 at pp.17-18.

⁴ PG&E-5 at p. 3-4.

⁵ See, e.g., [WEM Comments on Proposed Decision](#), filed in R1602007, d.4-8-2019, and [WEM Reply Comments on Proposed Decision](#), filed in A1608006, d. 9-4-17.

⁶ [Prepared Testimony of John Geesman](#), sponsored by A4NR, entered into the record as Exhibit 256 on October 16, 2019 (originally filed 7-26-2019).

⁷ *Id.*

customers, pay the plant's operating and capital costs through unjust and unreasonable rates. PG&E is aware of this situation but does nothing to stop it.

The Alliance for Nuclear Responsibility filed the Testimony of John Geesman on July 26, 2019, clearly outlining the plant's troubled finances, including the unjust and burdensome impact on ratepayers. Three days later, on July 29, 2019, PG&E responded to the clear facts presented in A4NR's testimony, by filing a motion to strike it.⁸ WEM and other parties successfully opposed PG&E's motion, arguing, among other things, that A4NR's testimony addressed the cost effectiveness of PG&E's decision to continue operating the plant through 2022. A Ruling was issued denying PG&E's motion to strike.⁹ The Ruling stated that while this GRC would not consider or determine whether Diablo Canyon should be retired, the scope of the proceeding does include "determination of the reasonableness of PG&E's O&M and capital costs relating to the operation of DCNPP from 2020 to 2022."

Clarity regarding the cost of continuing to operate Diablo Canyon as a stranded asset is needed, and while a Final Decision in this proceeding will not address Diablo Canyon's retirement, it absolutely must address the plant's troubled finances. WEM's position is that PG&E's 2020-2022 operating and capital costs are not reasonable. Not only has PG&E refused to do cost effectiveness studies, but it has attempted to hide facts from view, when testimony offered in this proceeding demonstrated the that plant is not cost effective. WEM recommends that the Final Decision accurately reflect the known facts regarding the avoidable operating and capital costs of Diablo Canyon for the period 2020-2022.

⁸ [PG&E Mo. to Strike A4NR Testimony](#), 7-29-2019

⁹ [Ruling Denying PG&E's Motion to Strike A4NR Testimony](#), d. 9-6-2019.

SUMMARY OF RECOMMENDATIONS

At a minimum, the Final Decision must include:

- (1) A Finding of Fact that Diablo Canyon is a stranded asset.
- (2) A Finding of Fact that PG&E has refused to do cost effectiveness studies regarding the operation of Diablo Canyon for the period 2020-2022.
- (3) An Order that any Diablo Canyon related revenue requirement approved in this proceeding, be recorded in a memorandum account.
- (4) An Order, consistent with the ALJ's September 6, 2019 Ruling, that any relevant decision pursuant to a petition to modify D1801022, shall be incorporated into the decision for this 2020 GRC.
- (5) 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 6, 2020

Respectfully,

/s/Jean Merrigan

Jean Merrigan, Executive Director
Women's Energy Matters