

Assembly
California Legislature

January 8, 2010



SAM BLAKESLEE
ASSEMBLY MINORITY LEADER
ASSEMBLYMEMBER, THIRTY-THIRD DISTRICT

The Honorable Michael R. Peevey
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey:

Re: PG&E's Application to Recover Costs of Diablo Canyon Seismic Studies

Dear President Peevey:

In 2006, the California Legislature enacted Assembly Bill 1632 (Blakeslee, Chapter 722, Statutes of 2006), which was codified as Public Resources Code 25303. AB 1632 directed the California Energy Commission (CEC) to assess the potential vulnerability of California's large, base load generation facilities, including the Diablo Canyon Nuclear Power Plant (DCPP) and San Onofre Nuclear Generating Station (SONGS), to a major disruption due to a major seismic event or plant aging and to assess the impacts of such a major disruption on system reliability, public safety, and the economy.

In November of 2008, it was announced that the USGS had discovered a previously unknown significant fault potentially running within a hundred yards of Diablo Canyon Nuclear Power Plant. This new fault represents the second active fault in the immediate vicinity of the plant. The characteristics of the new fault, as well as its relationship with the first fault, are largely unknown.

Following this discovery, the CEC issued the AB 1632 Report as part of its 2008 IEPR Update released in November 2008. In the AB 1632 Report, one of the CEC's recommendations was that PG&E should use three dimensional (3-D) seismic reflection mapping and other advanced geophysical techniques to "help resolve uncertainties surrounding the seismic hazard at Diablo Canyon."

To ensure that PG&E could implement the CEC's recommendations, I introduced AB 42, directs PG&E to seek, and the PUC to approve, the funding necessary to complete the robust fault studies and retrofits following the discovery of a significant new fault adjacent to the nuclear power plant. Specifically, AB 42 requires the California Public Utilities Commission (CPUC) to expedite issuance of its decision approving the recovery of costs so that the decision is made within 120 days of filing the application, and requires the PUC to allow PG&E to fully recover in rates all reasonable costs associated with the studies or surveys and peer review.

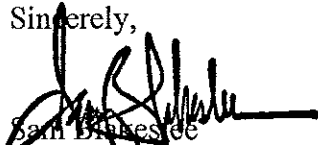
January 8, 2010

PG&E Application to Recover Costs of Diablo Canyon Seismic Studies

Page 2

I am pleased that PG&E has filed an application seeking funding authorization from the CPUC to proceed with these supplemental seismic studies. I have met with PG&E to discuss its implementation plan for the seismic studies and reviewed the scope of studies outlined in PG&E's application. I support approval of PG&E's application and I encourage the CPUC to approve the application and funding on an expedited basis so that PG&E may commence these critical seismic studies as soon as possible.

Sincerely,



Sam Blakeslee
Minority Leader
California State Assembly

Cc: CPUC Commissioner Dian M. Grueneich
CPUC Commissioner John Bohn
CPUC Commissioner Timothy Simon