

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric
Company for Approval of Ratepayer
Funding to Perform Additional Seismic
Studies Recommended by the California
Energy Commission.

(U 39 E)Application No. 10-01-014

**PROTEST OF THE ALLIANCE FOR NUCLEAR RESPONSIBILITY TO MOTION OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO RE-OPEN APPLICATION
10-01-014 AND TO RECOVERY INCREASED COSTS OF SEISMIC STUDIES**

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Pursuant to the Commission Rules of Practice and Procedure, the Alliance for Nuclear Responsibility (A4NR) hereby submits this Protest to the MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO RE-OPEN APPLICATION 10-01-014 AND TO RECOVERY INCREASED COSTS OF SEISMIC STUDIES

1. BACKGROUND

As noted in their Motion, PG&E invokes their right, based on D.10-08-003, to return to the Commission with a request for additional funding because “the permitting process has the potential to delay the anticipated schedule for completion and increase the costs of performing seismic surveys and studies.”¹

While A4NR did not oppose the initial funding request of \$16.73 million for the seismic studies recommended under the California Energy Commission’s AB1632 report, we believe that, as concerned ratepayers, a nearly 400 percent increase in the anticipated costs requires detailed scrutiny and analysis to determine if it is going to address the fundamental issues of seismic certainty at the nuclear power plant site, and thus, reflect certainty about the reliability and efficiency of the electric generation that ratepayers can rely upon.

It is unclear if the CPUC has the internal staff, or external consultants, available to analyze whether the additional funding requested by PG&E will enhance the studies in a way that yield the most efficient and necessary data collection and interpretation.

As Administrative Law Judge Robert Barnett stated, when referencing this Application during the Pre-Hearing Conference of a similar application from Southern California Edison,

¹ MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO RE-OPEN APPLICATION 10-01-014 AND TO RECOVERY INCREASED COSTS OF SEISMIC STUDIES, September 23, 2011, p.3.

Well, as I viewed the motion of PG&E for an additional \$46 millions, that confused me. They started with 17 million and Edison comes in with 64 million. And they file a motion to get their 17 million up to about 64 million. That raises a concern. And that's why we have hearings and that's why we take evidence and that's why we have independent auditors to go and find out just what the problem was. How did PG&E miss \$46 million or how did Edison find \$46 million...Well, the presumption is as far as I'm concerned that everybody comes in here in good faith, and PG&E was in good faith, and you're in good faith and all's God's children are in good faith. But that doesn't preclude the need for hearings because some people have more expertise than others, and in this issue of seismic studies, DRA does not have that kind of expertise.²

ALJ Barnett, during the same PHC, also stated, "I remember when I had the original Diablo Canyon Case, I had three experts personally advising me. And I assume that eventually the utilities paid for it and the ratepayers reimbursed the utilities. And so, as usual, the ratepayers pay for everything."³

As representatives of ratepayers, A4NR shares Judge Barnett's concerns. That is why we are requesting that a Pre-Hearing Conference be held in regarding PG&E's Motion.

2. ISSUES

As ALJ Barnett asserted, there are questions concerning both the technical and economic expertise of CPUC staff to fully evaluate the merits of PG&E's proposed funding request. There are other issues where A4NR believes additional clarification is required. For example, as PG&E quoted D.10-08-003 in their Motion, "the permitting process has the potential to delay the anticipated schedule for completion and increase the costs of performing seismic surveys and studies." Indeed, the increased budget outlined in their Motion includes:

² Transcript of Prehearing Conference, SCE Application 11-04-006, California Public Utilities Commission, September 30, 2011, p. 57.

³ Transcript of Prehearing Conference, SCE Application 11-04-006, California Public Utilities Commission, September 30, 2011, p. 43.

Mitigation Activities (\$2.2 million)⁴

Permitting (\$1.75 million)⁵

Environmental Compliance monitoring ((\$0.5 milion)⁶

A4NR believes costs incurred for *these* programs, totaling \$4.45 million, may reasonably be related to impacts from the “permitting process” mentioned in D. 10-08-003, as they are results of requirements imposed by relevant state regulatory agencies, and related to the fulfillment of the original AB 1632 CEC recommendations for the 2D and 3D studies.

In addition, PG&E is requesting funding of \$0.9 million for the Independent Peer Review Panel. Although the IPRP was created via D.10-08-003, there appears to have been confusion over the funding mechanism. While A4NR believes the IPRP should be a part of the process, we would then wish to know the qualifications for those selected for the IPRP and the costs anticipated for each of the participating agencies.

The items questioned in the above paragraphs would add a total of \$5.35 million to PG&E’s original request of \$16.73 million and may be deemed relevant to the potential cost-overrun issues acknowledged in D.10-08-003. Information gathered—perhaps through Data Requests—may provide satisfactory explanations for these additional costs.

PG&E, however, *is requesting an additional \$42 million beyond those items listed above*. It is the reasonableness and prudence of this increase that deserves more thorough scrutiny. PG&E’s motion involves increasing the scope and direction of the proposed studies. While the input of the IPRP in its current incarnation is included with regard to expanding the scope and technical considerations of seismic work, no economic analysis has been conducted on the fiscal prudence of the amounts requested. As ALJ Barnett referenced in the SCE Pre-Hearing Conference, but we believe is equally applicable to the PG&E request:

⁴MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO RE-OPEN APPLICATION 10-01-014 AND TO RECOVERY INCREASED COSTS OF SEISMIC STUDIES, September 23, 2011, P.8

⁵ Ibid. p. 9.

⁶ Ibid. p.13.

I have an issue I would like to bring up for discussion, and that is the seismic study request, which of course is what this entire case is all about. But my concern is whether the staff and the intervenors have enough expertise to review any seismic study audit to find out whether the audit is complete and whether the numbers are reasonable.⁷

To be certain, ALJ Barnett then questioned DRA staff member Rashid Rashid on the availability and viability of CPUC staff expertise in this matter:

ALJ BARNETT: Well, that's true. I don't want to be in the position of just pulling numbers out of the air or I certainly don't want the parties in the position of just pulling numbers out of the air because they sound reasonable. There are people who know more about this than other people.

MR. RASHID: Right.

ALJ BARNETT: And from what you're saying, the staff has no expertise in this matter of seismic studies.

MR. RASHID: That's correct.⁸

3. CONCLUSION

A4NR believes there are many technical and economic concerns regarding the scope and cost of the seismic work for which PG&E seeks an additional \$47.5 million in ratepayer funds. We agree with the ALJ Barnett, as he has opined in the similar SCE application, that proper expertise, consultation and analysis must be brought to bear on PG&E's application in order to insure the reasonableness and prudence of the seismic study work the ratepayers will fund. To achieve that, A4NR believes the first step is for a Pre-Hearing Conference to be scheduled in the matter of PG&E's motion.

⁷ Transcript of Prehearing Conference, SCE Application 11-04-006, California Public Utilities Commission, September 30, 2011, p. 38.

⁸ Ibid. P. 40.

Respectfully Submitted,

/s/

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