



ALLIANCE FOR NUCLEAR RESPONSIBILITY

PO Box 1328
San Luis Obispo, CA 93406
(805) 704-1810 (858) 337-2703
www.a4nr.org

For Immediate Release:

Contact: Rochelle Becker (805) 704-1810
Rochelle@a4nr.org
Expert Witness John Geesman,
johngeesman@gmail.com

April 29, 2016

Utility Watchdog A4NR Files Testimony In PG&E's Rate Hike For Diablo Canyon

Utility watchdogs, The Alliance for Nuclear Responsibility (A4NR), have filed testimony as legal intervenors in PG&E's General Rate Case (GRC) for Diablo Canyon, now being considered by the CPUC. A4NR's filing features the testimony of former California Energy Commissioner John Geesman and A4NR's executive director Rochelle Becker.

At stake are hundreds of millions of ratepayer dollars in upgrades and repairs to the aging reactors, and tens of millions for a "stealth" attempt at Nuclear Regulatory Commission license renewal of 20 years. PG&E publicly declares that none of the GRC money has anything to do with license renewal, and maintains that they are undecided on whether to pursue the extension. Forensic sleuthing by A4NR's witnesses uncovers PG&E's attempt to skirt a commitment to license renewal while attempting to collect as much revenue as possible from Diablo before their charade is called.

One of the highlights to emerge from this case is PG&E's request for tens of millions of dollars in capital projects at Diablo Canyon, including the replacement of a main generator "stator" for Unit 2. The dilemma posed: The equipment to be replaced could easily extend the life of the plant for a 20-year relicensing by the NRC. But PG&E proposes to fully depreciate these large investments *by the year 2025, when the current license expires*. At the same time, PG&E contends that no expenses in their current GRC are in any way affiliated with license renewal.

There's a cognitive dissonance afoot here: Ratepayers would be "paying off" these large investments over far fewer (and costlier) years than if these were truly amortized "long term" investments.

A4NR's Rochelle Becker comments, "Would you replace the transmission in your old car if you only intended to drive it another year? As these aging reactors begin to nickel-and-dime us, PG&E wants to spend our money as if there is no tomorrow. The problem is, 'tomorrow' for these reactors could truly be tomorrow."

By recommending that PG&E not be given ratepayer money for such a short-term fixes and accelerated depreciation, PG&E will have to come clean regarding their relicensing attempt. Either they are serious about it (having spent over \$50 million on the NRC process—hidden in with “capital” costs rather than “relicensing”) or they are not.

Furthermore, A4NR is recommending an entirely new rate structure for Diablo Canyon. Currently, with their guaranteed returns, PG&E bears little burden for risks that go awry, able to depend on recouping money for failures and problems from ratepayers. A4NR’s proposal will shift that burden: If PG&E performs flawlessly and exceed their goals, they will be fully compensated; if they have not adequately calculated the risks and things fail, the utility will have to eat those costs.

A4NR bases its concerns on the slipshod risk analysis PG&E performs. As an example, PG&E has positioned Diablo Canyon Nuclear Power Plant for service as a “load-following” resource – under this mode of operation, PG&E will change the level of output from the plant in response to the level of energy delivered to the state electricity grid from renewable resources. Scrutinizing previously redacted documents viewable only after signing a non-disclosure agreement, A4NR’s witnesses discovered that this mode of operation is untested for plants of Diablo Canyon Nuclear Power Plant’s design and age. Using Diablo Canyon for load-following will increase the risk of radiological hazards, increase the production of low-level radiological waste, including irradiated waste water, and will require heightened monitoring of any number of plant conditions to assure safe operations.

PG&E has failed to produce any studies or analyses indicating that the assumption of the risks of load-following by a nuclear plant are justified by statewide reliability requirements or any economic benefit to the state or customers. The CPUC should allocate the residual and unmitigated risks of PG&E’s nuclear operations to PG&E rather than customers by adopting the A4NR alternative ratemaking proposal.

Rounding out their concerns, A4NR requests that the CPUC disallow PG&E’s costs for expansion of the Independent Spent Fuel Storage Installation (ISFSI). In a previous CPUC decision, PG&E was told to plan to expedite its transfer of spent fuel from the more vulnerable liquid pools into dry-cask storage. This requirement was confirmed by the California Energy Commission (CEC) in its 2015 findings. PG&E has failed to create a meaningfully expedited schedule, and should not be allowed to ask for more ratepayer money for the ISFSI project until they meet the terms of the prior CPUC request.

Taken as a whole, PG&E’s GRC case, according to A4NR expert witness John Geesman, “Reflects the type of flim-flam regulators have come to expect from the only NRC utility licensee in history facing criminal prosecution by the U.S. Department of Justice”

Read A4NR’s filings at: <http://a4nr.org/?p=3806>

#